

The Challenge

- Ongoing Cuts in Government Support
- Rising Demand in social care
- The graph of Doom

The last five years making the numbers add up.

- Efficiencies – reducing management and buildings overheads
- Shared Services
- Procurement changes
- Contract re-negotiations
- Channel Shift
- Service reductions and deletions
- Charging more

What Now?

Prevention and early intervention

The only place with big numbers

- Focusing of resource from troubled families, public health and council third sector grant funding.
- Working with the wider public sector – Better Care fund etc

Commercialisation and Trading

- APSE report – identified strengths and weaknesses.
- Strengths – commercial waste, grounds maintenance (budget pressure = efficiency)
- Weakness – Housing maintenance (not fit to trade, can't win internal contracts)

The Way forward

- Issue of effective management – commercial expertise and a willingness to change
- Ratio of managers to staff
- Efficient working practises
- Effective use of modern technology
- Improved procurement
- Reduction in down time

Southampton Commercial Offerings



Southampton Trade Waste - The Journey So Far...

24 Months ago:

- Missed bins – 20+ per week
- Poor invoicing and financial control
- No game plan
- Not in control
- Servicing customers who didn't pay
- Selling services at a discount
- Falling sales, not hitting targets

Now:

- Missed bins – very low, 4 per month
- Good invoicing and financial control
- Clear strategy of expansion and pricing
- Monthly stats, understanding of business
- Dealing with customers who don't pay
- Selling services at new higher rates
- Rising sales, exceeding targets
- But more to do...

External Review 2014

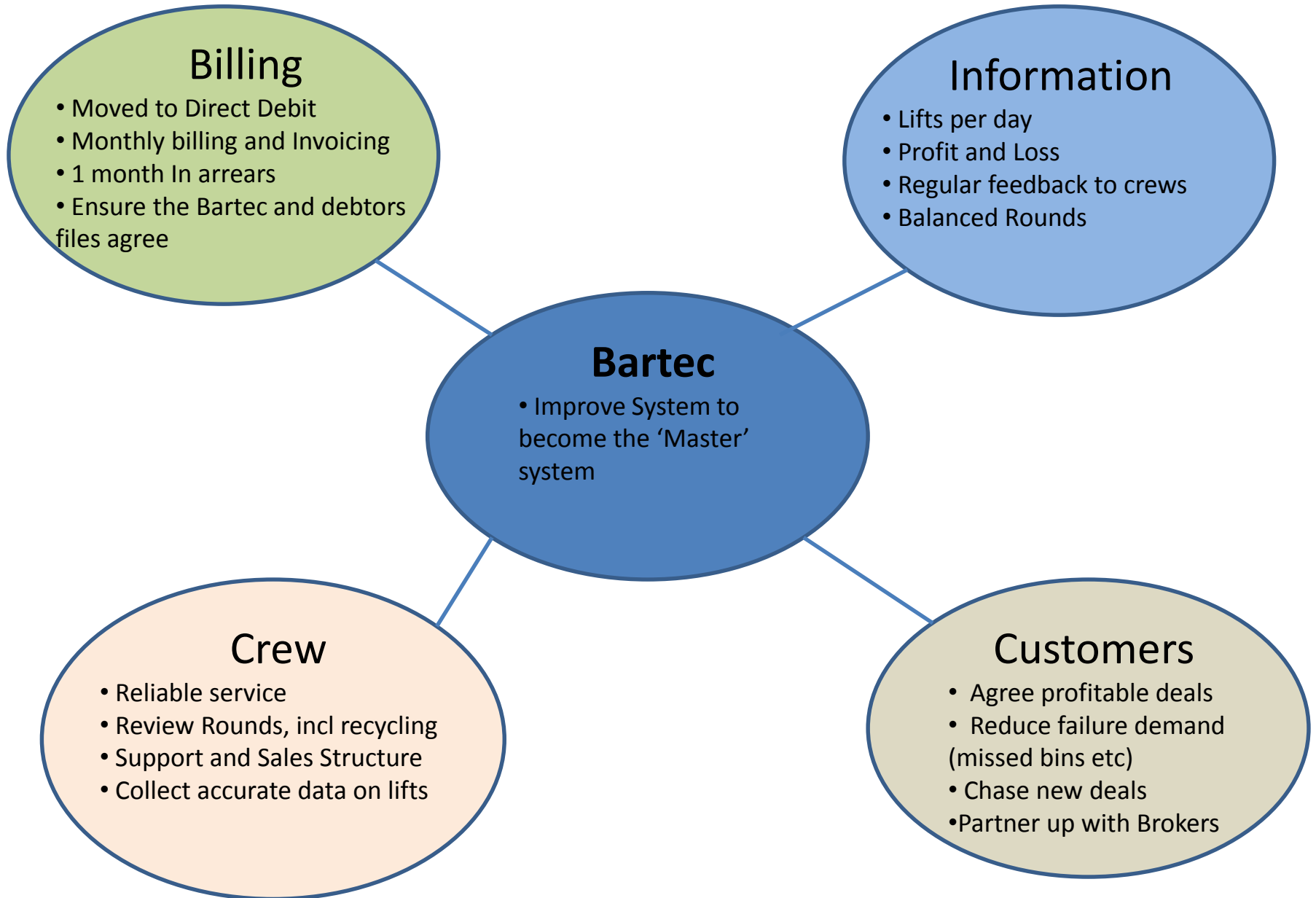
A short external examination to compare against other Council and Private Trade businesses and look at finances and working practices

- Management and systems in very good shape and bad debt is low

To Improve

- High operational cost compared to income
 - Collection costs - utilise vehicles more, (e.g. other Trade businesses have vehicles tipping twice daily)
 - Vehicle and bin damage costs
- Market share (1740 customers, 6500 in City - 27% compared to up to 50% in some Councils)
- Low income from recycling (16%) - should be around 25%

Trade Waste – Action Plan



Actions since 2014

Market Share

- More business (including other LA areas), but there is still plenty out there
- Segregated recycling, reduced disposal costs, the right and legal thing to do
- Improved service quality and offer, and reliability

Reduce costs

- Review rounds and analyse potential growth
- Get control of damage
- Improve productivity and efficiency

Summary of Trade Account

		Revised 2014/15	Target 2015/16	Target 2016/17
Income		1,745,200	2,030,000	2,256,000
Costs				
Collection	41%	723,400	778,000	790,000
Disposal	42%	728,700	774,000	820,000
Overheads		317,800	283,000	253,000
		-	-	-
		-	-	-
Total Cost		1,769,900	1,830,000	1,863,000
		-	-	-
Net Income / Cost		(£34,700)	£180,000	£393,000
Profit Margin		-2%	9%	17%
Contribution to overheads and surplus		283,100	462,000	600,000
Percentage contribution to overheads		16%	23%	29%

Other Chargeable Waste Services

Garden Waste

- New service in 2014 – over 11,850 customers
– Income of over £378,000

Bulky Household Waste

- Review of charge bands in resulting in £10,000 additional income for 15/16

Key Future Issues

- Further reduce Operating Costs
- Review round structures and links to domestic rounds
- Continued focus on sales growth
- Develop a clear pricing strategy to attract glass and DMR
- Advise businesses of the duty to recycle
- Move customers from residual only to residual and recycling
- Explore other delivery models (e.g. underground bins and pay as you throw in commercial areas)
- Enhance direct debit arrangements for residential customers

Fleet Services

- A corporate fleet service operating on commercial principles
- Support for purchase, lease, repair, legal obligations
- Corporate fleet review – Min £1.5 million saving for 2015 – 18
- Reduce the cost of ownership per vehicle
- Increase the commercial offer for the wider community