

# Chichester District Council

THE CABINET

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## Chichester Contract Services - New Business Opportunity

### Trade and Domestic Bin Cleaning Service

#### 1. Contacts

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**Cabinet Member:**

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#### 2. Recommendation

- 2.1. That the Cabinet approves the release of £41,000 from reserves for the implementation of a new mobile waste bin cleaning service for businesses and residents including the purchase of a new vehicle based bin cleaning machine and vehicle.**

#### 3. Background

- 3.1. In July 2019 the Council approved funding to support the implementation of a new food waste recycling service for businesses. Following approval of the project, the Business Waste and Recycling team has commenced sales activities and engaged with new and existing customers to help shape the development of the new service.
- 3.2. Alongside the provision of a competitively priced and reliable service, businesses expect a quality service for this particular waste stream owing to the nature of food waste. Careful consideration has therefore been given to the type of containers used for collections, and it was recognised at an early stage of the project that our food waste customers require more than a standard waste bin which is not suitable to combat issues associated with food waste. To meet this demand, specialist, purpose built food waste bins have been procured in order to seal in odours, prevent leaks and are designed for easy cleaning.
- 3.3. In addition, customers, particularly for larger contracts, expect a bin washing service to be readily available as part of the service offering; primarily for food waste but also for other waste streams.
- 3.4. CCS currently has basic, manual bin cleaning equipment at its Westhampnett depot which is static and utilised for cleaning returned bin stock for both domestic and business services as required. An external bin cleaning

contractor is also employed as demand dictates for the Garden Recycling Service bin stock.

#### **4. Outcomes to be Achieved**

- 4.1. Purchase of a new vehicle based bin cleaning machine and 3.5 tonne vehicle to support the introduction of a new, mobile wash service for businesses and residents. The new service is expected to deliver:
  - (a) Enhanced service provision to meet customer expectations on the new business food waste collection service; establishing CCS as the local, quality service provider and protecting the customer base from competitors offering food waste services.
  - (b) Enhanced service offering for residents; particularly for those using the Garden Recycling Service, and maximising use of the asset.
  - (c) Revenue generation opportunity to help support corporate priorities. Payback of the initial capital investment is approximately three years and the service is expected to generate a net income of approximately £27,000 by Year 4 (2024/25). This includes a cost saving of £1,600 per annum on the existing cleaning contracts.
  - (d) The purchase of specialist bin cleaning equipment forms part of the mitigating actions within the food waste service risk assessment by containing spray or food items ejected from the bin during the cleaning process.

#### **5. Proposal**

- 5.1. Purchase of an automatic vehicle based bin cleaning machine and 3.5 tonne vehicle. Total cost for the equipment, including installation, is approximately £22,500. Total cost for the vehicle is approximately £18,500.
- 5.2. The cleaning equipment has the capacity to clean all manner of waste bins, ranging from 140 to 1100 litre. The bins can be cleaned internally with automatic cleaning heads and finished with a manual hand lance fitted to the side of the machine. The wash bay is enclosed with stainless steel splash guards, and excess water is captured and fully retained within the vehicle tanks. The unit will use filtered recirculated water significantly reducing the use of fresh water used in bin cleaning. All waste water will be safely disposed of at the CCS depot using the recently installed foul water drainage system. A deodoriser will be applied to the bin before being returned to original collection.
- 5.3. The proposal is for a mobile solution which can be used either at CCS's depot or off-site. During Year 1 (2020/21) of the business plan, the service will focus on business waste customers only to meet current and anticipated demand. Marketing and publicity will then extend to residents in Year 2; focusing primarily (but not restricted to) the Garden Recycling Service. The cost of the service will include price plans based on one-off, regular, and deep cleans.
- 5.4. Market analysis has identified that Chichester District and parts of Arun District (specifically Bognor) are not covered by any national franchise arrangement

and these areas have only limited coverage by one private cleaning contractor. None of the CCS trade waste competitors offer this service.

- 5.5 The service will be initially delivered by the existing in-house team who will be able to liaise with the regular waste and recycling collections to ensure the bin is emptied prior to completing the service. After the first year of operation an additional 0.5 fte will be required which will subsequently become 1.0 fte as demand increases. For larger food waste customers, bins may be returned to the Depot site for cleaning as part of a bespoke bin swap service.
- 5.6 The required equipment will take approximately 12 weeks to procure although the new food trade service waste service will hopefully commence sooner. The service should therefore be introduced as soon as practically possible for trade customers and domestic customers shortly after.
- 5.7 A front facing online booking system will be the preferred method of booking the service. This will compliment CCS's existing online services and support the council's commitment to channel shift.
- 5.8 Capital and revenue costs detail:

<b>Asset</b>	<b>Cost</b>	<b>Source</b>
Vehicle	£18,500	Reserves
Bin wash equipment	£22,500	Reserves

<b>Year</b>	<b>Out (costs)</b>	<b>In (revenue)</b>	<b>Balance</b>
2020/21	£9,372	£2,000	-£7,372
2021/22	£28,438	£26,600	-£1,838
2022/23	£30,913	£47,700	£16,787
2023/24	£35,500	£63,100	£27,191

The costs include labour (and associated costs), fuel, maintenance of equipment, depreciation and marketing / publicity.

The impacts to FY 20/21 and subsequent revenue and asset replacement budgets are detailed in Appendix A.

## **6. Alternatives Considered**

- 6.1. Maintain current approach – by doing so we will not be maximising our revenue opportunities by offering this service solution to businesses, We will have to signpost our new and existing customers to a 3<sup>rd</sup> party contractor who may or may not provide the coverage and quality of service CCS would look to provide.
- 6.2. Offering service to both domestic and business customers immediately - By adopting a phased approach to the introduction of the service it is hoped that familiarity of the equipment and its servicing requirements will be undertaken in a controlled manner. Additional revenue may however result.

- 6.3. Trailer based unit – a lower cost trailer mounted unit is available. Whilst 1100 trade bins can be cleaned with this equipment it is really designed for smaller domestic bins. It is a manual cleaning process as opposed to a more automatic system and has a lower throughput than the proposed automatic system.

## **7. Resource and Legal Implications**

- 7.1. As outlined above, additional budget will be required to deliver the proposal. This includes capital and revenue costs. All operating costs to deliver the stated income growth have been included.
- 7.2. To meet the business plan an additional full time member of staff will be required within 18 months of commencing the service.
- 7.3. Project delivery support will be required from the PR, ICT and Finance teams as outlined in the CCS 2020/21 Service Plan.
- 7.4. CCS has worked with Legal Services to ensure that the new function is being delivered within legal requirements. The service is considered to facilitate, or be conducive to or incidental to the discharge of the domestic waste functions and will be provided under section 111 of the Local Government Act 1972. This requires that the new 'charged for' service is being proposed for reasonable and proper purposes to deliver the Council's wider cleansing services functions, any income is secondary to those purposes but a reasonable income will also comply with the fiduciary duties of the Council.

## **8. Consultation**

- 8.1. In support of the proposal, the Business Waste and Recycling team have engaged with early adopters of the food waste service to determine service level expectations. A key requirement is maintaining cleanliness of bin for both customers and staff.
- 8.2. CCS has engaged with other Local Authorities who currently provide bin washing services to businesses and residents to ascertain how they operate and key learning points.
- 8.3. CCS has engaged with the corporate Health and Safety team to consider practical use and risks associated with new bin washing equipment.

## **9. Community Impact and Corporate Risks**

- 9.1. The service will generate a surplus of revenue which will be available for supporting other services.
- 9.2. There is a risk that business growth is slower than forecast and leads to the business not being profitable. This can be mitigated by sales activity, retaining washing equipment for CCS service use or sell as used equipment.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact</b>		No
<b>Safeguarding and Early Help</b>		No
<b>General Data Protection Regulations (GDPR)</b>		No
<b>Health and Wellbeing</b>		No

## 11. Appendices

11.1. Appendix A :- Revenue and asset impacts

## 12. Background Papers

12.1 None

## Appendix A :- Revenue and asset impacts

### Asset Replacement Programme

The asset replacement programme should include a 7 year recurring entry of £41,000 commencing upon the delivery of the initial asset delivery

### Revenue Budget

The CCS budget impacts will be as follows

#### Bin Washing Service - Required budget provision for FY 20/21 onwards

Code		FY 20 /21	FY 21 /22	FY 22/23	FY 23/24
01A	Labour	£1,055	£9,271	£15,307	£19,361
01B	NI and Pension	£264	£2,318	£3,827	£4,840
03A	Vehicle maintenance	£500	£1,500	£1,750	£2,000
03A	Vehicle fuel	£200	£1,642	£2,322	£3,000
04F	Marketing and publicity	£5,000	£9,000	£3,000	£2,000
	Facility cost saving	-£800	-£1,600	-£1,600	-£1,600
	<b>Operating Costs</b>	<b>£6,218</b>	<b>£22,131</b>	<b>£24,606</b>	<b>£29,601</b>

#### Bin Washing Service - Revenue budget for FY19/20 onwards

Code		FY 20 /21	FY 21 /22	FY 22/23	FY 23/24
09D	Trade waste revenue (exl VAT)	£2,000	£12,400	£17,500	£20,300
09D	Domestic revenue (excl VAT)	£0	£14,200	£30,200	£42,800
	<b>Revenue</b>	<b>£2,000</b>	<b>£26,600</b>	<b>£47,700</b>	<b>£63,100</b>

<b>Surplus</b>	<b>-£4,218</b>	<b>£4,469</b>	<b>£23,094</b>	<b>£33,499</b>
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<b>Depreciation</b>	<b>£3,154</b>	<b>£6,308</b>	<b>£6,308</b>	<b>£6,308</b>
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<b>Surplus after depreciation</b>	<b>-£7,372</b>	<b>-£1,838</b>	<b>£16,787</b>	<b>£27,191</b>
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