

April 2010

Briefing 10-13

## **Refuse collection performance information and future focus for the service**

To all APSE contacts in the UK and with particular interest for those service managers and directors with responsibility for refuse collection, waste to energy schemes and carbon / green house gases reduction responsibilities

### Key issues:

- Refuse collection performance continues to improve on both price quality and service delivery innovation when all factors are considered
- As the sector faces efficiency measures some of the critical elements of performance management are highlighted within this briefing
- This briefing also considers the development of waste to energy schemes within local government

### **1. Introduction**

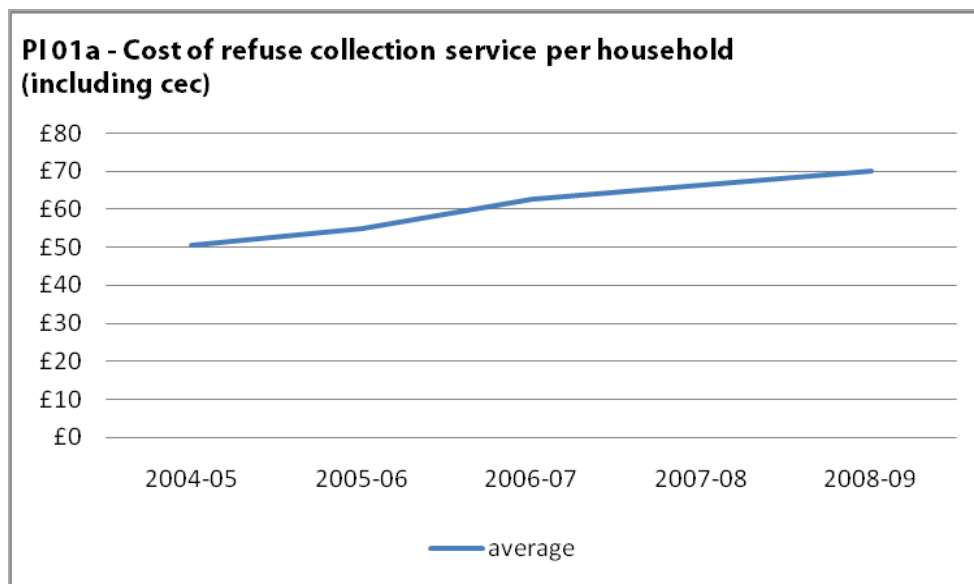
The APSE performance networks service collates performance data across 14 different front line service areas including refuse collection services. Performance networks is the UK's largest voluntary benchmarking group and is practitioner led and guided by expertise within APSE. Performance data is used to support process benchmarking, sharing innovation and improvement and recognising and rewarding improvement in service delivery cost and quality and responsiveness to new policy or service pressures.

This briefing provides APSE member authorities with an outline of some of the performance information, covering a number of elements of the service, as an overview to the much more detailed summary reports which are only provided to those APSE members who submit data to performance networks. The analysis within this briefing is based on averages across all family groups and is therefore service-wide, for the last five years (2004/05 (Year 7) to 2008/09 (Year 11)). Data collection will now commence for 2009/2010.

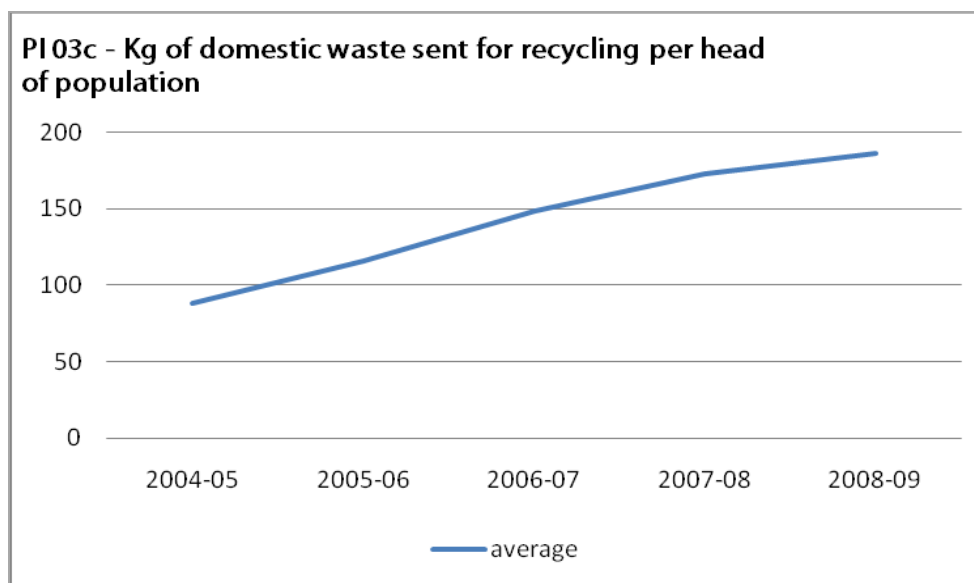
### **2. Cost of refuse collection and recycling services**

The cost of refuse collection services per household has risen from £51 in 2004/05 to £70 for 2008/09. Whilst this shows an increase of £19 over the five years, representing an increase of just over 37.2%, it shows a corresponding increase in the volume of household waste sent for recycling which has more than doubled, from 88KG per household to 186 KG per household. The investment in the service has produced dividends in terms of the outcomes of increased recycling and reduction in waste to landfill. When landfill charges and waste charges are excluded from the cost of refuse collection per household the £70 per household cost is reduced further to just £59, showing a below inflation increase. This

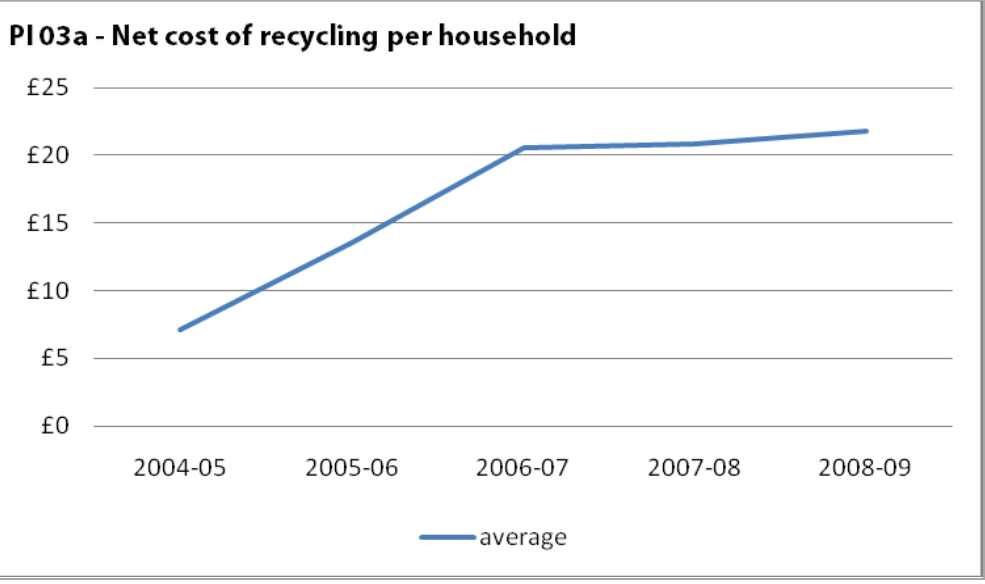
demonstrates that the refuse collection service has achieved significant gains in recycling, reduced waste to landfill whilst containing cost at below inflation levels.



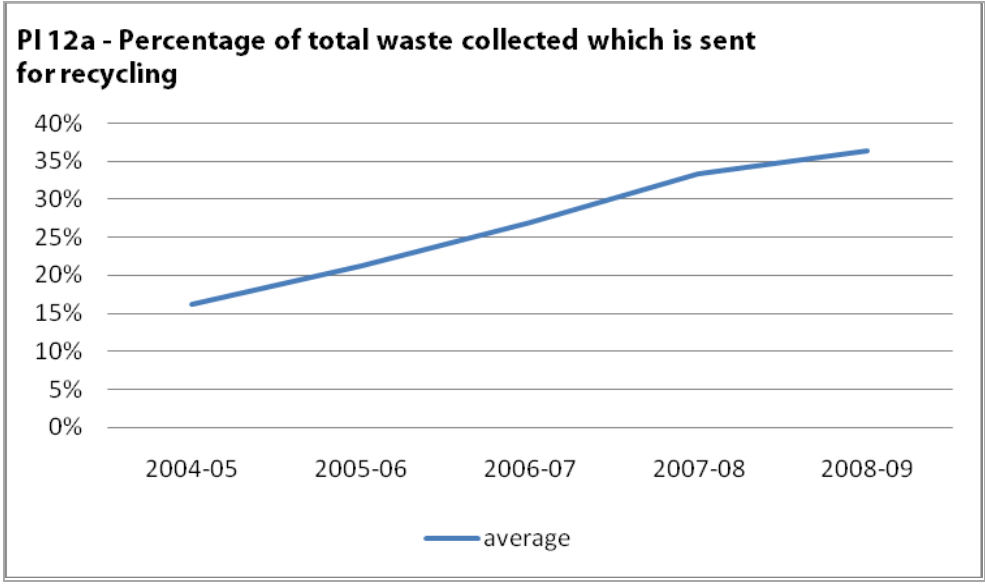
The increased cost of collection is reflected by the increased volume of recycling (PI 03c shows the number of kilograms of domestic waste sent for recycling per head of population). This is illustrated in the chart below.



PI 03a shows the net cost of recycling per household has increased steadily since 2004/05 from a low of £7 to current cost of £22 in 2009. However it should be noted positively that the cost of recycling per household has stabilised showing only marginal increases since 2006/07 at a cost of £21, 2007/08 where the cost held at £21 with a marginal increase to £22 in 2008/09. The steep increase in 2004/05 to 2005/06 would appear to reflect initial investment in the service to establish new recycling streams.

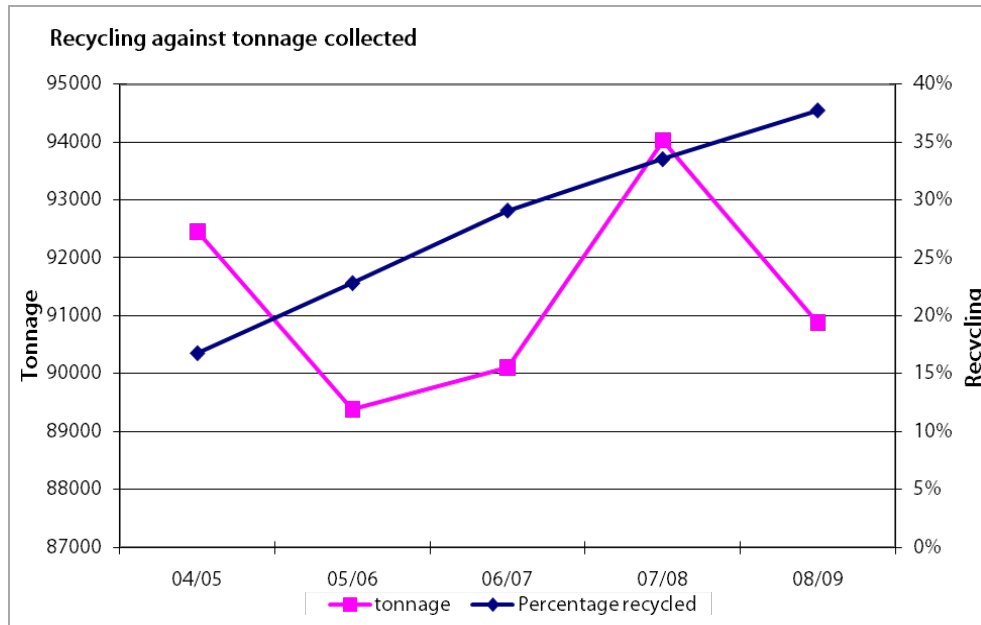


We have continued to see a sharp increase in the percentage of waste sent for recycling from just 16% in 2004/05 to 37.75% in 2009. PI 12a shows councils refuse collection services have more than doubled their outputs on recycling. This has the effect of reducing overall residual waste and has a positive financial impact in reducing landfill tax payments although these 'savings' are offset by the increases in landfill duty. The volume of waste will continue to have a significant bearing on future waste initiatives and service development plans.



**Impact of waste tonnage collected and recycling on future service development**

It is important to consider recycling against overall tonnages of waste collected. By exploring the tonnage collected against recycling rates we can see from the chart overleaf waste tonnage appeared to increase in 2007 but has rapidly fallen in 2008/09. The tonnage of waste collected is however widely variable, as we can see from the pattern established from 2004 onwards. It is this uncertainty that will impact on future service development issues. Regardless of waste volume the recycling improvements have been maintained and in percentage terms this shows 16.78% in 2004/5, 22.83% in 2005/06, 29.10% in 2006/07 and 33.54% in 2007/8. Therefore the 37.75% recycling rate for 2008/09 evidences a very significant and continuous improvement in recycling against overall tonnage of waste collected. The volume and type of waste and recycling streams will potential fetter local authorities from waste to energy routes that they might otherwise considered. This point is explored further in point 5 below.



### 3. Labour costs and HR management issues

PI 08 shows the percentage labour costs as a total of all expenditure and this has remained steady at 43% for the past three years showing a marginal decrease from a high of 45% in 2005/06. This is a significant indicator for the service and shows that the labour cost element of the service is well controlled but is equally a relatively 'fixed' ratio of labour cost to overall expenditure.

It is anticipated that we may see a spike in these figures in next year's data as costs associated with 'catch up' collections following the most severe winter in many decades, may come through but these should not be read as having any significant bearing on overall labour cost ratios. Moreover the maintenance of this ratio for the third year in a row may well reflect the stable but low levels of pay settlements within local government.

In similar terms PI 20a which explores performance on staff absence shows a decrease to a service average of 6.49%. This compares favourably with last year's service absence which increased from 6.29% in 2006/07 to 7.23% for 2007/08. Excluding the increase in 2007/08, which appears to be a non-typical spike, the service average absence figures have hovered at around the 6.5% mark. Whilst this compares reasonably well with absence levels on an economy wide basis (using ONS data) the lack of a downward trajectory in absence levels could reflect the physical demands of the front line workers and a need for high fitness levels amongst staff. Absence however will need to be effectively managed if cost management within the service is to remain as effective as it currently demonstrates.

Processes of 'Lean HR' which best match human resources to service delivery need, will continue to be a critical focus in controlling the pay envelope and maximising efficient use of resources.

## 4. Future focus

The pre-budget report 2009 found that the environment sector faces significant target savings of some £550 million within the waste and refuse sector by 2012/13.

Throughout the UK the Government Administrations have also referenced the need to deliver services in a more effective way and the Budget 2010 reinforced the commitment, made within the pre-budget report to a further £20 billion in public sector efficiencies. Robust performance data will therefore remain a critical tool in identifying and evidencing both service performance and improvement and on-going efficiencies.

Future service pressures have also materialised through the Budget 2010 which has confirmed that increases to landfill taxes will go ahead as planned. These are designed to incentivise councils through use of financial penalties, to reduce the volume of waste going into landfill.

Methane emissions, from biodegradable waste in landfill, account for 40% of all UK methane emissions and 3% of all UK green house gas emissions and therefore by reducing landfill there is a direct and measurable impact on Government climate change targets. Landfill reduction is therefore bound to be well supported by governments but for the local authority this will create a more urgent need to deal with residual waste in different ways. The taxation incentives to reduce waste to landfill could well be replaced by far stiffer financial penalties if new targets are not met.

The sector has so far concentrated efforts on increased recycling and landfill reduction. The figures within this report evidence that the reconfiguration of the service towards recycling and public education campaigns have produced dividends. Ironically however the significant development and investment in recycling streams, including vehicles, containers and collection arrangements, will potentially fetter what may be considered to be viable solutions on future developments, including most significantly waste to energy scheme developments. It is unlikely local authorities could afford to set aside already committed investment to develop different solutions.

Lower tonnages of residual waste will impact upon what type of future schemes would be workable; for example possibly making a merchant facility more attractive than a bespoke new treatment and waste facility. Feedstock for waste to energy schemes will be determined by what is taken out through recycling collections, the calorific values of the waste stream as well as moisture content and volume of residual waste (which as shown above may be highly variable). All of these factors will need to be taken into account in looking at future service development, including likely financial and environmental performance and risk if feedstock availability is out of kilter with contract requirements.

The sector will need to use existing robust data to argue for service investment in order to produce the technological advances and skills necessary to maximise the outcomes for the environmental sector. Demonstrating that energy from waste can be used to offset energy costs for local authority operations, as well as use of excess energy supplies to assist in greening local energy available to communities, ought to act as a determinant in securing investment in new innovative technologies. Domestic heating schemes will be of particular interest in securing climate change reductions in energy use and sustainable schemes.

At an operational level challenges remain. Whilst staff absence levels remain tolerable and outperform absence levels on an economy wide basis the data still shows absence levels have tended to 'hover' and these levels will need to be managed downwards. Labour cost levels are maintained at a ratio of 43% to 57% against expenditure and this is unlikely to change dramatically in the near future. Even if there are more successful developments in refuse collection round configurations it is unlikely there would be further opportunities for greater

mechanisation, hence the headcount numbers are unlikely to go down significantly unless there were reductions in service levels. Therefore labour costs savings will need to be realised through better management of the resources available. This should act to encourage initiatives such as smarter working arrangements and multi-skilling. Reconfiguring collection rounds, reducing reliance upon overtime payments, and managing peaks and troughs in service need, such as dealing with bank holidays or severe weather conditions will all be components in exploring efficiencies from within the service; a process of 'Lean HR'. More flexible ways of working must give due consideration to work life balance issues and investment in skills and new technologies.

As data collection sources become more widely acknowledged as a source of information to assist in service improvement and development APSE is pleased to report that agreement has been reached to allow APSE performance networks to access source data directly from Waste Dataflow - the web based system for municipal waste data reporting by UK local authorities to government. This interesting development will save time in completing duplicate data for APSE performance networks particularly on waste tonnages, as APSE will be able to obtain this information directly from Waste Data Flow.

In 2010, the APSE refuse working group has set out a programme of activity including a series of 'process benchmarking' meetings, which are free of charge for APSE performance networks members. The group will meet on a regular basis throughout 2010 to explore the above issues in more detail by council and will use the [APSE performance networks web portal](#) to share documents electronically.

## **5. APSE performance networks membership**

Membership of APSE performance networks is open to authorities on a UK wide basis. As part of this subscription based service, training can be provided, to enable effective data completion, analysis of data and assistance in service development planning. Individual authority data is anonymised though the sharing of best practice is actively encouraged and facilitated through the benchmarking meetings. Government targets on efficiencies, within the public sector, will create on-going reliance on effective performance information and will inform decisions on value for money, service competitiveness and use of resources. APSE data is often referred to in inspection reports by agencies and audit bodies and has been independently assessed and validated by the Institute of Local Government Studies at Birmingham University and the Department for Culture, Media and Sports (DCMS). Rather than a league table approach the service is designed to encourage effective process benchmarking and utilises raw data in the production of the performance indicators (PIs) to provide a robust data set capable of detailed scrutiny and audit. To enquire about membership of performance networks please email Emma Nolan membership officer on [enolan@apse.org.uk](mailto:enolan@apse.org.uk)

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