

THE EXECUTIVE

15 AUGUST 2006

REPORT OF THE CORPORATE DIRECTOR OF CUSTOMER SERVICES

REDESIGN OF BULKY WASTE COLLECTION SERVICE TO NON-FLATTED ESTATES	FOR DECISION
<p>Summary:</p> <p>During the development of the Waste Management Strategy for 2005-2020 which was approved by the Executive on 5 April 2006, it became clear that the Bulky Waste collection service was not meeting our customer's expectations.</p> <p>This report identifies options to improve value for money and transform the customer experience.</p> <p>If agreed by members the new service will be launched on 1 October 2006</p> <p>Wards Affected: All Wards</p>	
<p>Implications:</p> <p>Financial:</p> <p>In order to provide an excellent service and also achieve the income target anticipated in the 2007/08 budget of £280,000 a minimum fee of £35 for 4 items would be needed. This is seen as unreasonably high and could result in increased fly tipping and reduced access to the service.</p> <p>The lower recommended fees are suggested to strike the balance between a service that meets the expectations of our customers but at a reasonable cost.</p> <p>Based on the recommended option the gross additional cost of the enhancements is £137,400 in a full year (£68,700 in 2006/07). Additional income of £224,200 in a full year will more than offset this cost (£112,100 in 2006/07), and contribute towards the target saving of £280,000 in 2007/08.</p> <p>The balance of the target £280,000 to be met in 2007/08 is £193,200 and will now be achieved by redirecting the expected saving achieved by improvements in performance and procurement in the vehicle fleet service, and by making economies of scale through integration with similar services provided by Housing.</p> <p>Legal:</p> <p>The Council is able to make a charge for the collection of bulky waste.</p> <p>The Council is responsible for ensuring that certain types of hazardous waste such as fridges and freezers are disposed of in a safe and environmentally sensitive manner.</p>	

Risk Management:

The combination of an excellent service and reasonable charges will be attractive enough for our residents to continue using the service. This will avoid the potential risk of residents choosing to use other service providers leading to a drop in demand, or in extreme cases choosing to fly tip.

The risk of fly tipping is further reduced by recent investment and improvements in the environmental enforcement service.

Social Inclusion and Diversity:

The Race Relations (Amendment) Act 2000 places a requirement on local authorities to make an assessment of the impact of new and revised policies in terms of race equality. Existing policies have already been subjected to impact assessments. This Authority has adopted an approach of extending the impact to cover gender, disability, sexuality, faith, age and community cohesion.

A Policy Proofing process has been introduced to assess such impacts and the outcome insofar as this report is concerned is that the charging policy will reflect the needs of vulnerable or low income households and will provide a better service to all householders, without in any way disadvantaging disabled or elderly people.

Crime and Disorder:

There are no specific implications as far as this report is concerned that have not been covered through the Risk Management Process.

Options Appraisal:

Four options have been considered for improvement:

1. Retain the current service
2. Allow one free collection per household per year, and charge for all additional collections.
3. Introduce a fully charged system based on ability to pay.
4. To cease the service.

Recommendation(s)

The Executive is recommended to agree:

- 1) The introduction of a revised Bulky Waste Collection Service, as set out in the report, with effect from 1 October 2006.
- 2) That the Corporate Director of Customer Services will identify the relevant proposal for Members' future consideration to meet the shortfall of £193,200 in the set saving target of £280,000.

Reason(s)		
To provide a high-quality and customer-focused service for the residents of Barking and Dagenham and assist the Council to achieve its Community Priorities of 'Making Barking and Dagenham Cleaner, Greener and Safer', 'Raising General Pride in the Borough' and 'Developing Rights and Responsibilities with the Local Community.'		
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1. Meeting Customer Expectations.

- 1.1. Barking and Dagenham is aiming to be an 'excellent' Council by 2008 and therefore is committed to providing high quality, value-for-money services focused around the needs of its customers.
- 1.2. The Barking and Dagenham Waste Strategy sets three simple but ambitious objectives:
 1. We want to have the cleanest streets in London,
 2. We want to achieve the greatest waste reduction, and highest recycling and composting rates in London.
 3. We want to deliver effective, efficient and customer-focused services that demonstrate value for money.
- 1.3 By listening to residents views it is known that the bulky waste collection service, is an essential element of dealing quickly and effectively with large items of waste that are impossible to be collected through the normal weekly domestic or recycling collections. The service is particularly beneficial to residents who do not own their own car, older residents and disabled people.
- 1.4 Residents have told the Council that the current service performance needs to improve to meet their expectations of a service that will pick up their large items of waste in less than a week.
- 1.5 20% of residents have said that they would be prepared to pay for an improved service.

2. Service Currently Provided

- 2.1 The Council currently commits to collecting bulky waste in 3 weeks and makes no charge for the service.
- 2.2 As demand outstrips the ability to deliver throughout the year, the current average wait for collection has gradually increased to 5 weeks.

- 2.3 Almost 15% of visits to pick up waste are unsuccessful as residents have forgotten to present their waste for collection.
- 2.4 Separate scavenger crews, who are a hybrid between a flytip removal and a bulky waste collection service, operate on flatted estates and typically collect waste within a week.
- 2.5 This contrasts sharply to the service offered to remove illegally fly tipped material where the Council removes almost 100% of fly tips on council land within 24 hours.

3. What do the best performing councils do?

- 3.1 Most similar and high performing councils charge for their bulky waste service.
- 3.2 A free service is offered by some council's for a maximum of two collections per year.
- 3.3 Typical charges are described below.

	Charge	Items	Collection performance	Max number of collections/year
Barking and Dagenham	No	£30 charge made rarely for very large items	5 weeks	No limit
Camden	£20	Max 4 items	2 weeks	No limit
Enfield	£11	Up to 3 items	No published standard	No Limit
Hackney	No	Up to 4 items	Within 48 hours	Max 4 collections
Havering	£15	per item	2 weeks	No Limit
Hillingdon	£12	Up to 4 items	No published standard	No builders waste

4. Reducing Waste

- 4.1 The Council's waste strategy commits to the objective of reducing the amount of waste produced and recycling or composting wherever possible.
- 4.2 Introducing a small charge has been shown to reduce the volume of waste collected in some boroughs that have introduced the scheme as residents have more incentive to reuse or sell their unwanted items.
- 4.3 It is estimated that 5% of the waste currently collect is actually trade waste. This may be because the Council offers a free service.

5. Service Options

Option 1

Maintain Current Charging Scheme

- 5.1 The current service will not meet customer expectations without significant investment.
- 5.2 Short term injections of resource have been piloted unsuccessfully as demand consistently outstrips supply.

Option 2

Offer 1 Free Booking per Household per Year, Charging For Subsequent Collections

- 5.3 Allowing one or more free collection before making a charge is used by some other Council's especially in rural areas. Service standards are typically around 2-3 weeks.
- 5.4 It is an attractive option as there is potential for limited reinvestment to provide a service which is acceptable to customers.
- 5.5 Nevertheless if an excellent service is required further investment will be necessary.

Option 3

Charging for All Bulky Waste Collections Subject to Ability to Pay

- 5.6 Most Boroughs have used charging as a method of increasing service quality and outcomes for customers.
- 5.7 The impact of charging must be carefully considered. A high collection cost may lose business and have the reverse affect of putting up service costs and reducing performance.
- 5.8 Also if the fee is set too close to the cost of the financial penalty for fly tipping (currently £50) then the temptation to fly tip will be greater.
- 5.9 From benchmarking with similar boroughs a charge of £5 per item, minimum of 2 items, with a large collection rate of £40 for the entire vehicle, which must be loaded inside 45 minutes, is suggested as reasonable and will not result in a significant loss of demand.
- 5.10 If a service is paid for it must be excellent so the suggested service standard will be that collections are made within 3-5 days of payment. If the collection is not made within 7 days due to the fault of the Council a full refund will be given.
- 5.11 So that the most vulnerable residents are not disadvantaged by this service best practice would suggest offering two free 4 item collections per year to pensioners and

those in receipt of disability or income related benefit. Other boroughs have found it very useful to set a limit on the number of free collections to avoid abuse of the system.

Option 4

Stop Bulky Waste Collections

- 5.12 The bulky waste service currently makes 30,000 collections per year.
- 5.13 The council will continue to subsidise the service, even with the charges suggested, by around £300,000.
- 5.14 This potential saving, although attractive, would have a significant effect on the people currently using the service and is very likely to result in significant additional expenditure to remove fly tipping and take enforcement action.

Conclusion

- 5.15 Option 3 will meet the objective of an excellent service that is reasonably priced, reliable and fast, and is therefore seen as the most suitable option.

6. Implications for Flatted estates.

- 6.1 The flatted estates in the borough are currently serviced by the Housing Scavenger Service. This is a hybrid service that collects items of bulky waste and also proactively removes any fly tipped material. Work is underway to bring these services together with those offered to the other borough residents.
- 6.2 Consultation with the affected tenants will take place to establish the best method of charging for this service that could either include adopting the suggested charging mechanisms or the establishment of a service charge.
- 6.3 Officers will report back with the outcomes of this consultation in the New Year.

7. Staffing implications and Implementation

- 7.1 Additional capacity is needed to be able to deliver the excellent service described.
- 7.2 The work to remodel business processes, supported by existing investment in the new computer booking system, has begun. Work will be allocated directly from the call centre to the drivers cab, speeding up the process considerably.
- 7.3 Payment will be handled in the same way as existing processes in the contact centre such as hall booking where customers are able to pay through the cash office or by debit/credit card.
- 7.4 To cope with seasonal variations in demand, this additional capacity will be drawn from other service areas within environmental and enforcement services. Overall the number of staff working in this area will increase by an average of one team of two.

7.5 The new service will be launched on 1 October 2006

8. Recommended Charging Policy (all fees include VAT)

8.1 Option 3 proposes a charge of £5 per item, with a minimum collection of two items.

8.2 For large loads a full vehicle will be charged at £40, subject to a maximum of 45 minutes on site.

8.3 Two free 4 item collections per year are offered to those in receipt of income, disability and age related benefits.

8.4 An item is defined as a complete piece of furniture for example a table and chairs; a roll of carpet; a bed and mattress or a three-piece suite. White goods such as fridges or freezers are counted as one item.

8.5 Smaller items will need to be bagged and charged at one item for 5 sacks. Very large items, such as complete kitchens will be charged as three items or alternately at the full load rate if necessary.

8.6 Payment for the collection will be made at the point of booking.

8.7 An appointment will be provided within 3 to 5 working days of payment being received. If the appointment is not kept by the Council a full refund will be offered. If residents do not present their waste at the agreed time, no refund will be given.

9. Financial Implications

9.1 The 2006/07 budget for bulky waste collection is £405,430.

9.2 Option costing

The table below sets out the full year costing of each of the options

	Option 1	Option 2	Option 3	Option 4
	£	£	£	£
Current gross budget	405,400	405,400	405,400	405,400
Current income budget	(60,000)	(60,000)	(60,000)	(60,000)
Current net budget	345,400	345,400	345,400	345,400
Estimated gross cost	405,400	492,752	492,752	0*
Current income	(10,000)	(10,000)	(10,000)	0
Additional income	0	(92,300)	(224,200)	0
Net effect	395,400	390,452	258,552	0
Change from current budget	50,000	45,052	(86,848)	(405,400)

* this assumes that all the costs of the function can be saved. However, there may be costs associated with the termination of the function e.g. redundancy and redeployment costs, and termination of vehicle leases penalties which need to be taken into account and which cannot be quantified at this stage. In addition, overhead costs involved in managing and supporting the function will not be immediately saved.

9.3 The recommended option

The total cost of providing the enhanced service is £542,752. This is based on an average of 5 collection teams that will be sufficient for the expected demand. The increase of £137,400 is the cost of an additional 2 man crew, vehicle, maintenance, supplies and support (£87,400) and the recovery of budgeted income not currently achieved (£50,000). The growth to 5 teams will be phased and managed to take account of the improved service offer but linked to the anticipated fall in demand as a result of introducing charging. As bulky waste is already a process provided through the phase 1 of the contact centre no further recharge from Customer First will be made.

9.4 The recommended charging policy in option 3 will realise an estimated £43,400 in 2006/07 or £86,800 in 2007/08 as a contribution towards the set savings target of £280,000 once service improvement costs are taken into account.

9.5 The income projection has assumed a 15% reduction in income collected due to an expected drop in demand and also concessions for low income households.

	2006/07 Part Year £	2007/08 Full Year £
Current budget	345,400	345,400
Enhanced service cost	68,700	137,400
New gross cost of service	<u>414,100</u>	<u>482,800</u>
Additional income from charging	<u>112,100</u>	<u>224,200</u>
Net cost of service	<u>302,000</u>	<u>258,600</u>
Saving in budget	£43,400	£86,800

9.6 The balance of the target of £280,000 expected by the 2007/08 budget amounting to £193,200 will be achieved by redirecting the expected saving achieved by improvements in performance and procurement in the vehicle fleet service.

10. Consultation

10.1 Customer expectations have been established through the extensive consultation leading up to the publication of the Waste Strategy. In addition to this the 2005/06 Annual Budget survey showed that 20% of residents would be prepared to pay for an improved service.

10.2 Consultation will take place with Tenants on flatted estates over the coming months who currently receive the scavenger service about their preferred charging mechanism, and the results will be reported back to Members in the New Year.

10.3 The following were consulted in the preparation of this report:

Councillor Milton McKenzie, Portfolio Holder for Environment and Sustainability

Customer Services Management Team

Waste

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