

Subject:	City Environment – Modernisation Programme Update		
Date of Meeting:	9 October 2018		
Report of:	Executive Director, Economy, Environment & Culture		
Contact Officer:	Name:	Lynsay Cook	Tel: 01273 292448
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

1.1 This report provides a response to the Notice of Motion presented to Council on 19 July 2018. It details:

- The sustainable solutions to enable refuse, recycling and garden waste collections occurring on the published days.
- The measures in place to address issues raised within the report to Policy, Resources & Growth on 12 July 2018.
- The constraints and restrictions that prevent modernisation.
- The financial and performance analysis of the commercial waste and garden waste services against their respective previously approved business plans and financial forecasts.

1.2 The report also:

- Details the other actions and initiatives taking place through the City Environment Modernisation Programme with the aim of improving service delivery.
- Seeks approval for changes to how the garden waste service is managed.
- Updates the Committee on the business model for commercial waste services and seeks approval for the continued development of commercial services through the creation of a dedicated Commercial Team.

2. RECOMMENDATIONS:

- 2.1 That the Environment, Transport & Sustainability Committee notes the response to the Notice of Motion.
- 2.2 That the Environment, Transport & Sustainability Committee agrees that the garden waste service can operate at a surplus. The surplus will be ring-fenced to City Environment and invested back into waste and recycling services.
- 2.3 That the Environment, Transport & Sustainability Committee notes the business model for commercial services outlined in Appendix 2 and agrees to the continued

development of commercial services through the creation of a dedicated Commercial Team, following staff and trade union consultation, with the aim of improving the delivery of the trade and garden waste service.

- 2.4 That the Environment, Transport & Sustainability Committee delegates authority to the Executive Director Economy, Environment & Culture (following consultation with the Executive Director Finance & Resources) to revise the commercial waste collection prices in response to the prevailing market prices for the services provided at least annually.

3. CONTEXT / BACKGROUND INFORMATION

- 3.1 A Modernisation Programme was established in February 2018 to support City Environment service transformation in the context of delivering budget savings. The issues raised in this Notice of Motion falls within the remit of this Modernisation Programme.

- 3.2 The objectives of the City Environment 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

- 3.1 The council recognises there has been a lot of missed collections in the city recently and has apologised for the inconvenience caused to residents and businesses. There are a number of factors that have contributed to these problems. This includes periods when there has been a temporary shortage of Drivers and Operatives due to annual leave and sudden sickness. It has been agreed that seven Drivers and 12 Operatives can be granted annual leave at any one time. This arrangement means the service can still be delivered and be resilient, with agency staff used to cover any gaps. Steps are being also being taken to support staff well-being and reduce sickness absence. This includes offering nurse-led health checks, improved management systems, and the introduction of health and safety advice and workshops.

- 3.1 In addition, there have been ongoing difficulties recruiting and retaining qualified HGV and LGV drivers. During times when service performance has been below expectations, staff have worked very hard to try to get things back to normal.

- 3.2 The service recognises that there are issues with the structure of some rounds due to the introduction of different types of collection, such as communal bins and recycling wheelie bins. A business improvement review is being completed to analyse round structures and the outcome of the review will be used to inform round

restructures to ensure work is spread evenly between crews and the number of missed collections are reduced. This is a big piece of work and will require time to complete and implement the necessary changes.

- 3.3 The service is facing an increasing number of access issues, such as poorly parked cars, which can delay collections. Through the Modernisation Programme, persistent missed collections will be mapped, collated and analysed to identify solutions.
- 3.4 A new Assistant Director is now in post and her focus is to work with the management team, staff and Unions to understand more about the issues and problems and to find solutions. There is a strong desire amongst managers, union and staff to work together to get the service back on track and providing a good service to residents.

Solutions to enable refuse, recycling and garden waste collections occurring on published days

- 3.5 In response to some of the recent issues, the service has:
- Started the recruitment process for two additional Drivers and four additional Operatives.
 - Started exploring opportunities for Operatives to have driver training to obtain appropriate licenses.
 - Examined the new vehicles to ensure they are working properly and trained staff accordingly.
 - Increased the pressure on compactor units in new vehicles to pack more efficiently, while still operating within appropriate safety parameters.
 - Put in place measures to improve communication between the crews, the depot and the Contact Centre, plus the Corporate Communications Team where necessary.
- 3.6 In the longer term, the service is:
- Completing a business improvement review to analyse the efficiency of current rounds. The outcome of this review will be used to inform round restructures to ensure work is spread evenly between crews and reduce the number of missed collections.
 - Reviewing the establishment to ensure there is enough to provide cover for absences.
 - Improving communication with the recruitment agency so they are able to supply the applicable number of Drivers and Operatives as requested each day.
 - Investing in in-cab technology to improve communication between the crews, the depot, the contact centre and residents
 - Improving industrial relations to manage change and modernisation more effectively.
 - Building resilience within the service to better respond to staff absences.
 - Addressing the non-competitiveness of HGV and LGV driver salaries.

Measures in place to address issues raised within the report to Policy, Resources & Growth

3.7 Additional resources have been made available to City Environment to support delivery of the Modernisation Programme via the Corporate Modernisation Fund:

Phase 1 (February – August 2018)	Phase 2 (September 2018 – August 2019)
Funded by corporate modernisation fund	
HR Business Partner	Head of Improvement & Modernisation
Contract Manager	Executive Head of Service
Project Officer	Contract Manager
	Health & Safety Business Partner
Additional support made available	
Communications	Communications
Finance	Finance
Health & Safety	Health & Safety

3.8 As reported to Audit & Standards Committee in September, 93% of high priority actions from the City Clean External Contracts and Commercial Activities audit have been implemented. The two remaining actions will be addressed by the Commercial Team.

3.9 Business improvement reviews continue to take place to identify issues in current service delivery and identify areas and activities for improvement. Led by the Head of Improvement & Modernisation, these are reviewing end to end business processes and impact to ensure services meet customer and resident needs. Current reviews include round structures, trade waste, garden waste and customer experience.

3.10 The Corporate Modernisation Delivery Board recently approved the creation of a Commercial Team dedicated to managing the trade waste and garden waste activities. Further detail on this is in 3.29 and Appendix 2.

Constraints and restrictions that prevent modernisation (see appendix 1)

3.11 During 2016 and 2017, two new services were introduced to generate income: trade waste and garden waste. In addition, significant changes were made to domestic waste and recycling through the rollout of communal bins and wheeled bin recycling.

3.12 In January 2018, a review of these service changes identified that their initial rollout had an adverse impact on service delivery, customer satisfaction and business continuity. The review also identified a number of other issues that needed to be addressed to modernise and improve the service. These are detailed in Appendix 1. Some of these are direct barriers to change. Others, while not direct barriers, are issues that need addressing, and as such take time and capacity to manage and therefore, take resources away from modernisation. The Modernisation Programme is addressing these issues.

Trade waste service

- 3.13 Cityclean provides a trade waste and recycling service to businesses and schools within Brighton & Hove. The 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.
- 3.14 There are four elements to the trade waste service:

Trade waste sacks

Trade waste sacks are targeted mainly at small businesses in the city centre. Coloured bags are sold to businesses, the cost of which covers collection, disposal, the bag itself and administration costs. The businesses dispose of the bags at any time convenient to them in the communal refuse bins. The service appeals to small businesses that do not produce a lot of waste and many of who do not have a lot of space to store waste or waste containers. The bags are paid for upfront and therefore debt management is not an issue. No contractual arrangements are entered into but the purchase of at least one roll (25 sacks) per year provides businesses with their Duty of Care documentation for 12 months. Sacks can be purchased online or over the telephone. Sales of sacks currently represent 7% of the trade waste income.

Trade waste containers

The trade waste container service is targeted at all businesses in the city, apart from those where sacks are more appropriate. Businesses can choose from refuse, recycling and glass collection service and from a variety of bin sizes. Cityclean forms contractual arrangements with these businesses. The annual price includes bin hire and delivery, waste collection and disposal, Duty of Care certificate, Trade Waste Agreement and administration fees. Contracted trade waste customers currently represent 49% of the trade waste income. A further 6% is generated through subcontracts.

Waste and recycling collections from events

A commercial service to events provides bins for refuse and recycling containment and upfront charges to the organisers, including bin delivery and collection, emptying of bins and disposing of refuse and processing of recycling. Collections from events currently represent 6% of trade waste income.

Service Level Agreements with other BHCC departments and schools

At Policy, Resources & Growth Committee on 13 October 2016 Members approved the proposal for Cityclean to deliver the council's corporate waste disposal and recycling service for the council's civic offices, social care, historic, operational and commercial buildings from 1 November 2016 with the option for schools to opt into receiving such services under the new arrangements. The commercial waste disposal and recycling service is provided to 131 council buildings, including 57 schools. This contract represents 32% of trade waste income.

Trade waste analysis

- 3.15 The forecast, actuals and variances for the trade waste service are in Table 1 in Appendix 2. The actual figures reported for 2018/19 are the forecast at TBM5 to the end of the financial year, based on current service levels.
- 3.16 The variances for revenue costs are twofold: disposal costs were higher than forecast and more staff were needed than originally anticipated to deliver the service. Disposal costs were higher than expected because there was more waste to dispose of as a result of a higher demand for the service. This is reflected in the income line, where income for 2017/18 was higher than anticipated as more customers signed up to the service in the first year of operation.
- 3.17 At present, data is not collected consistently. Based on recommendations from the City Clean External Contracts and Commercial Activities internal audit and through the Modernisation Programme, action is being taken to address this. The procurement of a trade waste system will significantly improve the data quality.
- 3.18 Currently the service has circa 2% of the trade market. Any local authority should be looking to have a business base of between 40% and 60% depending on the commercial competition. There is significant scope for growing the trade waste which is detailed in Appendix 2.
- 3.19 The cost of trade waste collection contracts are negotiated on a case by case basis. A model is under development which will be used to provide quotes to new businesses. The model considers disposal costs, type of business, type of waste collected, size of bins etc. to provide a price to each business. There is scope within this for negotiation with the business to ensure our charges are competitive.

Garden waste service

- 3.20 At Policy & Resources Committee on 9 July 2015, Members agreed 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 (HWRSSs). Since the service was introduced, 8500 residents have signed up to the service and this continues to increase year on year.
- 3.21 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 Modernisation Programme. 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 improved reporting tools for staff running the service. The service has also 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.

- 3.22 Given the ongoing popularity of this service, work is underway to ensure that within any potential further expansion, the unit costs are kept under review. There are no plans to increase the £52 charge at this stage. Any future changes to the garden waste fee will be brought to a future committee meeting.

Garden waste analysis

- 3.23 The forecast, actuals and variances for the garden waste service are in Table 2 in Appendix 2. The actual figures reported for 2018/19 are the forecast at TBM5 to the end of the financial year, based on current service levels.
- 3.24 Similar to trade waste, the demand for the garden waste service was higher than expected. Consequently, the forecast does not represent what actually happened:
- Demand was higher so more bins were required, increasing the capital costs
 - More customers than forecast in 2017/18 meant running costs were higher
 - More customers than forecast in 2017/18 meant income was higher
- 3.25 New sign-ups to the garden waste service have been paused to make improvements to the services for current customers. Consequently, the trends seen previously about income exceeding forecasts are not currently replicated for 2018/19. Those wishing to sign-up are invited to join a waiting list for when the service is ready to take on new customers. The service will be expanded to meet increasing demand in the near future.
- 3.26 Demand for the service has exceeded the initial expectations. When the new service was introduced it was agreed for it to be managed initially as close to cost neutral as possible and for the pricing to be reviewed annually as part of the annual fees and charges report (Policy & Resources Committee on the 9 July 2015). The higher proportion of residents signing up, plus those on the waiting list, means more properties can be collected from in a given area, meaning running costs will reduce. This will mean that the service will start to run at a surplus as the customer base increases.
- 3.27 At present, data for the garden waste service is not collected consistency. Digital First is building a new application to manage the service, replacing the existing system and tools to close loopholes to improve data quality and improve the reporting tools to manage and run the service.

Commercial Team

- 3.28 The Corporate Modernisation Delivery Board recently approved the creation of a Commercial Team, subject to staff and trade union consultation, dedicated to manage the trade waste and garden waste activities to ensure income streams are maximised and the City Environment commercial services are managed effectively.
- 3.29 The Commercial Team has been designed to ensure the officers have the skills required, such as business development, marketing and finance. The Commercial Team will have dedicated vehicles and crews to ensure the service is reliable. The Commercial Team will be self-funding from the income generated by the

commercial waste services. Consultation will take place with staff and trade unions and will follow the council's change management processes and procedures before the Commercial Team is established.

- 3.30 One of the initial tasks for the Commercial Team will be to prepare a more detailed business model for both trade waste and garden waste detailing the income and expenditure projections beyond the current financial year. Further information on the proposed future business model is available in Appendix 2.

Other improvements delivered through the Modernisation Programme

- 3.31 As detailed in the report to Policy, Resources & Growth Committee on 12 July 2018, there have been a number of other initiatives and service improvements progressed through the City Environment Modernisation Programme. These are:

Further roll out of communal bins

- 3.32 At Environment, Transport & Sustainability Committee on 15 March 2016, Members 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 delivered through the Modernisation Programme.
- 3.33 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.
- 3.34 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 Environment, Transport & Sustainability Committee on 26 June 2018 which agreed to the communal bins being introduced in the locations that had been identified through the consultation process.

Recycling Wheeled Bins roll out

- 3.35 At Environment, Transport & Sustainability Committee on 11 October 2016, Members 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 in this phase completed through the City Environment Modernisation Programme.
- 3.36 During April 2018, recycling wheeled bins were rolled out to properties in the Moulseccomb & Bevendean, Hollingdean & Stanmer and Hanover & Elm Gove areas of the city.
- 3.37 A review is now taking place of the wheelie bins that were rolled out during 2017, with 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.

- 3.38 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 online with the type of bin ordered, 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 and help customers pick the most suitable container for them.

Round restructures

- 3.39 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. The business improvement review is analysing the efficiency of other rounds. The outcome of this review will inform round restructures to ensure work is spread evenly between crews and will be subject to consultation with staff and trade unions as part of the Modernisation Programme.

Increasing Recycling

- 3.40 During the week commencing 30 July 2018, three different coloured communal bins were rolled out in the Montpelier area of the city. This is part of a three month trial, the purpose of which is to increase recycling. If the trial has the desired effect then, potentially, different coloured bins may be rolled out across the city. This area was chosen for the trial as it had one of the highest levels of contamination with waste being mixed in with recycling and glass. If improvements can be made in this challenging area, it is hoped the bins will have a positive impact in other parts of the city.
- 3.41 Alongside this, the signage on the bins detailing what can and cannot go in each has been improved and simplified to make it clearer to residents as to what can be recycled.
- 3.42 Residents and Members are invited to offer their feedback either through an online form on the council website or using #MakingRecyclingEasier on social media.
- 3.43 A report will be taken to a future Environment, Transport & Sustainability Committee detailing the outcomes of the trial and its impact. Members will then make a decision on how to proceed.

Public Convenience Refurbishment

- 3.44 Brighton & Hove City Council currently has 37 public toilets which are cleaned and maintained by Healthmatic. This contract commenced in June 2017 following a procurement exercise. Savings of £280,000 were made through the re-procurement of the contract. As set out in the Integrated Service & Financial Plans, further savings are required and there is a need to modernise the current facilities.
- 3.45 The re-procurement of the public convenience maintenance contract awarded two contracts to the chosen contractor: (1) a cleaning and maintenance contract and (2)

a refurbishment contract securing from the contractor a capital investment towards the refurbishment of specified sites, at least matching the council's investment of £550,000.

- 3.46 The contracts were awarded to Healthmatic who committed to a capital investment of £602,000. The council's funding of £550,000 has been allocated in the Brighton & Hove Capital Investment Programme. The funding will be combined to refurbish at least 12 toilet sites.
- 3.47 A report was presented to Policy, Resources & Growth Committee on 12 July 2018 seeking approval to introduce charging within 11 public conveniences in the city and access capital investment to commence the refurbishment. The report was referred back to officers for additional information.
- 3.48 The amended report will be taken to Policy, Resources & Growth Committee on 11 October 2018 providing clarification on the history of charging proposals and setting out how Brighton & Hove City Council will deliver savings whilst maintaining the current portfolio of facilities.

Environmental Enforcement

- 3.49 Fly-tipping, littering, fly-posting, uncontrolled distribution of leaflets, graffiti, inappropriate containment of business waste and the illegal disposal of commercial waste in communal bins are offences that can have a significant and detrimental impact on the city. Such activities increase the waste produced by the city and drive down recycling rates. They also have a cost implication in terms of cleansing, collection and disposal costs. An effective and robust approach to enforcement will reduce instances of littering, will help reduce residual waste and thereby increase recycling rates.
- 3.50 3GS were awarded the contract to provide environmental enforcement from 1 February 2016, expiring in February 2019. The contract has generated a lot of feedback, much of which was a result of a lack of a clear framework outlining the council's approach to environmental enforcement.
- 3.51 To address this, an Environmental Enforcement Framework is being drafted, setting out the standards that will be applied when issuing Fixed Penalty Notices (FPN) for environmental offences and what residents, businesses, and visitors can expect from Brighton & Hove City Council and its contractors. The Framework will be presented to Environment, Transport & Sustainability Committee in November, alongside an options appraisal which is determining how the service should operate from March 2019. The options are:
- Extend the 3GS contract for up to 12 months
 - Re-procure a new environmental enforcement contract
 - Bring the service in-house

Customer Experience

- 3.52 This is a new project within the Modernisation Programme and is currently focusing on four key areas: Information Flow, Data Monitoring, Contact Centre and Online Content. Some short term solutions have been put in place to improve the

information flow between the Contact Centre and Operations. While not the solution, it means there are improvements to the information being shared with residents.

- 3.53 Other areas for improvement are shortly to be scoped, including closer working with City Transport during the introduction of new Controlled Parking Zones and aligning street cleansing and collections schedules.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The City Environment Modernisation Programme is developing a sustainable future for City Environment services in Brighton & Hove in the context of reducing council budgets, increases in customer demand and an expanding service offer. Within this, work is taking place to improve performance on refuse, recycling, garden and trade waste collections, as well as adopt a more commercial approach to managing income generating services. Without the continuation of the Programme, there is a risk that improvements will not be delivered and there will be further pressures on City Environment budgets.
- 4.2 The garden waste service can continue to operate as close to cost neutral as possible, however this will not be the most effective way to run the service and a number of residents will be excluded from disposing of their waste in this way. Allowing it to operate at a surplus means more residents can join the scheme and recycling rates can increase. The surplus will be ring-fenced to City Environment and invested back into waste and recycling services.
- 4.3 The Commercial Team will enable commercial services in City Environment to become truly commercially competitive. Without it, there will not be opportunities to generate additional income and budget savings will need to be met from existing budgets, rather than offset by income generation.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Previous community engagement and consultation activities in relation to City Environment services are detailed in the committee reports listed as Background Documents below.
- 5.2 Moving forward, engagement and consultation required as part of modernisation will take place on a project by project basis.

6. CONCLUSION

- 6.1 This report provides Environment, Transport & Sustainability Committee with a response to the Notice of Motion presented at Council on 19 July 2018.
- 6.2 A significant amount of work has been completed to make improvements to City Environment. However, it is recognised that there is still a long way to go. The Modernisation Programme has been designed to address the change that is required.
- 6.3 Enabling the garden waste service to operate at a surplus will mean customer demand can be met and investment can be made back into the service.

- 6.4 Agreeing the creation of a Commercial Team will enable Cityclean's commercial services to become truly commercially competitive and devise new enterprises.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Both the trade waste and garden waste commercial have had considerable work undertaken to ensure the service is able to collect the backlog of charging for the service which was originally reported at the 12th July update report. The revised income projections are now being reflected into the latest TBM projections.
- 7.2 The table at Appendix 2 shows the forecast figures for income projections and costs for the years to 2020/21. Trade Waste assumes a number of actions will take place during 2018/19 to reach a breakeven position including a review of prices, the existing customer base and the uptake of new customers.
- 7.3 Amendments to fees and charges will be reported back at least annually through the council's fees and charges process. Price rises will reflect any increases in disposal costs and the prevailing market price of the service.
- 7.4 The creation of a Commercial Waste Team is estimated to cost £143,000 including on-costs. There is currently no budget for this team and will need to be funded through additional income generated through future commercial activities.
- 7.5 Any surpluses generated from the Garden Waste and Trade Waste commercial activities will be reinvested back into waste and recycling services within City Environment, This re-investment should be factored into the Medium Term Financial Strategy and budget process for Economy, Environment and Culture.

Finance Officer Consulted: Rob Allen

Date:20/09/18

Legal Implications:

- 7.2 Under 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. The Council is also able to charge a reasonable charge for the collection of garden waste. This is specifically provided for at Section 45(3) Environmental Protection Act 1990 and Sched 1 para 4 of the Controlled Waste (England and Wales) Regulations 2012. This activity does not need to be conducted through a company because of the specific provisions in the Environmental Protection Act 1990 which authorise the activity. Case law (R (Western Riverside WA) v Wandsworth [2005] EWHC 536) is clear that what 'reasonable' does is not mean costs recovery only and can be at the prevailing market rate, or higher.

Lawyer Consulted: Elizabeth Culbert

Date: 18th September 2018

Equalities Implications:

- 7.6 Equalities implications in relation to City Environment services are detailed in the committee reports listed as Background Documents below.

Sustainability Implications:

- 7.7 The garden waste scheme has increased the recycling rate by 1.1%, and contributes to a reduction in the amount of garden waste disposed of within residual waste. Continuing to grow the service and running at a surplus will further this.
- 7.8 Further sustainability implications in relation to City Environment services are detailed in the committee reports listed as Background Documents below.

SUPPORTING DOCUMENTATION

Appendices:

1. Constraints and restrictions that prevent modernisation
2. Commercial services – proposed business model

Documents in Members' Rooms

1. None

Background Documents

1. City Environmental Management – Modernisation Programme Update Report to Policy, Resources & Growth Committee on 12 July 2018
2. Update on Chargeable Garden Waste Collection Service Report to Environment, Transport & Sustainability Committee on 28 June 2016
3. Proposals for a Chargeable Garden Waste Collection Service Report to Environment, Transport & Sustainability Committee on 13 October 2015
4. Cityclean Service Plan and Priorities Report to Policy & Resources Committee on 9 July 2015

Appendix 1: constraints and restrictions that prevent modernisation

Issue	Context	Improvements completed thus far	Work still required
Resources	<p>There is limited capacity to take time away from business as usual to focus on the improvement work required. This is particularly the case for the issues that have arisen from the trade waste and garden waste services, as well as missed collections for refuse and recycling.</p> <p>It is recognised that there is a lot of pressure and focus on officers within City Environment, who are managing well given the circumstances.</p>	<p>The establishment of the Modernisation Programme, with financial assistance from the Corporate Modernisation Fund.</p> <p>Support provided by other corporate teams including Communications and Finance. City Environment will continue to draw on this support as necessary as part of the Modernisation Programme.</p> <p>The Head of Improvement post is providing additional capacity to deliver modernisation priorities, alongside existing officers.</p>	<p>The Commercial Team will manage the commercial services within City Environment, including trade waste and garden waste. This additional capacity, with the appropriate expertise, will drive forward new business models for trade waste and garden waste and develop and implement strategies for the achievement of income targets.</p>
Staff management	<p>The approach to staff management is not consistent within City Environment, nor consistent with how staff are managed across BHCC. There appears to be a lack of staff engagement, high sickness and the approach to health and safety needs improving.</p>	<p>A new Assistant Director is in post.</p> <p>An away day for City Environment office-based staff was held with the EEC Director, Interim City Environment Assistant Director and all Heads of Service.</p> <p>Two weekly team meetings with frontline staff were established, though this has subsequently proved difficult to sustain.</p> <p>A health and safety workshop was held to identify ways in which to improve health and safety performance. This was attended by Management, Staff and Unions. Action plans have been written detailing the next steps.</p>	<p>Continue the improvements to staff engagement through embedding team meetings, 121, PDPs and service meetings etc.</p> <p>Introduce methods to discuss service specific issues and hear directly from frontline staff.</p> <p>Complete work with new Assistant Director on Vision and Purpose for City Environment.</p> <p>Away Days to be held every six months.</p>

Issue	Context	Improvements completed thus far	Work still required
Culture	<p>Linked to <i>staff management</i> above, there are cultural differences in motivational and performance systems, plus behaviour and code of conduct. For example, teams within City Environment tend to work in silos at times.</p> <p>In relation to service delivery, a culture of continuous improvement has not been encouraged in City Environment for a number of years. For example, there has been a lack of collaborative working for the good of the customer.</p>	<p>Business improvement reviews, managed through the Modernisation Programme are bringing together a range of stakeholders to reduce silo working.</p>	<p>Establish a clear and transparent management framework and ensure that this is applied consistently across the service.</p> <p>Increase levels of staff engagement and communication through team meetings, newsletters and productive working with the Unions.</p> <p>Develop the role of the Learning Resource Centre to deliver the People's Promise and opportunities for personal development to City Environment staff.</p>
Pay scales	<p>The average wage for HGV and LGV drivers in East Sussex is around £25,500. The top of the HGV and LGV scale for a driver within BHCC is £20,138. It is proving difficult to replace drivers in a timely manner.</p>	<p>Considering different approaches to recruitment to attract more applicants.</p>	<p>Address the non-competitiveness of LGV driver salaries.</p>
Technology	<p>City Environment does not have the latest technology to manage the service. Improvements to be made include:</p> <ul style="list-style-type: none"> • In-cab technology to provide real time information between the crews, the depot, the contact centre and residents • A commercial waste system to manage the service 	<p>A number of technological improvements have been delivered over the last 12 months in collaboration with Digital First:</p> <ul style="list-style-type: none"> • A new system has been built to manage garden waste from sign-up to renewal to cancellation • Improved workflow for street cleansing case management • Improved customer journeys on the new mobile friendly BHCC website • Online functionality for residents to order bins and boxes, lookup collection days and report missed collections for refuse, recycling and garden waste 	<p>Work is continuing with Digital First to explore:</p> <ul style="list-style-type: none"> • Rollout of other case management tools • Digital tools for the exchange of real-time information • Databases for storing information and data <p>An options appraisal will be completed for a commercial waste software system, followed by a procurement exercise.</p>
Customer experience	<p>The service is reactive and consequently, the Contact Centre is overwhelmed by customer contact.</p> <p>The technological capability is not in place</p>	<p>Customer Experience has been established as a new project in the Modernisation Programme.</p> <p>Work is continuing with Digital First to make</p>	<p>Work is to be completed to explore digital tools for the exchange of real-time information.</p> <p>Improvements will be designed to improve the efficiency of rounds and reduce the number of</p>

Issue	Context	Improvements completed thus far	Work still required
	<p>to share real time information between relevant teams. This means customers are not given an update on whatever issue they have reported.</p> <p>The reactive nature means it is difficult to plan resources, communications and other activities.</p> <p>Fundamentally, output does not meet demand and customer expectations are not met.</p>	<p>improvements for the customer.</p> <p>Improvements have been made to the online contact form to reduce traffic into the Cityclean mailbox and direct enquiries straight to relevant teams and apps.</p>	<p>missed collections following completion of the business improvement review.</p>
<p>New initiatives</p>	<p>An ambitious programme of new initiatives was agreed in 2015. Unfortunately, due to the scale and nature of these, some were not planned or implemented properly.</p> <p>Processes and systems were not created to manage them effectively, nor were staff given the appropriate training. The service is now feeling the effects of this.</p> <p>Unrealistic income targets were set which has set the service up to fail on budgetary performance.</p>	<p>The Modernisation Programme is addressing this and has successfully delivered two projects – communal rollout and recycling wheelie bin rollout.</p> <p>Significant improvements have been delivered and / or are in the design phase for trade waste and garden waste:</p> <ul style="list-style-type: none"> • New systems to manage the customer journey for garden waste • Improved reporting • Terms and conditions revised • Processes implemented for more upfront payments to reduce customer debt 	<p>Continue to use the same programme and project management methodologies to deliver projects and change activities.</p> <p>Establish Commercial Team to maximise income and ensure new enterprises are created and managed appropriately; there are opportunities to make significant income with right resource and support.</p>
<p>Information and data</p>	<p>Information and data is not held in a consistent way.</p> <p>Data is not robust.</p> <p>Information and data is not analysed and used to deliver service improvements or changes.</p> <p>The capability is not in place to share real time information between relevant teams.</p>	<p>Through the work with Digital First and IT&D, significant strides have been made to improve the quality and use of data. As an example, a garden waste performance dashboard is being created to manage the service by closely monitoring: number of new sign-ups, renewals, missed collections, complaints, tonnage of garden waste collected. The dashboard will be used to inform a business plan and business development activities to better understand the direction of the service.</p>	<p>Continue work to improve the quality of data and how it is used. This will be addressed on a project by project basis to ensure it is planned and managed appropriately.</p>

Issue	Context	Improvements completed thus far	Work still required
Industrial relations	City Environment has a complex relationship with trade unions. Historically there has been a lack of trust at times between Unions and Management and sometimes this has led to difficulties in introducing improvements and changes due to feedback from the trade unions.	A new Assistant Director is in post and is working with Trade Unions to understand more about the issues and problems and to find solutions.	Build trust between the Unions and management by improving communications. Involve trade unions at an early stage of any changes to gain feedback.
Staff wellbeing	Feedback from the Wellbeing Survey identified a number of actions to improve the wellbeing of staff.	Recent events delivered to support the wellbeing of staff include: <ul style="list-style-type: none"> • Nurse led health checks • Building resilience workshop • Pensions advice 	Continue to deliver events to support staff wellbeing.
Physical working environment	City Environment officers work in a very poor environment. The office buildings and canteen are very old, damp and in a state of disrepair and noticeably out of step with the standard of office accommodation for much of the rest of the council. There is a significant amount of dust and dirt in the office which are an irritant. The lighting and ventilation sometimes cause issues. In addition to the practical difficulties of working in this environment this has led to staff not feeling valued by the organisation.	A deep clean of the offices was completed in September. While this has not remedied the problem, it lessened the immediate concerns.	The depot buildings now form part of Workstyles. The development of a business case will identify options for the offices at Hollingdean depot with a view to make significant improvements to the working conditions.
Contract management	Concerns were expressed regarding the City Environment approach to contract management. For example, a review of existing contracts identified a lack of governance and follow up relating to the signing of contracts.	Work has been completed with the Fleet Team to review processes and improve understanding of the internal governance and legal engagement requirements. Environmental Enforcement Contract has been signed with a GDPR variation. Contract meetings have been established with both the public convenience contractor and the environmental enforcement contractor. Further resource has been provided to support City	Deliver the two remaining actions from the Internal Audit. Ensure appropriate processes are followed for all contracts, particularly when renewing the weed spraying contract and the bulky waste contract.

Issue	Context	Improvements completed thus far	Work still required
<p>Management of depot</p>	<p>A review of the depot site found it was not being used in the most effective and safe manner.</p> <p>As an example, too many bins were being stored in the depot taking up HGV Parking space. Hollingdean depot is an Operating Centre for HGV's. Therefore, there are strict conditions that City Environment has to adhere to, such as adequate parking spaces for the trucks, in addition to the other vehicles parked on site.</p>	<p>Environment on contract management.</p>	
		<p>Better storage arrangements are in place.</p> <p>The site induction has been revised.</p> <p>An improved process has been established to notify relevant people of incoming deliveries.</p> <p>The site is now safe to manoeuvre vehicles and is 'O' Licence compliant.</p> <p>The safe walking routes and vehicle parking areas have been relined. Clearer signage is now also in place.</p> <p>Over six tonnes of scrap metal has been removed providing 11 extra parking spaces.</p> <p>Old and damaged bins and boxes have been removed from the site and recycled.</p> <p>3000 bins relocated providing parking spaces for 17 HGVs.</p>	<p>Work to be completed on what bin and box stock needs to keep onsite.</p> <p>Work is being undertaken with corporate estates to improve traffic flow through the depot; re-site fuel tanks and also to improve security at the depot.</p> <p>Continuation of reminders about safe walk ways, smoking areas, induction processes etc.</p>

Appendix 2: Commercial Services – proposed business model

Proposal

To ensure commercial services (trade and garden waste collections, events and future enterprises), become truly commercially competitive, the business needs to be driven by a dedicated team. It is proposed that the creation of a Commercial Team (not encumbered by or impeding other services) managing all commercial activities, would ensure that income streams are maximised.

Reporting to the Head of Operations (Cityclean) to complement other aspects of Cityclean operations and service delivery, it is proposed to recruit to four new posts¹:

- Business Development Manager
- Sales & Marketing Officer
- Finance Officer
- Marketing & Administration Officer

The Commercial Team will be self-funding from the income generated by the commercial services. The roles have been given indicative grades and the current cost is estimated at £143,000 per annum, including on-costs.

The roles in the Commercial Team have been designed to ensure Cityclean's commercial services become financially sustainable and competitive in the market. The Commercial Team will:

- maintain and grow the number of commercial services offered across commercial services
- work proactively with stakeholders in the city to secure contracts and grow the market share in terms of volume and value
- develop, implement and regularly monitor a sales strategy for increasing market share
- analyse profit and loss accounts and other reports that give insight into how Commercial Team can improve performance and work with staff to improve results
- drive a culture of excellent customer service by responding effectively to customer feedback and working with front line crews to improve the customer experience
- identify new commercial opportunities, devise a business case and subject to viability, implement new enterprises
- design and set up appropriate systems for monitoring income and expenditure in accordance with procedures
- monitor and analyse the Commercial Team budget, via the Council's procedures and use the findings to create a range of financial reports to accurately predict the service's current and future financial position

Rationale

¹ There are no proposed redundancies or reductions to staffing levels. The new roles are in addition to existing roles and will be recruited to in line with the Council's recruitment policy.

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 Environment, Transport & Sustainability Committee gave initial approval in July 2015. This business model presents the high level options of what is possible. One of the initial tasks for the Commercial Team will be to prepare a more detailed business model for both trade waste and garden waste detailing the income and expenditure projections beyond the current financial year and prepare a plan detailing how the income will be achieved.

BHCC currently has roughly a 2% share of the trade waste market. There is considerable scope to increase this with the right resources. The surplus will be ring-fenced to City Environment and invested back into waste and recycling services, protecting jobs and service delivery.

Existing commercial services have been established and grown with little marketing or a systematic targeted sales approach. Creating a dedicated team with capacity and skills to undertake this provides significant opportunities for further income generation.

Many improvements have already been delivered to commercial services, or are planned. However, reflecting on service delivery over the last two years indicates that the service was ambitious in what it was seeking to achieve within the resource provided to set up the service. The Commercial Team will take all this learning to deliver further improvements to the service and the city.

Plans for trade waste

Table 1: the current forecast, actuals and variances for the trade waste service are:

	3 YEAR FORECAST			
	£000			
	2016/17	2017/18	2018/19	2019/20
Capital costs	257	0	0	0
Revenue costs	0	413	481	707
Income	0	-597	-806	-764
Net annual position	0	-184	-325	-57
Cumulative position	0	-184	-509	-566
	3 YEAR ACTUALS			
	£000			
	2016/17	2017/18	2018/19*	2019/20
Capital costs	257	0	0	N/A
Revenue costs	0	751	900	N/A
Income	0	-765	-900	N/A
Net annual position	0	-14	0	N/A
Cumulative position	0	-14	-14	N/A
	3 YEAR VARIANCE			
	£000			
	2016/17	2017/18	2018/19	2019/20
Net annual position	0	170	325	N/A
Cumulative position	0	170	495	N/A

*** 2018/19 Actuals are based on the forecast projections to date.*

The actuals for 2018/19 represent a BHCC market share of around 2% of the business trade in the city. Analysis suggests that any local authority should be looking to have a business base of between 40% and 60%, depending on the commercial competition. Therefore, the biggest opportunity for Cityclean’s commercial service is to increase the market share of contracted trade waste customers. Expanding this market share can potentially generate:

Share	Potential income £000
Current share (2%)	£440
5% share	£1,100
10% share	£2,200
15% share	£3,300
20% share	£4,400

In addition to this, there is potential increased revenue generation from other elements of the trade waste service:

Service	Potential for growth
Trade waste sacks	Targeted marketing and sales at appropriate businesses where containers are not appropriate Designing appropriate systems for monitoring business take-up and usage to proactively contact businesses where sack sales does not meet expectations
Collections from events	A more coordinated approach with the Events Team and other BHCC services to promote Cityclean’s service
Other BHCC departments and schools	Promotion of the service to schools not currently receiving the service

Plans for garden waste

Table 2: the current forecast, actuals and variances for the garden waste service are:

	5 YEAR FORECAST					
	£000					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Capital costs	162	38	0	0	0	0
Revenue costs	0	219	285	283	281	279
Income	0	-208	-286	-286	-286	-286
Net annual position	0	11	-1	-3	-5	-7
Cumulative position	0	11	10	7	2	-5
	5 YEAR ACTUALS					

	£000					
	2015/16	2016/17	2017/18	2018/19*	2019/20	2020/21
Capital costs	80	106	36	0	N/A	N/A
Revenue costs	0	190	336	340	N/A	N/A
Income	0	-263	-360	-340	N/A	N/A
Net annual position	0	-73	-24	0	N/A	N/A
Cumulative position	0	-73	-97	-97	N/A	N/A
	5 YEAR VARIANCE £000					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Net annual position	0	-84	-23	3	N/A	N/A
Cumulative position	0	-84	-107	-104	N/A	N/A

* 2018/19 Actuals are based on the forecast projections to date.

If approval is given for the garden waste service to operate at a surplus, there is an opportunity to at least a 10% growth in income given the 800+ residents on the waiting list.

Increase in customers	Potential income £000
800	£41

Other benefits of operating at a surplus and growing the garden waste service further include:

Current situation	Benefit expected
The service has grown with very little marketing	A dedicated Commercial Team, will devise and deliver a marketing strategy to increase the customer base and increase income generation
Some garden waste is disposed of through residual kerbside or communal bins	Expansion and growth of the service can increase the city's recycling rates through disposal of garden waste through the Woodland In-vessel Composting Facility (IVCF) Reduction in disposal costs as disposal through residual waste is more expensive than via the IVCF

Risks and opportunities

These will be managed by City Environment Leadership Team and the Commercial Team:

Description	Potential consequences	Mitigating controls and actions
Risk: agreement not given to establish Commercial Team	Income targets not met Full potential of commercial services not achieved	Ensure appropriate stakeholders and briefed and engaged during the consultation process
Risk: not enough income generated to cover cost of team	Service runs at a deficit, impacting on other Cityclean budgets	Maintain and analyse profit and loss accounts to ensure income targets can be met

Opportunity: collaboration with other BHCC services which transact with businesses e.g. business rates, licensing etc.	Further opportunities identified to market service, leading to revenue generation More holistic service provided to the city's businesses	Liaise with relevant services to determine what the opportunities are Engage with the supporting Business Programme to determine best approach
Opportunity: capacity and skills to complete annual unit cost work for all commercial services to ensure the cost of each service covers the operational costs	Income targets met Surplus generated to invest back into City Environment to help protect jobs and service delivery	Maintain and analyse appropriate data to determine the costs of all aspects of the service
Opportunity: capacity and skills available to identify further opportunities for income generation	Further revenue generation Surplus generated to invest back into City Environment to help protect jobs and service delivery	Complete research and development to identify what other opportunities exist
Opportunity: capacity and skills available to analyse capacity and performance of existing resources and the viability of introducing additional rounds	Service will be better informed through use of information and data Further revenue generation	Complete regular reviews of round performance Identify measures to keep costs low
Opportunity: while data is not wholly robust, a significant amount of data is available and currently not being used in a meaningful way	Service will be better informed through use of information and data	Improve the quality of data Data to be used to inform all aspects of service delivery and growth

