

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	15 th October 2013
Report of:	Head of Environmental Protection & Enhancement
Subject/Title:	Major Change Project 6.4 – Environmental Operations Change Programme (previously known as “Determine future delivery model for waste management services”) (Forward Plan Ref: 13/14-48)
Portfolio Holder:	Cllr David Topping, Environment

1.0 Report Summary

- 1.1 Since the cabinet report in June 2013, significant work has been carried out to further define and scope out the overall Environmental Operations Change Programme and the five major project strands within it. The transformation team have worked closely with Members, Corporate Enablers, Trade Union representatives and Employees to consult on and further formulate the proposals. The team have also further defined the related cost of investment and capital investment required to deliver the overall programme and the projects within it, these being:
- A. Existing Service Efficiency Review
 - B. Future Service Delivery Model
 - C. Review of Depot Infrastructure
 - D. Interim Residual Waste Solutions & Longer Term Procurement
 - E. Strategy (which is being governed through the Policy Development Group (PDG) process and is likely to form a separate paper at a future date)
- 1.2 Cabinet took a decision in principle in June 2013 to progress with the development of a wholly owned company for the Waste and Recycling Management Service. As the project has progressed and in consultation with the Portfolio Holder for the Environment, it has been recognised that other operational services needed to be considered. Therefore, the scope has been broadened to include Waste and Recycling Management Services, Fleet Management Services and Streetscape Services. In addition, running in parallel to this, was the proposed transfer of the Mechanical Sweeping operation to the Highways Service. However following further investigation and engagement with Members and Trade Union Representatives, it was acknowledged that this activity offers greater opportunities by being incorporated into the scope of the new wholly owned company for Environmental Operations.
- 1.3 Significant progress has been made to move this transformation programme forward to the benefit of Cheshire East residents. In order to meet the

Council's future Business Plan objectives and outcomes around value for money and sustainability, there is a need to invest in depot and fleet infrastructure to ensure that the service can address future needs whilst retaining its current high customer satisfaction levels. To this end, a wholly owned company has now been registered with Companies House which will help to facilitate culture change, improving responsiveness and enabling a stronger focus on delivering targeted services to Cheshire East residents.

- 1.4 As per the requirements of the June 2013 cabinet report, the report tracks progress made against the various project streams and focuses specifically on agreed milestones including the recommended legal form. In addition the report clarifies the scope of the proposed alternative delivery vehicle.

2.0 Recommendations

Cabinet is recommended to:

2.1 Programme and Project Cost of Investment

Note and approve that the revenue cost of investment needed to support programme delivery this year is available from existing approved transformation budgets. (*See Section 7*).

2.2 Future Service Delivery Model

Note and approving the findings of the options appraisal submitted to Cabinet in June 2013 and subsequent legal advice that has concluded that the most appropriate delivery model is that of a Teckal exempt, wholly owned company (WOC) limited by shares. (*See Appendix 3 for further details including an update on key milestones from the June 2013 Cabinet report*).

- 2.3 Approve the defined scope which previously focused on the Waste delivery model to include:

- Waste and Recycling Management Service
- Fleet Management Service
- Streetscape Service (Mechanical Sweepers, Grounds Maintenance & Street Cleansing - *see Appendix 3 for further details*).

- 2.4 Agree that the WOC formed in June 2013 includes the defined scope and the transfer of the Waste and Recycling Management Service, the Fleet Service and the Streetscape Service with an effective operational target date of January 2014 subject to internal and external dependencies.

2.5 Depot infrastructure

Note and approve that further to the June 2013 Cabinet Report that depot infrastructure work is progressing. Feasibility work is ongoing with a detailed scope of improvements developed for Pym's Lane that include improvements

to the transfer tip along with improved welfare facilities. The Northern depot solution is still being developed (*further detail is available in section 7*).

2.6 Replacement of Fleet

To approve the procurement of a rolling fleet replacement programme to commence in 2014/15 which will be financed through existing revenue provision.

Recommend to Council a Supplementary Capital Estimate of £3m for the replacement of the 20 waste fleet vehicles in 2014/15. The vehicles will be procured through a framework agreement during 2013/14 to ensure delivery for June 2014 (*further detail is available in section 7*).

- 2.7 Give delegated authority to the Head of Environmental Protection and Enhancement (SRO for the Programme), the Monitoring Officer and the Section 151 Officer to commence the detailed implementation of the Environmental Operations Change Programme including the Wholly Owned Company and other project strands, in consultation with the Portfolio Holder for Environment.

3.0 Reasons for Recommendations

- 3.1 There is a need to achieve best value for the services that the Council directly commissions and provides, and to reduce net operating cost wherever possible, whilst at the same time maintaining the best possible service for its residents in line with the Council's agreed three year plan.
- 3.2 The Environmental Operations Change Programme as a whole, delivers value for money in a sustainable way whilst also making a significant contribution to the mitigation of existing service risks around on-going service/business continuity, service delivery and contingency arrangements.
- 3.3 The revenue and capital funding requested supports programme delivery on the individual projects which in turn delivers £2.5m in savings by 2015/16 (as approved and included in the 2013-14 – 2015-16 Business Plan – Feb 2013) while also putting in place much needed fleet, depot and organisational infrastructure to support efficient operations, service/business continuity and the long term viability of the proposed WOC. The replacement vehicle programme will be procured through a framework agreement during 2013/14 to ensure delivery can commence in June 2014
- 3.4 As the project has evolved (Major Change Project 6.4), it has become apparent that the range of activities under review is wide ranging and critical to Service continuity. Therefore, it has been necessary to manage the project as a programme of change broken down into several individual project streams as outlined in 1.3 above, these being:
- A. Existing Service Efficiency Review
 - B. Future Service Delivery Model

- C. Review of Depot Infrastructure
- D. Interim Residual Waste Solutions & Longer Term Procurement
- E. Strategy

Although each project can largely be managed independently, it must be noted that none can be delivered/progressed in isolation and only when combined, will deliver the service improvements and benefits required, namely:

- Positive move away from landfill disposal methods;
- Maintaining current levels of service satisfaction (in excess of 85%) that the residents of Cheshire experience;
- Securing service cost reductions of £2.5m by 2015/16.

These inter-dependencies were acknowledged at the Executive Monitoring Board (EMB) during the quality assurance review, noting that the benefits realised in each project stream need managing at the project level but amalgamating at programme level in order to address the Council's objectives.

4.0 Wards Affected

- 4.1 All wards are affected.

5.0 Local Ward Members

- 5.1 All local ward members are affected.

6.0 Policy Implications

- 6.1 The Council's three-year plan budget principles – "We will ensure that those who provide services, whether in-house or externally, give real value for money".
- 6.2 This initiative aligns with Outcome 4 (Cheshire East is a green and sustainable place) of the Council's Three Year Plan.
- 6.3 The Council's Business Plan identifies efficiency savings linked to Waste Management services (Priority 6. Redefining the Council's role in core place-based services - 6.4: Determine future delivery model for waste management services and 6.2 Develop new delivery model for streetscape and bereavement).

7.0 Financial Implications

- 7.1 Revenue

Note that revenue cost of investment needed to support programme delivery this year is available from existing approved transformation budgets. Future

investment will be covered through the Council's business planning process.
(See Appendix 1: Programme Overview for further information)

7.2 Capital

A Supplementary Capital Estimate of £3m is required for the replacement of the 20 waste fleet vehicles in 2014/15. The vehicles will be procured through a framework agreement and the procurement exercise will commence in November 2013.

Future capital investment requirements will be addressed as part of the Council's business planning process. (See Appendix 1: Programme Overview for further information)

8.0 Legal Implications

- 8.1 These were explored in detail in the June 2013 cabinet report including a commercially sensitive Part 2 paper. *(Further information is provided in the Appendix 1-5.)*

9.0 Risk Management

- 9.1 For specific details of the risk management factors for each strand of the programme please refer to the relevant Appendix to this report. *(Further information is provided in the Appendix 1-5.)*

10.0 Background and Options

- 10.1 Please refer to the June 2013 Cabinet report which contained detail on the background and options being considered. *(Further information is provided in the Appendix 1-5.)*

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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