frith resource management

Waste Strategy, Carbon Management & Research Consultancy

Responding to the Challenges of Austerity in Service Delivery

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Presentation contents

- Background to Frith RM
- Strategies for tackling Austerity
- Example options / approaches
- Where are the big opportunities?
- Other considerations
- Conclusions

Background to Frith RM

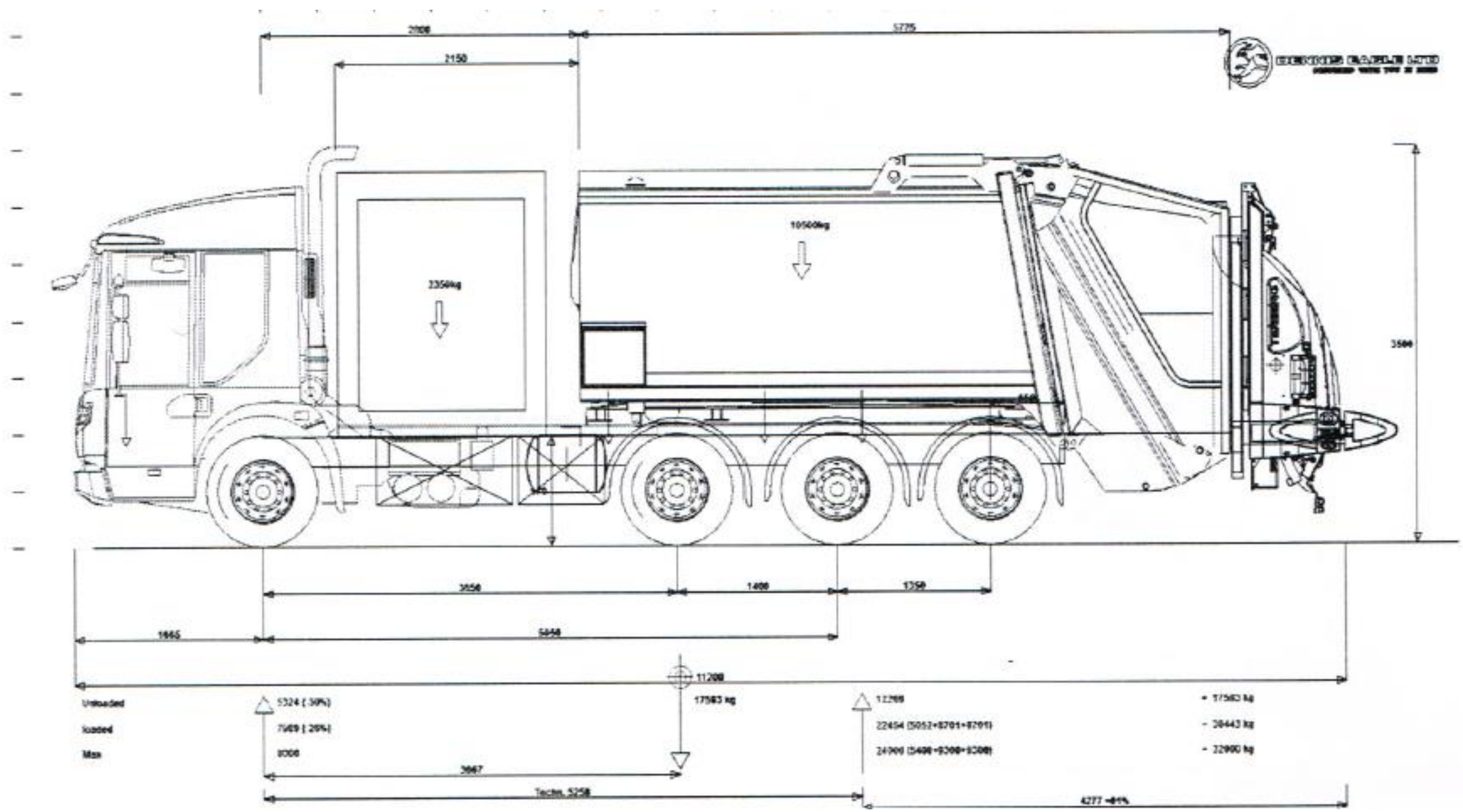
- Chartered Professionals
- Waste Managers, Engineers, Environmentalists
- Based in Shropshire
- Waste strategy, modelling, procurement
- Recent clients include: WWP, LWP, DDC, CCC, AVDC, SHC, NCC + 14 District Councils
- UK & International work

Broad Strategies for Tackling Austerity (1)

1. Reform / enhance services to generate revenue

Broad Strategies for Tackling Austerity (2)

2. Reform / reduce services to deliver savings



Broad Strategies for Tackling Austerity (3)

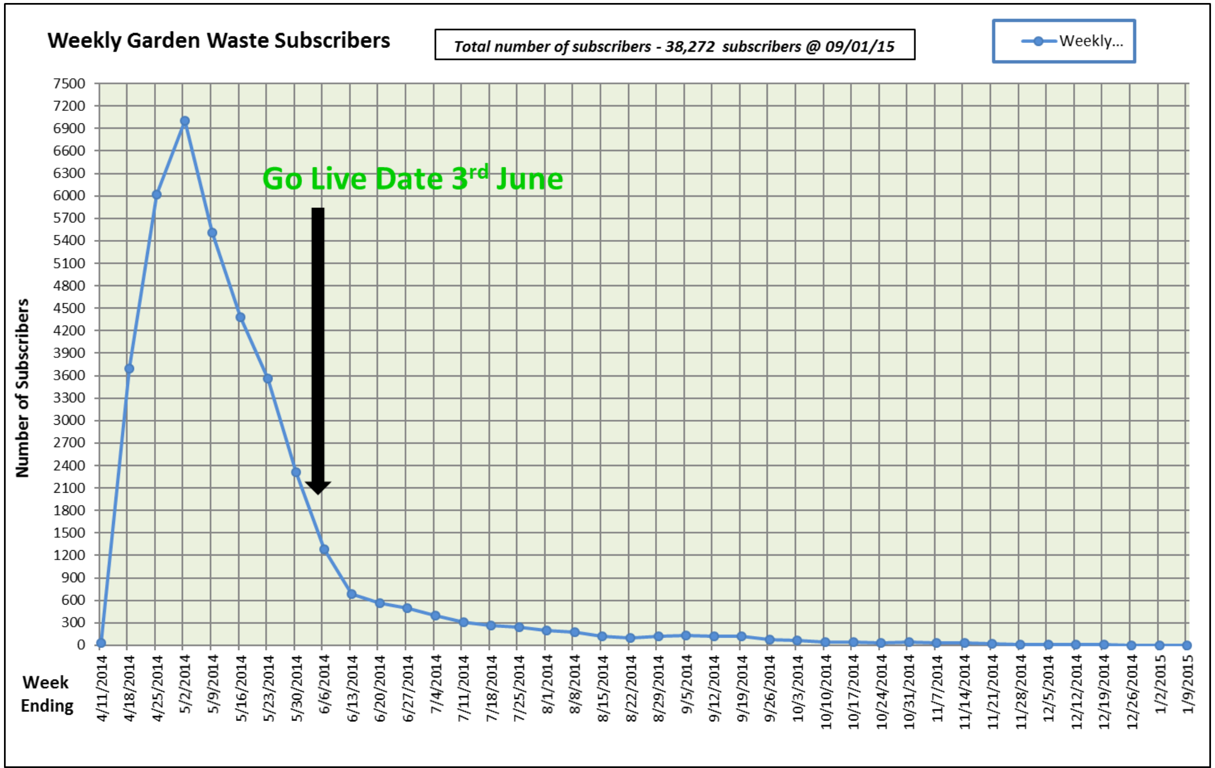
3. Reform governance / work collaboratively to deliver either or both of the previous

Example Options & Approaches (1)

- **Householder / Citizen Behaviour**
  - Communications
  - Waste prevention
  - Enforcement
  - Use / Misuse of HWRC
  - Flytipping
- Avoiding waste arising and when it does, ensuring the proper / most cost effective route to manage it

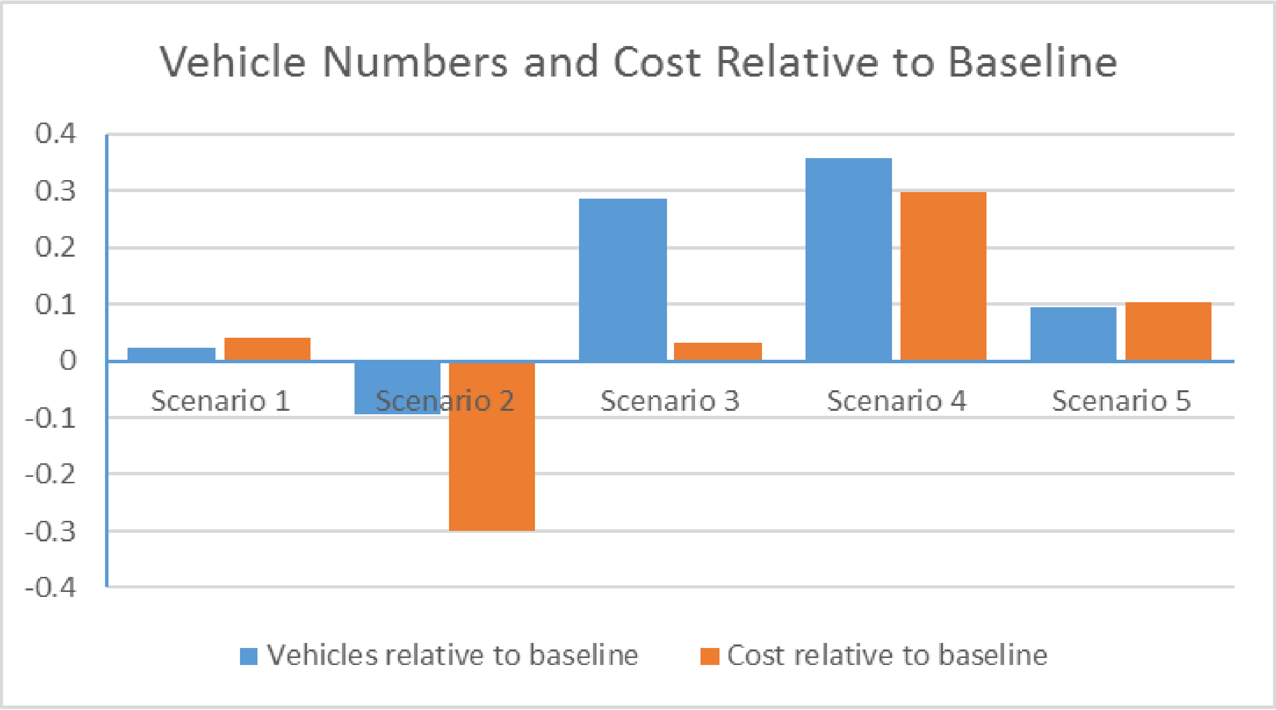
Example Options & Approaches (2)

- **Reforming collection systems – individual LA**
  - Less frequent residual collections
  - More efficient vehicles
  - Better planned routes (optimisation)
  - Charging for garden waste



Example Options & Approaches (3)

- **Reforming collection systems – individual LA**
  - Other charges (bulky, clinical, replacement containers / liners)
  - HWRC opening hours / days
  - Trade waste collections
  - Balance of Capex / Opex – shifts, maintenance, vehicle life
  - Lower cost recycling / organics collections



Example Options & Approaches (4)

- **Reforming collection systems – individual LA**
  - In-house / Teckal / Outsourced

Criteria	Arrangement			
	In-house	Outsourced	Teckal Exempt	Trading Company
Cost	*High*	*High*	*High*	*Medium*
Financial Robustness	*High*	*Medium*	*High*	*Medium*
Flexibility	*High*	*Medium*	*High*	*Medium*
Ability to Deliver Integrated Services	*Medium*	*High*	*Medium*	*Medium*
Service Performance	*High*	*High*	*High*	*High*
Responsiveness	*High*	*Medium*	*High*	*Medium*

Example Options & Approaches (5)

- **Reforming collection systems – individual LA**
  - Contract packaging

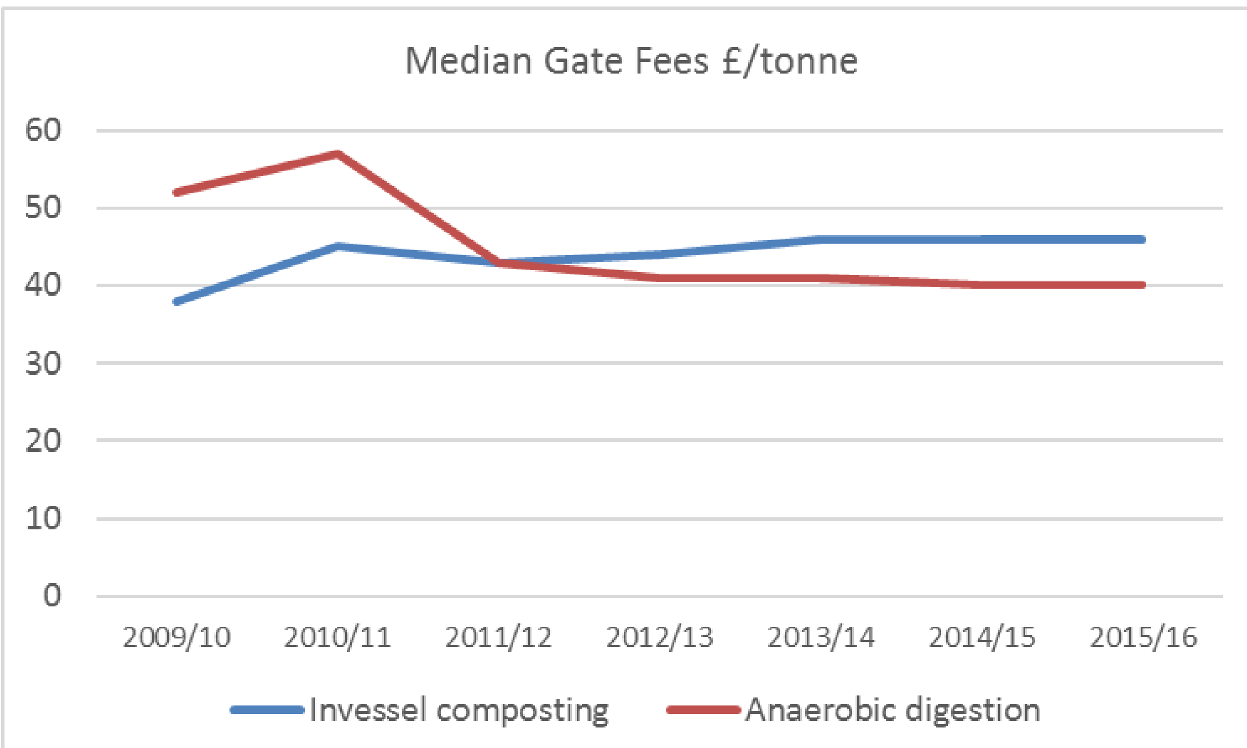
Package	Criteria			
	Efficiency / Synergies	Attractiveness to Bidders	Access for SME contractors	Contingen
Individual Service Contracts	*Low*	*Medium*	*High*	*Low*
Single 'Integrated service contract' (Collection + Street Cleansing + Grounds / Parks)	*High*	*Medium*	*Low*	*High*
Collection + Street Cleansing	*Medium*	*High*	*Low*	*High*
Collection and Grounds maintenance / parks	*Low*	*Medium*	*Low*	*Low*
Street Cleansing and Grounds / parks	*Medium*	*High*	*Medium*	*Medium*

Example Options & Approaches (6)

- **Reforming collection systems - collaborative**
  - Better planned routes (optimisation)
  - Sharing infrastructure
  - Strategic location of depots / joint working
  - Spare vehicles
  - Joint procurement
  - Shared services (collection, maintenance, charging, comms, enforcement, niche aspects)
  - Charging for garden waste
  - Trade waste collections
  - Third sector at HWRCs

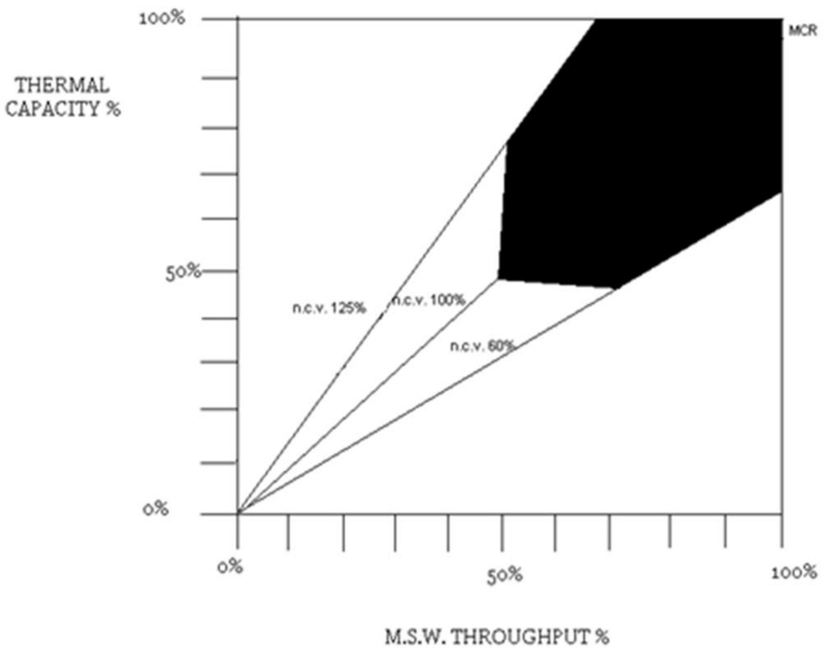
Example Options & Approaches (7)

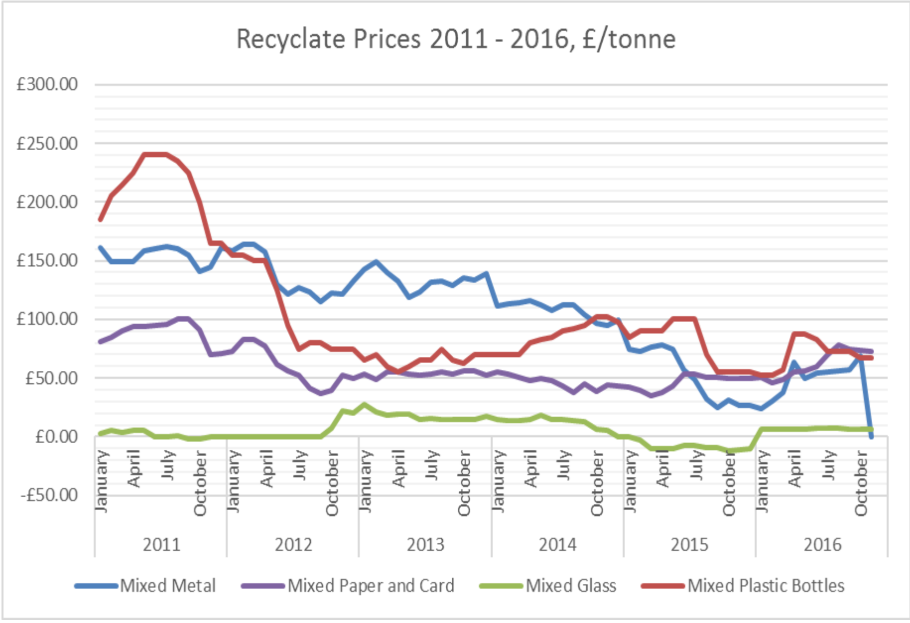
- **Interface between collection & treatment**
  - Bulking / Transfer
  - Recycling contracts (MRFs / separate collections)
  - Organics treatment and collection options (liners, commingled organics, AD vs IVC vs OWC)



Example Options & Approaches (8)

- **Interface between collection & treatment**
  - Residual waste composition and Waste Treatment (EFW / ATT / MBT)
  - Recycling credits / disposal costs





Example Options & Approaches (9)

- **Treatment / Disposal**
  - In-house / Teckal / Outsourced
  - Contract renegotiation, or early termination and re-procurement
  - Areas of renegotiation: securing better council income share on revenues; better share on refinancing of assets; restructuring loans/payment mechanisms by negotiating contract extensions, etc.
  - May entail Councils taking on greater risks
- Unitary status

Where are the big opportunities (1)?

- This will depend on the circumstance of the authority, and factors such as:-
  - What is the strategic framework / performance objectives?
  - What assets / infrastructure do you have?
  - What contractual arrangements are there as regards services / how flexible are they?
  - How competitive is the commercial waste market?
  - What is the likelihood of uptake of charged services?
  - Where is the service under-performing at present relative to the market position, and why?

Where are the big opportunities (2)?

- Who could you partner with to deliver further efficiencies?
- Is there a political aversion to in-house / outsourced / Teckal arrangements?
- Procurement strategy considerations (risk position)
- Are there any ‘red line’ issues for historic / local / political reasons
- Are the collection systems compatible with reduced frequency residual collections?
- How much optimisation has already been delivered?
- Appetite for invest to save?
- Appetite for commercial risk?

Other considerations

- Options and impacts of changes need to be well considered
- Other factors (recycling rate, circular economy objectives, waste strategy commitments, public satisfaction, health and safety) require consideration
- In two tier authorities:-
  - Austerity generates the risk of savings to one tier adding costs to the other tier
  - Joint working important
  - Costs to the tax-payer of the service

Conclusions (1)

- Wide variety of options available to both reduce costs and generate revenues
- Different authorities have adopted different risk positions from Traditional to Entrepreneurial
- The waste management service can provide a 'customer list' for commercial innovation in wider LA services
- Local circumstance, population, infrastructure and service provision arrangements key to determine the best choice for each LA
- Good examples across the UK of all measures

Conclusions (2)

- More radical thinking is now required in the light of the challenge (over and above previous efficiency measures)

- But, they need to be deliverable and effective in your context…

Thank You

For more information on modelling, austerity, service change and procurement, see www.frithrm.com or email info@frithrm.com or my contact details below

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