

Chichester District Council

THE CABINET

7 February 2017

Chichester Contract Services Efficiency Review

1. Contacts

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2. Recommendations

That the Cabinet:

2.1. Acknowledges the good overall report for Chichester Contract Services and accepts, for the foreseeable future, the independent advice that the service should remain 'in-house'.

2.2. Approves the actions set out in paragraph 5.2 of the report.

3. Background

3.1. The Council's in-house direct services organisation, Chichester Contract Services (CCS), delivers many of the Council's front-line services including recycling and residual waste collections from both domestic properties and commercial businesses; street cleansing; grounds maintenance; workshop and MOTs; the public convenience service and the cemetery service.

3.2. CCS is currently undertaking an Improvement Programme aimed at modernising the in-house service, streamlining processes and making greater use of on-line services. Alongside this Improvement Programme, it was felt that a review with a wider remit would be beneficial. Consultants have been engaged to:

- provide a high level assessment of the waste collection service, the streets cleansing service and the grounds maintenance service and to advise whether the services are operating efficiently and effectively and represent good value for money.
- review the waste collection service, street cleansing service and grounds maintenance service and to advise whether the services could be delivered more efficiently and effectively and at lower cost by an alternative service provider.

3.3. Attached to the report as Appendix 1, the Efficiency Review identifies the following headline points in respect of **Waste and Recycling**:

- In recent years recycling performance had plateaued between 38% and 40% (a below average performance) but notes that following initiatives in 2016 performance has improved to almost 43%.
- In terms of dry recycling performance alone, the Council achieved upper quartile performance compared to other English authorities in 2014/15: it diverted 27.9% recyclable material and is ranked 35th out of 229 Waste Collection Authorities.
- Chichester collects much less garden and/or food waste than other authorities: its composting rate is 10.5%, which is lower quartile performance in England (at 191st amongst 229 collection authorities).
- Contamination rates in CDC have improved markedly over the last 2 to 3 years. CDC's average contamination for 2016 was 4.9%, which is considerably below the UK national average of circa 14%.
- Compared with its CIPFA Nearest Neighbours (a group of similar authorities used for benchmarking purposes), Chichester has the 5th highest yield in kg/hh/yr for kerbside dry recycling (above the average of 176kg/hh/yr), the 5th lowest yield for kerbside garden waste (or mixed composting), the seventh highest yield for kerbside residual waste and the fifth lowest yield for total kerbside waste. Chichester does not collect food waste compared with ten of its Nearest Neighbours group which do.
- In terms of green waste, Chichester collects the highest amount of material per household compared to the other authorities and the percentage of householders using the service is about average.
- Chichester's annual green waste charge is among the higher in the benchmark group, but this appears not to have limited the number of customers subscribing to the service, which is about average.
- For bulky waste collection the average cost to the customer of the Nearest Neighbour authorities is £26, with Chichester charging less than this at £20.
- It is rare to find a municipal commercial waste operation as successful as Chichester's and which keeps its accounts in a format which shows the activity separately and with clear cost centres and operating profit: we commend the Council for these achievements.
- Chichester District Council is already performing well in terms of waste minimization, and is reaching upper quartile performance in terms of recycling diversion.

3.4. The report concludes that the Council performs well in terms of dry recycling and waste minimisation with excellent performance, and the only area for potential improvement might be to look at how the contamination rate could be further reduced. Although, the Council's overall performance when recycling & composting are combined is lower the report urges the Council to be cautious in changing much at the present time due to the uncertainties to what future recycling targets maybe set after the UK leaves and the very significant costs that would be incurred if new composting initiatives were implemented.

3.5. In terms of **Street Cleansing and Grounds Maintenance** the following points are noted:

- Overall Street Cleansing in Chichester is of a high standard, particularly in the city centre and other areas of high footfall. Many instances of spotless road channels were observed, such as St Martin's Square and Little London. Car parks in these areas were also observed to be cleansed to a high standard;
- The A27 has accumulations of weeds and detritus which are difficult and expensive to resolve.

- In Midhurst, Selsey and East and West Wittering, the cleansing standard is generally good or very good but would benefit from closer attention to road channels.
- Parks and gardens across the District appeared to be maintained to a very high standard.

3.6. The consultants were asked to consider the merits of alternative suppliers being contracted to provide the service(s) for the Council and have advised..... 'we are quite clear that we see no advantage to the Council in outsourcing or market-testing these services at this point in time: in arriving at this conclusion we have had to consider the costs of the Council undertaking a 'client' function. We have not calculated a cost for market-testing but if this were included it would simply add weight to our conclusions.'

3.7. As regards the future, the report notes that services are well managed and being provided to a good standard that would be unlikely to be improved through outsourcing. It is further stated that the challenge now is to ensure that the Council continues to invest and ensure the service develops but also to ensure that the service is structured to provide resilience.

4. Outcomes to be Achieved

4.1. The review has tested the services provided by CCS against typical performance measures and estimated costs of providing such services and, thereby, informs the Council about the effectiveness and efficiency of this key front line service and assists in decisions about future service delivery. It is particularly important at a time of local authority spending restraint that the Council is able to demonstrate value for money.

5. Proposal

5.1. It is clear from the Consultant's report that CCS runs very effective and efficient services and it recommends no major changes to the way in which these services are currently operated. They have considered the merits of outsourcing the services and, at this point in time, have concluded there is no clear advantage in undertaking such an exercise.

5.2. Officers therefore recommend the following:

- That the current improvement plan is completed to ensure the overall service is operating efficiently and effectively and maximising the use of technology to support service development
- The Recycling Action Plan is completed to ensure recycling performance continues to improve.
- For the foreseeable future CCS services continue to operate 'in house'.
- Following the retirement of the Head of Service a new structure is implemented to ensure continuity and resilience.
- A27 – health and safety issue, under consideration; report to come back with proposals for street cleansing.

6. Alternatives Considered

- 6.1. Notwithstanding the independent advice provided, the Council could consider undertaking further work to test the commercial market such as a full market tender exercise to establish whether a private operator would undertake some or all of the services provided. This would be very time-consuming for the service, incur some considerable expense and, given the expertise of the independent consultants, seems unjustifiable.
- 6.2. In terms of significantly improving performance for compostable materials, the advice is that there are really only two options: to stop charging for the garden waste collection; or to introduce a food waste collection service. Both options would mean an exponential increase in costs, giving a combined net increase of ca. £1.25 million per annum, plus one-off costs for wheeled-bins.

7. Resource and Legal Implications

- 7.1. The independent consultant review has cost slightly less than £20,000. The report is advisory and does not raise any ongoing legal or financial implications.

8. Consultation

- 8.1. This report and the consultants review has not been subject to consultation.

9. Community Impact and Corporate Risks

- 9.1. CCS provides daily front line services to the communities of Chichester District and, accordingly, it is right that the Council is confident that good quality, value for money services are provided in both an effective and efficient manner. Moreover, in the current period of financial restraint it is vital that the Council continues to look for any opportunities to reduce operational costs.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		✓
Climate Change		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
Other (please specify) eg biodiversity		✓

11. Appendices

- 11.1. CCS Efficiency Review January 2017

12. Background Papers

- 12.1. None