

**Subject:** **Operational adjustments to recycling and refuse services and staffing changes**

**Date of Meeting:**

**Report of:** **Director of Environment**

**Contact Officer:** Name: **Gillian Marston** Tel: **29-4701**

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**Key Decision:** Yes Forward Plan No. 7 Digit Ref:

**Wards Affected:** All

## **1. SUMMARY AND POLICY CONTEXT:**

The operation of the Material Recycling Facility (MRF) and Waste Transfer Site (WTS) at the Hollingdean site allows the council to realise substantial efficiency savings in the refuse and recycling services. The council will be able to reduce the number of refuse and recycling crews.

This will mean that all refuse and recycling routes will need to be changed across the city affecting the days of collection for the majority of households. New routes will take up to 3 months to bed in.

In addition, proposed introduction of communal bins in the city centre across 23,000 households will reduce the number of employees needed to carry out the service, and produce efficiency savings.

To reduce the number of employees the council needs to restructure the service and offer voluntary redundancy payments. Although, these payments will be a cost to the council, the consequence of operating the refuse and recycling service with less employees will produce substantial ongoing revenue savings.

## **2. RECOMMENDATIONS:**

- (1) To agree the changing of all refuse and recycling routes across the city, which will result in changing the days of collection for the majority of households.
- (2) To agree the investment of £13m for voluntary redundancies to allow full year savings of £1.4m to be achieved.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The council entered into the Joint Integrated Waste Management Contract with East Sussex County Council and Veolia in March 2003, to build and operate a range of waste facilities to allow the councils

to reduce their reliance on landfilling waste. Part of this contract includes the construction of a Material Recycling Facility (MRF) and Waste Transfer Site (WTS) at the Hollingdean site. The facility has been constructed.

- 3.2 As the facility is based in Brighton and next to the Waste Depot, refuse and recycling crews will have reduced travelling to other tips and recycling sites, and a speedier method of recycling collections will also be able to operate. This means that fewer crews will be needed and thus fewer employees.
- 3.3 To reappportion the work, all refuse and recycling routes will need to change and this will mean that the majority of households refuse and recycling collection days will change.
- 3.4 The council agreed to consult residents on the extension of the communal bin scheme. The detailed results of the consultation exercise are reported separately to this Cabinet meeting in the report 'Communal Bin Scheme Extension' and that report seeks approval to extend the scheme across 23,285 households in the city centre.
- 3.5 The method of operating the communal service requires less staff than the current black sack scheme and thus the number of refuse employees will need to be reduced.

#### **4. CONSULTATION**

- 4.1 Consultation has been carried with Corporate and Governance Directorate in particular Human Resources and the Finance and Resources Directorate.
- 4.2 Extensive consultation with the trade unions on the changes commenced in June this year and are on going.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### 5.1 Financial Implications:

5.1.1 The savings from the operational changes will be phased across 2008/09 and 2009/10 with full year savings achieved in 2010/11.

5.1.2 The table below sets out the projected gross and net savings in each year based on the assumptions set out in the explanatory notes.

<b>Estimated Savings</b>	2008/09 £'000	2009/10 £'000	2010/11 £'000
Gross Staff & running costs savings from round changes only	148	1,181	1,264

Less: Estimated statutory redundancy & early retirement costs spread over 5 years	-56	-109	-109
Net savings from round changes (statutory)	92	1,072	1,155
Less: Estimated discretionary redundancy costs spread over 5 years	-77	-149	-149
Net savings from round changes (discretionary)	15	923	1006

Explanatory notes to the table:

- In addition to the staff savings there are also reductions in the number of operational vehicles and their running costs, and these have been included in the table. There are also savings in the depot running costs following the transfer of 2 depot staff to the new waste facilities.
- The staff savings from the introduction of additional communal bins are partly offset by the costs of funding the additional investment needed to extend the service. However these changes will deliver net savings of at least £970k over 7 years or £139k per annum as previously reported, in addition to the round changes savings shown above.
- The overall level of the redundancy and early retirement costs are shown at maximum levels but will depend on the actual number of employees leaving and which individuals leave. The currently estimated statutory cost is £280k in 2008/09 and a further £264k in 2009/10 with the estimated discretionary element costing £384k in 2008/09 and a further £361k in 2009/10.
- The redundancy and early retirement costs have to be met by the refuse service. However these costs can be spread over 5 years using the council's pension reserve. The level of the reserve should be sufficient to bear these costs in the medium term but it will need to be reviewed if other services are also planning significant job reductions.
- Depending on which current employees leave there may also be savings in the levels of salary protection paid to Cityclean staff for the 3 years following the introduction of single status. It is currently not possible to quantify these savings and therefore they have not been included.
- The table shows that net savings can be achieved in each financial year even with the higher discretionary redundancy pay. Once the redundancy and early retirement costs have been repaid and the average communal bin savings are added, the net saving will be £1.4m per annum representing a 17% reduction in current refuse collection and recycling costs.

## 5.2 Legal Implications:

The council must follow all relevant employment law requirements in relation to selecting and agreeing redundancies, and information giving and consultation. The council does have the power to agree discretionary compensation where employment is terminated by reason of redundancy. The amount of redundancy is regulated by the Local Government (Early Termination of Employment)(Discretionary Compensation)(England and Wales) Regulations 2006 and these Regulations would need to be adhered to in negotiating redundancy payments.

The severance package benefits some individuals more than others because of their age. However this is considered unlikely to lead to a sustainable complaint under the Employment Equality (Age) Regulations 2006

*Lawyer Consulted: Elizabeth Culbert  
Ian Yonge*

*Date: 6 August 2008  
14 August 2008*

## 5.3 Equalities Implications:

Equality Impact Assessments have been completed for the refuse and recycling services and the assessment for communal bins revised in light of proposals to extend this service.

The implementation of the staffing changes is being undertaken to ensure compliance to employment law requirements.

## 5.4 Sustainability Implications:

5.4.1 *Sustainable Consumption and Production:* The decision to invest in voluntary redundancies' does not have a significant impact on consumption and production. By having fewer employees, less clothing and equipment will be needed by the council.

5.4.2 *Climate Change and Energy:* The decision to invest in voluntary redundancies' does not have a significant impact on climate change and energy.

5.4.3 *Natural Resource Protection and Environmental Enhancement:* The decision to invest in voluntary redundancies' will have no impact.

- 5.4.4 *Sustainable Communities:* The decision to invest in voluntary redundancies' will have no impact.
- 5.5 Crime & Disorder Implications:  
None
- 5.6 Risk & Opportunity Management Implications:
- 5.6.1 It will take up to three months to settle down the changes as crews accept the change, become familiar with the new routes and routing problems are resolved. During this period residents may experience service delays and residents' satisfaction in the services could reduce. Back up resources will be in place to try as far as possible to minimise these delays and inconvenience to residents.
- 5.6.2 This standard of street cleansing could reduce particularly in the city centre where there is no form of refuse containment. This could have a detrimental impact on Local Area Agreement, although this will be short term.
- 5.6.3 The 17% reduce in waste collection costs will have a positive impact on the Comprehensive Area Assessment. Current waste collection costs are high and the proposed reductions will place the authority within the same cost parameters as other councils which are top performing in terms recycling rates.
- 5.6.4 The council has been and continues to work closely with the trade union on the service changes. It is important that these discussions continue to take place to implement the changes as smoothly as possible and avert industrial action. However, there is always a risk of industrial action and service disruption.
- 5.6.5 The voluntary redundancy packages may not attract the number of employees need, and as the council is restricted to the amount it can offer employees, the council could still be left with a surplus number of employees. The council will then need to make decision on whether it is able to retain a smaller group of surplus employees and wait for a natural turnover of employees, or initiate compulsory redundancies. Until it is known whether enough employees will choose to opt for voluntary redundancies it is difficult to determine what, if any, actions need to follow. In any case, it is to the authority's advantage to reduce voluntarily its number of employees in the service.

## 5.7 Corporate / Citywide Implications:

5.7.1 The change in refuse and recycling collection days will affect the majority of households across the city. All households will receive notification of the changes through direct mail, and city news.

5.7.2 Service delays may impact on street cleanliness particularly in the city centre where there is no form of refuse containment.

## 6. **EVALUATION OF ANY ALTERNATIVE OPTION(S):**

6.1 The council could chose not to change the refuse and recycling routes. This will mean the service will have spare capacity it does not need which will include employees on full time salaries working part time. This will make the service inefficient and the savings of 1.4 will not realised. In addition, there is likely to be an impact on the morale of employees who are required to work full time for a full time salary.

6.2 The council could chose to reduce redundancy payments and the overall redundancy costs to the council. This may mean that the council will not have sufficient volunteers for redundancy and could be in a position of making compulsory redundancies. It is highly likely that compulsory redundancies will lead to industrial relations problems, potential service disruption and the resulting costs.

## 7. **REASONS FOR REPORT RECOMMENDATIONS**

7.1 The operation of the Waste Transfer Station and Material Recycling Facility will reduce the travelling time for the refuse and recycling crews. This in turn allows for the work across the refuse and recycling crews to be reapportioned and the number of crews to be reduced.

7.2 As a result the council will have a surplus number of employees and needs to reduce the amount of staff. To reduce the numbers it is proposed the council agree to invest up to 1.3m to allow voluntary redundancies and avoid compulsory redundancies

7.3 This investment will allow the council to manage the changes as smoothly as possible and realise 1.4m efficiency savings, for a full year, year on year.