

<b>Subject:</b>	<b>City Environmental Management – Modernisation Programme Update</b>		
<b>Date of Meeting:</b>	<b>12<sup>th</sup> July 2018</b>		
<b>Report of:</b>	<b>Executive Director for Economy, Environment &amp; Culture</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jo Yule</b>	<b>Tel: 01273 296197</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Many of the city council’s City Environmental Management (CEM) services (which include City Clean and City Parks) have in recent months been under increased scrutiny having introduced new commercial services and made a number of operational changes to manage budget reductions. These services have an integral role in resident, business and visitor perceptions of Brighton & Hove and are absolutely fundamental to the success and attraction of the city.
- 1.2 This report provides an update on the projects being undertaken as part of the City Environmental Management (CEM) Modernisation Programme, a corporate change programme that is designed to deliver improvements to service delivery whilst managing reductions to the service budget. The purpose of the CEM Modernisation Programme is to develop a sustainable future for the service in Brighton & Hove in the context of reducing council budgets, whilst improving service performance, customer satisfaction, and expanding the service offer. A summary of each project that is delivered through the CEM Modernisation Programme is set out in Section 3.
- 1.3 The report also provides an update on City Clean’s commercial waste and recycling service, and requests that a further report is brought back to Environment, Transport & Sustainability committee with business case options for the further growth of the commercial waste service.

**2. RECOMMENDATIONS:**

- 2.1 That the Policy, Resources & Growth Committee notes the progress made on the delivery of the City Environment Modernisation Programme through the projects described in Section 3.
- 2.2 That the Policy, Resources & Growth Committee notes the actions taken following a requested internal audit of the commercial waste service as set out in paragraphs 3.7.1 to 3.7.3 and requests that a further report, setting out options and a full business case for growth of the commercial waste service, be

presented to October 2018 Environment, Transport & Sustainability (ETS) Committee.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The City Environmental Management services have an integral role in resident, business and visitor perceptions of Brighton & Hove and are absolutely fundamental to the success and attraction of the city. Many of the CEM services are statutory and in recent months have been under a lot of scrutiny, particularly City Clean's waste and recycling services. The service has been through a challenging period and there have been significant budget reductions which have led to a number of major services changes.
- 3.2 During 2016 and 2017, two new services were introduced in order to generate income through commercial waste and garden waste collections and there were significant changes to domestic waste and recycling through the roll out of communal bins and wheeled bin recycling.
- 3.3 In January 2018, a review of these service changes identified that their roll out had caused some impacts upon service delivery, customer satisfaction and business continuity, and that, in order for the new services to be fully implemented, there was a need for additional corporate support to deliver the necessary improvements to the services and allow them to settle.
- 3.4 These short term corporate resources are supporting programme delivery, contract management and business support and were made available via the corporate modernisation fund. They are designed to provide short term 'spend to save' support to service transformation in the context of the need to deliver budget reductions. The corporate modernisation resources were deployed in February 2018 in order to support delivery of the necessary service improvements, the detail of which is below.
- 3.5 The objectives of the CEM Modernisation Programme are to:
- Develop and embed systems and processes to allow customers to contact the service effortlessly
  - Develop and embed systems and processes to allow officers to respond quickly and effectively
  - Establish clear lines of accountability, supported by effective performance management
  - Create a culture that will benefit customers and officers and support new ways of working
  - Establish mechanisms to review and learn from areas of poor performance to prevent repeat complaints
  - Provide assurance the service is meeting its health and safety requirements
  - Identify further opportunities for income generation to support the services
- 3.6 CEM Modernisation Programme Overview
- 3.6.1 An HR Business Partner has been seconded into the CEM Service to support the modernisation programme and work with the City Clean management team on

improving engagement with front line staff, working with management to improve management practices, and supporting collaborative working with other teams and Trade Union colleagues. Improvements are being made to 121 and Personal Development Plans (PDP) sessions and attendance management is being improved in partnership with Public Health and local union reps through the introduction of nurse led health checks for front line staff.

3.6.2 Business Process reviews are underway to identify improvements to the operation of the City Clean service. The Digital First Programme has been supporting the City Clean service and identified a number of digital improvements that can be made to the service through the introduction of technology with the aim of improving the real time flow of information, giving better information to customers and freeing up capacity with the contact centre. Improvements to date include:

- improved workflows for street-cleansing case management;
- customers can lookup collection days and report missed collections for refuse, recycling and garden waste online;
- improved customer journeys on the new mobile-friendly BHCC website;
- developing tools for better information flow between teams - towards real time dataflows;
- residents can now order bins online and are informed about the suitability of available containers depending on their street and the occupants of their household.

### 3.7 Commercial Waste

3.7.1 City Clean provides a commercial waste and recycling service to businesses and schools within Brighton & Hove. This service has been in operation since 2016 and provides opportunities for the council to generate income and deliver savings. The service also contributes to an increase in recycling rates for the city and helps to educate local businesses around the benefits of recycling.

3.7.2 A recent internal audit highlighted the need for an up to date and fully costed business case to reflect the changes to the commercial services introduced since ET&S Committee gave initial approval in 2015/16. The City Clean service is currently reviewing the commercial waste service business case following the first full year of operation of the service. With the support of a Contracts Manager from the Corporate Procurement Team, operational and business processes and procedures are being reviewed and improvements are being introduced to invoicing systems. All customers are being moved to direct debit payments with options being considered for advance payment of any additional waste that customers would like collected.

3.7.3 A summary of the costs and income generated through the commercial waste service during 2016/17 and 2017/18 are summarised in table 1 below. The expansion of the commercial waste service forms part of the council's Integrated Service and Financial Plans and aims to contribute to supporting the service to manage budget reductions agreed through the budget process. Further work on processes and costings is required before the revised business case relating to the future growth of the service is reported to a future ET&S Committee to ensure

that any financial risks associated with the expansion of relatively new services are fully considered.

Table 1. Commercial waste costs and income during 2016/17 and 2017/18

<b>Commercial Waste Costs (capital and revenue) and income</b>		
	<b>Year 1</b>	<b>Year 2</b>
<b>Capital costs</b>	2016/2017 Actual £'000	2017/2018 Actual £'000
<i>Vehicles</i>	88	
<i>Bin purchases</i>	169	
<i>Total</i>	257	
<b>Revenue costs</b>		
<i>Costs</i>	0	751
<i>Income</i>	0	-765
<i>Total</i>	0	-14
<p><b><u>Notes regarding the 2017/18 surplus of £14k</u></b></p> <ul style="list-style-type: none"> <li>• Costs in 2017/18 included £89k for the cost of replacement bins.</li> <li>• Costs exclude £17k for skip collection to schools.</li> <li>• If these costs are included a revised position for 2017/18 is a surplus of circa £120k.</li> </ul> <p><b><u>Notes regarding the 2017/18 income of £765k</u></b></p> <p>This is made up of the following:</p> <ul style="list-style-type: none"> <li>• £371k recovered from internal commercial waste services (to schools and property services)</li> <li>• £234k recovered from external customers</li> <li>• £160k has been accrued and is due to be billed</li> </ul>		

3.7.4 The revised business case will consider opportunities to grow the commercial waste service. The commercial waste service generated a small net surplus income in 2017-18 and if the service is stabilised and developed, has the opportunity to generate a higher value of additional income in future years. The overall strategy will include identifying new customers and revising the existing pricing structure whilst being financially sustainable and competitive in the market. The business case is also considering the creation of a business unit dedicated to managing the commercial waste service and other commercial activities to ensure that income streams within City Clean are maximised.

3.7.5 It is recommended that a further report is brought to ET&S Committee in October 2018 with the updated business case including opportunities and projections to grow the commercial waste service.

### 3.8 Garden Waste service improvements

3.8.1 In 2015/16 a business case was developed and approved at ET&S Committee to introduce a chargeable garden waste service for residents in Brighton & Hove. The service provides a way for residents to compost their garden waste, complementing home composting community composting and services provided at the Household Waste Recycling Sites (HWRSs). Since the service was introduced, 7,400 residents have signed up to the service and this continues to increase year on year.

3.8.2 The business case was developed to ensure the charge of £52 per annum to each resident signing up to the service covers the cost of the scheme. A review of the original business case has been undertaken and a number of recommendations have been made in relation to income reconciliation and budget monitoring. These recommendations are currently being implemented through the CEM Modernisation Programme.

3.8.3 Given the ongoing popularity of this service, work is underway to ensure that within any potential further expansion, the unit costs for the service will keep pace with costs. The service has recently reviewed the garden waste collection routes and has reshaped these rounds to provide a more effective and efficient service through route optimisation and to improve the overall performance of the service.

3.8.4 Alongside this, a number of business improvement activities have taken place to improve the end to end business process and ensure it is supported and managed sufficiently. Online calendars have been uploaded to the website allowing residents to check their collection days and work is continuing with support from the Digital First Programme to improve the customer interface and back office function for this service. This includes the introduction of a new system to manage the renewal of annual subscriptions and recurring payments to remove the significant time it takes to chase up customers for renewals, and improved reporting tools for staff running the service.

### 3.9 Further roll out of communal bins

3.9.1 In 2016, ET&S Committee agreed permission to consult on the rollout of communal bins in three regency squares and for streets which had kerbside black bag collections. Committee approved the implementation of communal bins in three of the four areas, with further consultation required for the fourth area. These four projects, including bin allocation, resident communication, bin delivery and implementation have been progressed as one of the projects within the CEM Modernisation Programme.

3.9.2 The roll out of communal bins to Palmeira Square, Adelaide Crescent, Brunswick Square and Brunswick Terrace were completed on time earlier this year with outstanding issues being dealt with in response to feedback from residents and

ward councillors. Communal bins have also been rolled out in Viaduct Road and Beaconsfield Road.

3.9.3 Consultation took place in April 2018 with the residents of Arundel Terrace, Chichester Terrace, Lewes Crescent and Sussex Square on the location of communal bins. The results were presented to ET&S Committee on 26 June 2018 which agreed to the communal bins being introduced in the locations that had been identified through the consultation process.

### 3.10 Recycling Wheeled Bins roll out

3.10.1 In 2016, ET&S Committee agreed the rollout of recycling wheelie bins across the city. This project was part completed in 2017, with the remaining roll out of recycling bins completed as part of the CEM Modernisation Programme.

3.10.2 During April 2018, recycling wheeled bins were rolled out to properties in the Moulsecomb & Bevendean, Hollingdean & Stanmer and Hanover & Elm Gove areas of the city.

3.10.3 A review is now taking place of the wheelie bins that were rolled out during 2017, which each round being audited to ensure each street has the most appropriate type of containment. Following this review, further changes will be made as required in consultation with staff and trade unions.

3.10.4 The Digital First Programme has been working to improve the systems for ordering and delivery of new bins and boxes. Residents can now order recycling bins; ordering is restricted according to what is authorised for a given road and is based upon the on ongoing street audits. The aim of the new approach is to prevent duplicate orders, help customers pick the most suitable container for them, whilst automatically communicates to crews when customers are waiting for a container.

### 3.11 Round restructures

3.11.1 There has been an increase in missed collections for refuse and recycling over last year. Two recycling rounds have recently been restructured to improve service delivery and ensure the optimisation of resources. These changes may take time to bed down and further improvements will be introduced in consultation with staff and trade unions as part of the further delivery of the CEM Modernisation Programme.

### 3.12 Next steps

3.12.1 A key next step for the CEM Modernisation Programme is to continue to work with staff and trade union to research and deploy digital solutions for improving service delivery, with support from the Digital First Programme. This will include exploring street-cleansing case management, providing real time data from collections crews via in-cab technology, and introducing contact forms that route customers to appropriate forms on the website rather than encouraging them to phone the contact centre i.e. to channel-shift from phone to digital.

3.12.2 A feasibility study is being undertaken to identify a digital back office system for the management of the commercial waste end to end business process. Any new digital systems will be introduced in conjunction with an appropriate level of staff engagement and training.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 Doing nothing and not introducing the CEM Modernisation Programme would mean that the service does not have a systematic approach to managing the number of projects that are required to improve service delivery, and resident satisfaction.

4.2 The option of stopping the new commercial waste and garden waste services is not considered an option as they form part of the strategy for generating new income to manage reductions in service budgets.

4.3 As part of the development of the Modernisation Programme, the service was reviewed and projects were identified on the basis of prioritising areas where the service needed support to improve performance, efficiency and customer satisfaction.

4.4 Over the coming months the service will also be working towards other priority areas.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

##### **5.1 Garden Waste**

In 2015, a small scale online survey was carried out to gauge the level of interest in the service. 24.5% of respondents said they would sign up to the service, with 27.4% indicating they would possibly sign up. No further consultation has taken place since, but this is an “opt-in” service which residents have the choice to sign up to or not. In 2017, 70% of customers stated they were either “very happy” or “fairly happy” with the standard of customer service they received.

##### **5.2 Rollout of communal bins**

Consultation has taken place with all residents affected by the rollout of communal containment in relation to the situation of bins. This feedback has been used to determine the final locations. We continue to welcome feedback from residents following these changes. Their feedback, along with our monitoring arrangements, means emptying can be adjusted according to their usage.

##### **5.3 Recycling wheeled bins roll out**

All residents are written to in advance of changes to how their recycling is collected.

#### 5.4 Round restructures

All residents are written to in advance of changes to their collection day.

### **6. CONCLUSION**

- 6.1 This report provides Policy, Resources & Growth Committee with an update on the City Environment Modernisation Programme which is designed to deliver a number of service improvements to City Environmental Management (City Clean and City Parks) services.
- 6.2 With some additional corporate support from the corporate modernisation programme, a project team has been set up to deliver a number of key business improvement processes which include, but are not limited to, a review of the commercial waste business plan.
- 6.3 A revised business case for the commercial waste will be presented to ET&S Committee in October. The business case will help the service to determine a strategic direction and provide a basis on which to plan the growth of the business, with the aim of delivering additional income to contribute to the budget reductions set out within the CEM budget. The creation of a dedicated business unit will also be considered to enable the service to monitor and manage the commercial waste service more efficiently.
- 6.4 Progress is being made on all aspects of the CEM Modernisation Programme as detailed in the report and work continues to ensure the projects and services are meeting the needs of customers.

### **FINANCIAL & OTHER IMPLICATIONS:**

#### 7. Financial Implications:

- 7.1 There are financial risks associated with both the continuation and the expansion of relatively new services (garden waste and commercial wastes collection). As the report sets out, further work on processes and costings is required and will be reported to Committee as part of a revised business case.
- 7.2 The commercial waste service generated a small net income in 2017-18 and, if the service is stabilised and developed, has the potential to generate a higher value of additional income in future years. The expansion of the commercial waste service forms part of the Integrated Service and Financial Plans and this will be reported as part of the budget process and within the TBM reporting timetable.
- 7.3 The table attached at paragraph 3.7.3 for Commercial Waste reports forecast figures for 2018/19 onwards and these are dependent on the take up of new customers. The expansion of the service was temporarily suspended for 2018/19 pending a backlog in charging for existing work. It is predicted that the service will commence the take up of new customers from July 2018 and income projections from the expansion of the service will need to be monitored and reported as part

of the TBM process. Income projections include internally recharged collections as well as external trade collections.

- 7.4 Currently internal income is lower than projected and this is reported in the TBM2 Report to this committee. Further work is also required to establish the disposal costs associated with commercial waste which is currently higher than budgeted for and this has been reported in the TBM2 Report to this committee. Further testing will also be required on the pricing that are charged to ensure that they remain competitive and also encourage new business. This work may impact on the surplus projected for the service in the current and future years. This will be reported back to ET&S Committee in October as part of a revised business case.

*Finance Officer Consulted: Name Rob Allen*

*Date: 02/07/18*

8. Legal Implications:

- 8.1 The Council has powers to specify and provide the type of receptacles to be used for depositing waste for collection and may also require particular locations, including the highway, to be used.
- 8.2 The council has the power to collect commercial waste under s45(1)(b) of the Environmental Protection Act 1990. The council has a duty to collect commercial waste if requested to do so and has the power to charge a 'reasonable' fee for the service. 'Reasonable' does not mean costs recovery only and can be at the prevailing market rate, or higher.
- 8.3 The Council is permitted to charge for garden waste collection pursuant to the Controlled Waste (England and Wales) Regulations 2012.

*Lawyer Consulted:*

*Alice Rowland*

*Date: 22/06/2018*

9. Equalities Implications:

- 9.1 Any resident unable to easily access refuse or recycling services can apply for an assisted collection. This has been advertised on all literature sent out in relation to communal bin rollout, recycling wheelie bin rollout, round restructures and garden waste collections.
- 9.2 City Clean commercial waste services will be available to all businesses in the city, and there are a range of other providers of this service. There are no equality implications identified.

10. Sustainability Implications:

- 10.1 The Commercial waste service offer collections for recycling, including glass as well as trade waste disposal. The continuation of this service will contribute to the increase in recycling rates for the city and help to educate local businesses around the benefits of recycling and ways to improve the local street scene.
- 10.2 The garden waste scheme has increased the recycling rate by approximately 1.1%.

Any Other Significant Implications:

None

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. None

**Documents in Members' Rooms**

1. None

**Background Documents**

1. None