apse membership resources

February 2011

Briefing 11-0 7

Refuse collection performance information on cost and service quality

To all APSE contacts in the UK, including Council Leaders and Chief Executives

Key issues:

- This briefing provides details of key performance indicators in refuse collection services including performance on cost, quality and customer care
- The service has shown continuous improvement in a number of areas
- Recycling performance continues to increase
- Service faces significant cost pressures

1. Introduction

APSE's performance networks service is the UK's largest voluntary sector performance benchmarking group for UK local authorities specialising in frontline service performance. One such area is that of the indicators for refuse collection services which cover a number of dimensions of performance; such as cost, productivity and quality.

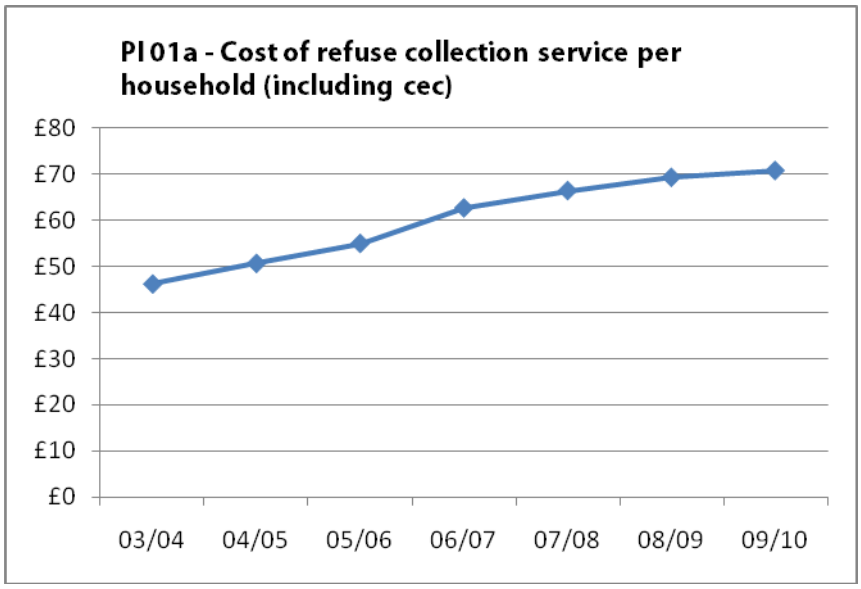
This briefing provides an overview of performance by participating local authorities with information and analysis covering a number of elements of the service. It is a summary of some of the information collected this year and, in conjunction with the more detailed information reports provided to those APSE member authorities participating in the performance networks service.

The analysis is based on averages across all family groups and is therefore service-wide, for the last five years (2005/06 (Year 8) to 2009/10 (Year 12).

In line with requests from members of the APSE performance networks refuse collection working group, and in order to minimise duplication of data collection APSE has worked with Waste Data Flow to align data collection and performance indicators. As this is the first year of synchronising certain data it is envisaged that some of the information, captured this year, will need to be subject to further data drilling and analysis and a follow-up report may be necessary in early 2011 to preserve the accuracy of the data and reporting process.

Analysis and key findings

The cost of refuse collection service per household has risen from £69.17 per household in 2008/2009 to £70.65 for 2009/10. This figure however also reflects increases in central establishment charges and a small increase in transport costs. Whilst this shows an on-going increase from £54.87 in 2005/06 there is a corresponding reduction in waste sent to landfill and in the volume of household waste sent for recycling, which has more than doubled, from 16.23% in 2004/05 to 35.76% in 2009/10. A slight dip in this year's figures for recycling suggests recycling levels were affected by the severe weather conditions in the winter of 2009 /10 across most of the UK, impacting upon collection.



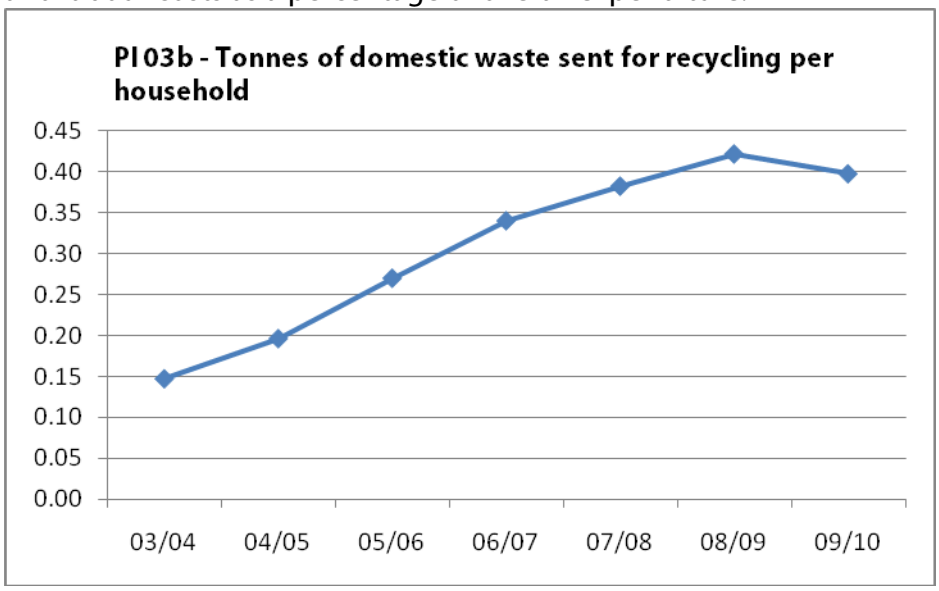
Whilst costs have increased 'gains' have been made in terms of the volume of waste sent for composting which has again doubled since 2005/06 at 7.28% to 14.38% in 2009/10.

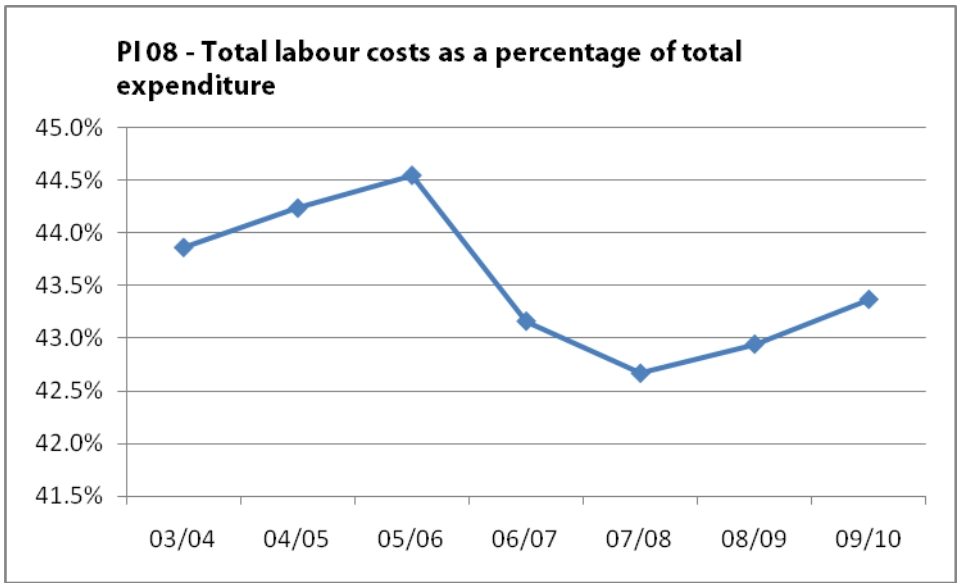
This demonstrates that the refuse collection service has achieved significant gains in recycling, reduced waste to landfill whilst containing cost at slightly below inflation levels.

The slight dip in the tonnage of domestic waste sent for recycling per household may be due as referenced above to the severe weather experienced throughout the UK during December 2009 and January 2010. However, due to the changes in source data for this year's data set, it is intended that some more detailed analysis will be carried out to confirm the decrease is a genuine reflection of service circumstances, within the given year. This could

also explain the slight spike in labour costs as illustrated in PI 08 which although less than 0.5% could reflect increased payments to cover catch up collections necessitated by the weather conditions and exceptional service demands.

The charts below illustrate the overall trend in recycling and labour costs as a percentage of overall expenditure.

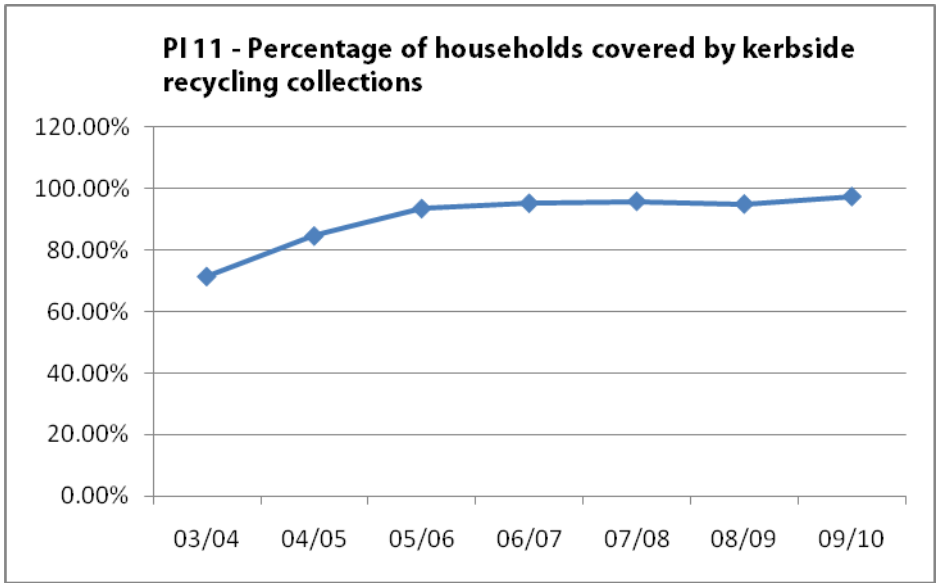




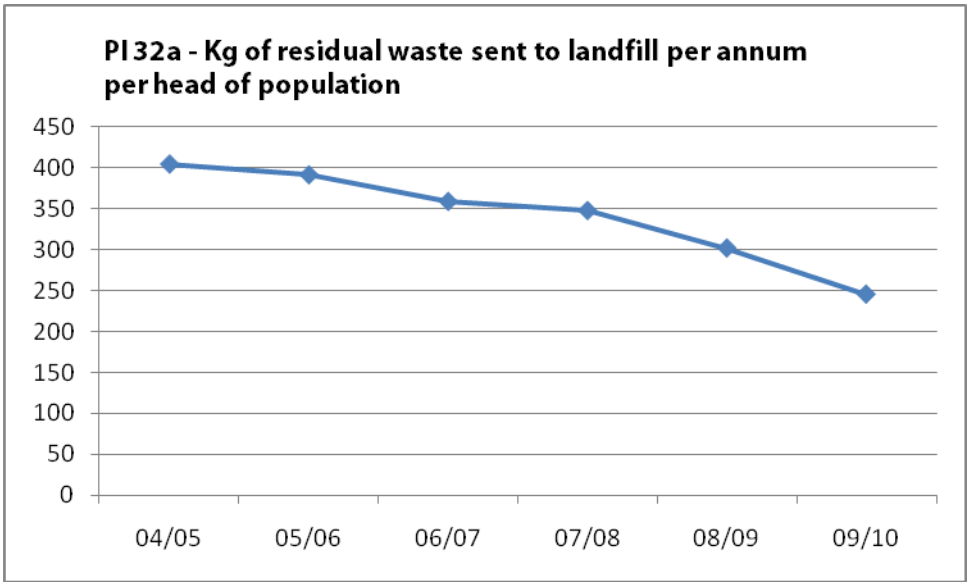
The volume of households covered by kerbside recycling collections has steadily increased. This reflects efforts by local authorities to adopt innovative solutions to collection at a local level, even where logistical difficulties need to be overcome to enable an effective collection service. The data now shows an all time high of 97.31% of households are covered by kerbside recycling collections.

The net cost of recycling per household has increased from £21.78 in 2008/09 to £24.29 in 2009/10. This could

however reflect the on-going increases in recycling levels and new recycling streams that require upfront investment in order to establish the new service or new recycling streams. It may also reflect a move towards recycling processes supporting new waste to energy schemes, however it may take time to establish any definitive information on this. Waste to energy schemes will be the subject of further development particularly as councils seek to address budget reductions through more innovative ways than simply reducing or rationing service provision.



Whilst recycling costs per household have increased this has had a positive impact on landfill with a further reduction to 244.97 Kg per head of population in 2009/10 compared to 403.88 Kg per head of population in 2004/05. This reflects the financial disincentives through landfill tax to send waste to landfill sites. Financially a reduction in landfill supports the costs of recycling. However the service needs to focus on how it is able to influence overall waste produced as well as more effective ways to manage the waste produced.



Future focus and analysis

The Comprehensive Spending Review and 2010 budget settlement coupled with the subsequent budgetary announcements within the UK and its devolved administrations show reductions of up to 30% across local government over the review period to 2013. Financially the refuse and waste sector faces a tough future. Some new announcements provide recognition of the importance of refuse collection and waste services, not just at a neighbourhood service level but at a strategic level. Initiatives, such as a planned green investment bank, recognise the value of green technologies and the need to invest in sustainable and secure energy for the UK.

Waste to energy will continue to be a major focus for future service development, with the opportunity for refuse collection services to support waste to energy developments and the possibility of income generation through feed-in tariffs.

However there appears to be little evidence to support the first element of the message of 'reduce, reuse, and recycle' as overall tonnage of waste, whilst slightly variable, remains at a relatively static level. Recycling activity has been successful and has shown a year on year increase in the volume of waste recycled and the consequential reduction in landfill. Conversely despite success in recycling terms the UK Packaging Regulations are still poorly enforced, and fundamentally weak; this leaves local authorities to carry the cost of excessive packaging, by manufacturers, within their waste collection services, through sustaining the overall tonnage of waste produced by UK households.

As the need for service efficiencies grows it is likely that refuse collection services will need to look at the issue of overall waste reduction, as well as service productivity and income sources.

Some services have already taken some straight-forward cost reduction exercises, such as suspending winter collections of garden waste. Other authorities have sought to minimise labour costs by moving to four-day work patterns that allow for better service cover at service pressure points (such as almost removing the catch up collections normally necessary for a post bank holiday period). Some have looked at better use of assets such as optimising routes. Others are considering or have already introduced charges for certain services (such as charging for bulky waste), subject of course to statutory limitations.

Financial penalties, to reduce the volume of waste going into landfill will continue into the foreseeable future, reflecting tough targets on climate change including Methane emissions from biodegradable waste in landfill, which accounts for 40% of all UK methane emissions and 3% of all UK green house gas emissions.

Ironically the success in recycling may impact upon options for residual waste. Lower tonnages of residual waste will impact upon what type of future waste to energy schemes would be workable; for example possibly making a merchant facility more attractive than a bespoke new treatment and waste facility, and as reported last year feedstock for waste to energy schemes may be determined by what is taken out through established recycling collections, including the calorific values of the waste stream as well as moisture content and volume of residual waste.

The refuse and waste sector, as with other services throughout the public sector, will also need to demonstrate robust performance data and face the calls for greater transparency in service cost and quality data. This will mean local services maintaining robust and transparent data sources, not just as APSE has always argued for, to use in the process of continuous service improvement, but to ensure value for money can be openly demonstrated in a meaningful way to local tax payers.

At an operational level challenges remain. Staff absence levels remain tolerable but as there is an increased focus on cost efficiencies there will be pressure to ensure that patterns of work reflect service needs. Mismatches of resources to service delivery requirements will encourage reliance upon overtime or other ad-hoc payment methods in order to reward staff for unplanned work. The key to workforce efficiency will be to ensure that wherever possible overtime or ad-hoc payments are for truly exceptional circumstances rather than a means by which to manage unplanned, but known, work demands. There will be a requirement on refuse collection managers to explore service delivery in the context of a 'lean' approach to employee resources. This is not to suggest a crude approach to workforce reduction but to ensure that the staff deployed in a service are best utilised to deliver that service.

The service will also need to consider recent suggestions made by the Communities Secretary Eric Pickles that councils ought to return to weekly rather than fortnightly collections. Mr Pickles referred to Audit Commission 'rules' referencing audit commission guidance that focussed use of resources considerations onto fortnightly rather than weekly bin collections. In a recent

speech to the NLGN the Communities Secretary stated that *'There is genuine anger that in the past decade their council tax bills have doubled, but their bin collections have halved*'. However Audit Commission Chair Michael Higgins referenced this point in an earlier response to the Secretary of States' which considered some mis-information reported in the media and he stated that ' *The Commission has only ever encouraged local authorities to review their waste management plans and rubbish collection arrangements. It is the Commission's duty to push for maximum value for money in local services. But it holds strictly to the view that it is for local elected members to decide their own policies, which includes the frequency of bin emptying.'*

This will remain a topical point for debate. In the context of the Localism agenda and the Localism Bill for English local authorities **Chapter 7 (Miscellaneous repeals) 'Schemes to encourage domestic waste reduction by payments and charges:-**

> The following provisions are repealed—
>
> (a) section 71(1) of, and Schedule 5 to, the Climate Change Act 2008 (which amend the Environmental Protection Act 1990 to enable waste collection authorities to make waste reduction schemes, but which have never been in force), and
> (b) sections 71(2) and (3) and 72 to 75 of that Act (which provide for the provisions mentioned in paragraph (a) to be piloted and then either brought into force, with or without amendments, or repealed).

The repeal of these provisions will, when the Localism Bill reaches the statute books, have the effect of removing the ability for local authorities to promote waste reduction strategies through either the incentive of reducing council tax or through the introduction of charges for domestic waste.

Government has also embarked upon a Waste Review consultation which closed for submission in October 2010 and the outcomes of that exercise are still awaited. This consultation exercise was restricted to England however the consultation sought best practice examples throughout the UK.

APSE member authorities will no doubt be concerned by the resurgence of the debate around 'fortnightly' collections which is of itself something of a misnomer. Councils have in fact changed to alternate weekly collections rather than a fortnightly only collection. In the context of budget pressures the investment that has been placed into recycling services and maximising the use of resources has led, as the APSE performance networks data demonstrates, to increased levels of recycling and reduction in waste to landfill. There will be concerns that moves away from new methods of waste collection could simply waste the investment already committed to the service in terms of specialist vehicles and containers. In addition there is a risk of increased costs through increased labour, fleet and fuel requirements and a risk of a resurgence in waste simply going to landfill sites rather than being filtered into recycling, composting or waste to energy schemes.

In light of budget reductions some APSE member authorities have also sort to review how service costs can be contained without impacting on quality. Such measures include minimising the collection of garden waste during the winter months, moving to new operational arrangements, such as four day working to

contain costs around bank holiday collections and reviewing waste to energy strategies to generate additional sources of income, as well as treating waste as a commodity to help fund the service.

These issues will no doubt fuel the debate about future waste collection strategies however the direction of travel from APSE's performance networks data demonstrates that the service cost has been maintained, recycling, composting and waste to energy have all increased and service quality supports the view that resident satisfaction and quality management continue to improve.

Finally APSE following a commitment to members of performance networks for refuse collection services has completed the first round of data integration from Waste Data Flow with many performance indicators being synchronised. Whilst detailed work has been undertaken to ensure that this process is as seamless as possible APSE is conscience of the need to ensure data integrity. Accordingly this work stream will be subject to an early review in 2011, to allow for any necessary adjustments as a result of the changes in the data sources for some of the performance indicators. This will allow any glitches in data to be isolated and removed or amended in future reports. For more information on the process benchmarking meetings or to get involved in these groups, please contact djohns@apse.org.uk

Mo Baines

Principal Advisor