



Uttlesford District Council (Project CUBEC)

Value-for-Money Assessment

Final Report

March 2010

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1.0 EXECUTIVE SUMMARY

- 1.1 The first key finding is that within Essex, Uttlesford's 2008/09 refuse and recycling costs are below the Essex average and fifth cheapest in Essex overall. Recycling performance for the same year is the highest in Essex, considerably outstripping those authorities with a lower cost per household by almost double in the cases of Tendring and Harlow. This suggests good value for money when compared with the other Essex peer authorities. When comparing Uttlesford with the CIPFA nearest neighbours family group, Uttlesford is the second highest performing authority after South Hams, but the fifth most expensive (South Hams being third most expensive).
- 1.2 These results suggest that the in-house team is performing well and we do not see any case for seeking alternative service delivery arrangements through outsourcing. Having said this, we do believe that further efficiencies and cost savings are available to Uttlesford in terms of vehicle configuration. In two years time the current vehicle fleet will be seven years old and due for renewal, if the council were to consider using split compartment RCVs for the collection of dry recycling and food waste, there could be a reduction of four RCVs from the current total of sixteen vehicles. With the average cost of a round (based on 2008/09 figures) for Uttlesford being £156,000, this is not an insignificant cashable saving, with little or no impact on performance.
- 1.3 Uttlesford has a strong commercial waste business with a good market share of 29% (the highest percentage of the four CUBEC authorities). Accounts for the financial year 2008/09 indicate a healthy surplus to cover overhead costs, releasing some income back to the authority. Benchmarked commercial rates for containers show that Uttlesford charge 24% (£2.70 more per bin per lift) than the lowest private sector operator Veolia. This could lead to potential loss of customers in times of recession, although we did not see any sign of any wholesale loss of commercial contracts to the private sector at the time of assessment.
- 1.4 The Council could potentially expand its commercial waste recycling scheme to more businesses and consider purchasing containers using the Braintree agreement consortium, which could lead to economies in the procurement of commercial waste containers.
- 1.5 The vehicle maintenance service has the lowest annual cost and fitter hourly charge out rates of the CUBEC authorities and within its family grouping. We suspect this is due to low overheads on the current depot workshop at Great Dunmow. Uttlesford also purchased DERV at some of the lowest unit rates within the CUBEC and Essex authorities as a whole. This coupled with the facts that Uttlesford's workshops had the third best MOT pass rate (85%) and second best workshop system audit results indicates a high level of value for money in term of performance and cost.
- 1.6 Given the pressure on Uttlesford to sell the current site for re-development and move the service to a new site and facility, we see a potential increase costs which may alter the VfM ratio. It is difficult at this stage to accurately predict what these costs may be as there are a number of variable options including sharing the Braintree DC's Lakes road depot site. However, initial figures indicate that Uttlesford could not afford to purchase the land and build a depot alone and it is possible that even in partnership with Braintree DC, financial cost differential between in-house and outsourcing remain close based over a seven year period. We feel that more work on modelling these scenarios will be required, once the availability of suitable sites and their associated costs becomes clearer to all.



2.0 MAIN SERVICES

2.1 Uttlesford delivers the following services to its 31,043 households (2008/09):

- A fortnightly collection of residual waste from wheeled-bins (with a small amount of weekly collections from flats etc). In 2008/09, the Council collected 11,942 tonnes of residual waste, this was delivered to Haverhill transfer station and to Roxwell (Roxwell soon to be diverted to Ugley). For this service the Council uses three rounds, each comprising a driver plus two loaders.
- A weekly collection of food waste (wheeled bin) co-collected with (chargeable) garden waste in bio-sacks. In 2008/09 4,400 tonnes of food waste were collected, and delivered to Cordons farm transfer station at Braintree. For this service, the Council uses five rounds, each comprising a driver plus two loaders.
- A garden waste collection service operated at weekends. This service collected 1,560 tonnes (2008/09) which was delivered to Great Dunmow for composting. For this service, the Council uses four rounds, each comprising a driver only as these vehicles effectively act as mobile recycling centres.
- A fortnightly collection of mixed dry recyclables (wheeled bin) which collected 7,070 tonnes of dry recycling in 2008/09, being delivered to Haverhill transfer station. For this service, the Council uses three rounds, each comprising a driver plus two loaders.

3.0 COST PER HOUSEHOLD

3.1 The cost per household in 2008/09 was some £54.54, mid table and just below the Essex average of £54.57. This figure was collected as a Best Value Indicator up until 2007/08, when the figure for Uttlesford was some £62.37.

3.2 There are several reasons as to why this figure is no longer a Best Value Indicator: but, from our discussions with the Audit Commission, we are clear that one of the main reasons was that the figure is somewhat misleading, since it is not comparing like with like. On a national (or even a County-wide) scale, the figure does not compare like-with-like; i.e. waste services in different councils can be vastly different.

3.3 Setting this point aside for the moment, the following table shows the cost per household for Essex authorities in 2007/08 and 2008/09, together with their performance in terms of recycling/composting achievement:



Authority	Cost per Household 2007/08 (rank)	Performance 2007/08 (rank)	Cost per Household 2008/09 (rank)	Performance 2008/09 (rank)
Uttlesford	£62.37 (4)	54.50% (1)	£54.54 (7)	52.0% (1)
Rochford	£43.55 (10)	19.00% (12)	£70.79 (1)	49.5% (2)
Braintree	£65.34 (3)	42.76% (2)	£69.68 (2)	45.0% (3)
Epping Forest	£84.06 (1)	41.00% (3)	£63.90 (4)	43.5% (4)
Brentwood	£53.04 (8)	40.53% (4)	£52.31 (8)	42.4% (5)
Basildon	£54.42 (6)	32.05% (7)	£54.70 (6)	38.6% (6)
Chelmsford	£67.72 (2)	34.83% (6)	£64.25 (3)	38.3% (7)
Colchester	£53.17 (7)	31.23% (8)	£47.39 (10)	36.9% (8=)
Maldon	£47.07 (9)	34.89% (5)	£49.49 (9)	36.9% (8=)
Castle Point	£32.13 (11)	27.06% (9)	£36.04 (11)	32.4% (10)
Tendring	£32.07 (12)	26.73% (10)	£31.56 (12)	26.8% (11)
Harlow	£58.19 (5)	22.45% (11)	£62.72 (5)	26.0% (12)
Average	£54.42	33.92%	£54.57	39.0%

3.4 It should be apparent that there is a relationship between cost and performance: in general, increasing performance increases cost (seen at its most clear in the significant increase in cost and performance at Rochford in the table above); and the Audit Commission accepts this point, as noted earlier. The Audit Commission also accepts that the cost per household will, all other things being equal, be greater for rural authorities compared to urban authorities (since collection productivity will be much lower, and therefore costs higher, in rural authorities). The table below shows Uttlesford compared with a number of its CIPFA 'near neighbours' (as noted, the last year on which figures are available is 2007/8):

Authority	Cost per Household 2007/08 (rank)	Performance 2007/08 (rank)
South Hams	£65.83 (3)	57.07% (1)
Uttlesford	£62.37 (5)	54.50% (2)
Harborough	£52.70 (9)	50.61% (3)
South Northhants	£65.20 (4)	47.91% (4)
Daventry	£84.90 (1)	47.88% (5)
Hambleton	£39.19 (16)	43.60% (6)
Cotswold	£66.11 (2)	43.29% (7)
Derbyshire Dales	£56.37 (7)	39.82% (8)
Chichester	£51.77 (10)	37.55% (9)
East Dorset	£46.27 (14)	36.81% (10)
Maldon	£47.07 (12)	34.89% (11)
North Dorset	£53.26 (8)	33.27% (12)
Purbeck	£46.35 (13)	33.22% (13)
West Dorset	£56.80 (6)	30.14% (14)
Rother	£41.25 (15)	29.13% (15)
Malvern Hills	£50.26 (11)	26.01% (16)
Average	£55.35	40.35%

3.5 Again, the table shows some sort of relationship – though not an absolutely direct one – between cost and performance: but some more detailed analysis would seem appropriate since, relative to some, Uttlesford's cost per household is just below the upper quartile of this table, although we acknowledge that this cost reduced by almost £10 per household in 2009/10 to £54.54. It would



also be fair to point out that Uttlesford's costs are broadly similar to peer authorities with a similar level of performance and would be the type of costs we would expect to see and although the cost per household is above the benchmark average, so is the recycling performance being second highest of the group.

- 3.6 Some more detailed cost analysis is required to draw any clear conclusions: but we note that productivity for many areas of the operation is good in terms of properties passed per crew per day, based on: the main residual waste rounds service passing an average of 1,035 properties per day and collecting an average, 15.3 tonnes per day. The recycling rounds service passing a similar number of properties daily and collecting an average 9.06 tonnes per day, with the food waste rounds service passing 1,242 properties per day and collecting 3.38 tonnes per day. This level of performance is within private sector operational standards and we assess this as good productivity, when compared with similar family group authorities of South Hams and Brentwood.
- 3.7 That said, there may be certain facets of the current in-house operation that could be improved upon, that may lead to cashable cost savings. Looking at the detailed waste operations at Uttlesford, we note that there are 16 RCVs currently deployed on household collections (including bulky, weekend rural area garden waste and commercial waste) and we think it may be possible to reduce the number of vehicles by changing the vehicle configuration, when the current vehicles are due for replacement in three to four years time:
- 6 podded compartment RCVs collecting mixed dry recycling from an average of 1,000 properties per day (13.86 tonnes per day based on 2.77 kg kitchen waste per week per property and 11.08 kg recycling per property per fortnight)
 - these vehicles have smaller capacity than the RCVs currently being used, so would require an extra three tip runs per day or 90 tip runs per week as opposed the current 52 tip runs (based on current tip runs per round of 1 or 2 tips per day)
 - the extra 38 tip runs per week will result in four shuttle RCVs or 8 extra tip runs per day (assumes shuttle vehicles each tipping twice per day)
 - If we add in a margin of 20% or two spare RCVs, this gives a total of 12 split compartment RCVs or a saving of 4 RCVs over the current 16 RCVs.
- 3.8 Clearly these calculations take no account of seasonal fluctuations and assume equal proportions of the food waste and we think it unlikely that there would need to be a driver plus four loaders for any rounds. The capital costs in relation to food waste facilities would be relatively cheap: with a podded vehicle, tipping can be direct into a roll-on/roll-off container on a raised slab. There has been some question of the capacity of podded compartments to take the full design capacity, we have spoken with one of the manufacturers (Dennis Eagle) and they have confirmed that the floor of their pod is angled to increase payload and prevent waste piling in the middle of the compartment.
- 3.9 We should make it clear that this is not a criticism of how Uttlesford currently structures its rounds since, at the time of system design, this sort of (reliable) vehicle technology was not available. We hope, however, that we have outlined a possible area for cost-saving in the future based on an average cost of £121,000 per standard configuration vehicle.



- 3.10 Looking more closely at the budget information provided, we have established that the cost of operational staff and vehicles is £2.18 million per annum (based on 2008/09 budget figures). Allowing for the weekend garden waste service as being equivalent to one round, and allowing for the vehicles used on commercial waste, bulky waste and other ancillary services as equivalent to two rounds, there are in total 14 rounds, meaning an average cost of £156,000 per round per annum. This compares to recent private sector tendered costs of (typically) £170,000 per round per annum and this compares favourably with the neighbouring authority of Braintree where a round costs an average £173,700. It would however, be appropriate for us to point out at this stage, that it is not clear that we are comparing like with like, Braintree have substantial corporate overhead costs and their staff are paid considerably more than Uttlesford's.
- 3.11 We note that Uttlesford DC wage levels for operatives and staff are up to 20% lower than Braintree; indeed, on a cost-per-round basis, Uttlesford is around £6,000 lower than those in Braintree, or around £100,000 per annum in total, equivalent to almost £2 per household. We are aware that Uttlesford and Braintree are considering joint working and given the job evaluation 'pay to points' ratio, this could be a very difficult area for both Uttlesford and Braintree to address in the short term; and we are also clear that, because of TUPE, this cost would not simply evaporate if the service was out-sourced – but it is a significant factor in terms of the current cost level
- 3.12 The Council currently pays £13.00 per tonne to Braintree DC for MRF services (material is then collected and hauled for re-processing by Rowlands). We see that this contract is due for renewal in 2011, and therefore needs to be re-let during 2010, and there could be a significant cost increase to Uttlesford due to the increase from £13.00 per tonne to £25.00 per tonne. This increase may be offset to some extent, particularly if a joint MRF contract is considered with neighbouring/strategic districts.
- 3.13 The rural nature of Uttlesford cannot be changed, and we do not propose changing the nature of the (high performing) service that is offered to the public. We believe, however, that economies could be achieved if the disposal points were re-configured so that food waste could be delivered to Haverhill, Ugley or Cordons Farm (as per current delivery point, if UDC share Lakes Road depot); and if the food waste could be co-collected on the same vehicle as either residual waste or mixed dry recyclables.

4.0 COMMERCIAL WASTE

- 4.1 Uttlesford BC delivers a commercial waste service to some 826 trade customers (excluding 50 Schedule 2 customers) of the 2,841 businesses in the Council area. Approximately 3,070 tonnes of waste (mixed with domestic waste) was collected from trade premises in 2008/09 (calculated via a formula from Essex CC).
- 4.2 Uttlesford supplies a commercial cardboard recycling collection service each Monday; however this is limited to Great Dunmow, Saffron Walden, Stanstead and Thaxted. Specialist green tape is purchased by participating companies at a cost of £15.50 per roll (exclusive of VAT). There is no other type of recycling carried out by the Council.
- 4.3 Uttlesford DC, like all of its CUBEC peer authorities have separate lower rates for Schedule 2 premises, charging for container hire and collection only. Uttlesford applies Schedule 2 rates to Schools, as the other Essex authorities do. However, benchmarking of container types and unit costs between the CUBEC authorities has revealed some significant differences:



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- 4.4 The only commercial waste container of the same size provided by all four authorities is 1100 litres, with Braintree charging £11.43 per lift, Chelmsford £11.34 per lift, Colchester £15.04 per lift and Uttlesford £13.75 per lift (all prices including container hire but excluding VAT). This comparison shows that Uttlesford has the second highest charge of the four authorities, with a maximum difference of £3.70 per unit charge as compared to the other Councils. These charges include all disposal, landfill tax and hire charges, but exclude VAT. However, it is not clear to us why there is a difference of up to 33% in the levied charges between the authorities for this type of container, especially when we consider that all the authorities use the same local Waste Disposal Authority facilities provided by Essex County Council.
- 4.5 In addition, when we benchmark Uttlesford DC's rate for this 1100 litre container with the private sector (locally based Ahern Waste Management (Thurrock), which have a solid customer base throughout south Essex, as well as national service providers Biffa and Veolia which operate from Chelmsford and Colchester respectively), we see that Uttlesford is just over £2.70 (24%) more expensive per unit than Veolia, shown in table 1 below.

Table 1 Comparison of 1100-Litre Prices

Name	Rate (£ per lift including container hire but excl. VAT)	Difference lowest rate (£)	Difference (%)
Veolia	11.05	0.00	0.00
Chelmsford	11.34	+0.29	+2.62
Braintree	11.43	+0.38	+3.43
Ahern	11.89	+0.84	+7.60
Biffa	13.40	+2.35	+21.27
Uttlesford	13.75	+2.70	+24.43
Colchester	15.04	+3.99	+36.11

- 4.6 It is possible that Uttlesford and the other CUBEC authorities could save container procurement costs, by purchasing standard sized commercial waste containers through a buying consortium, such as the Braintree framework. This may help to make the rate per bin more competitive with the private sector and potentially increase the customer base. However, this may come at a cost in terms of LATS and disposal of commercial waste through Essex County Council's ECC infrastructure.
- 4.7 ECC has indicated that they are comfortable with the LATS situation regarding the potential expansion of commercial waste recycling by the CUBEC authorities, but would not encourage increasing the tonnages of residual commercial waste collected. This would add to the projected LATS deficit for Essex that is predicted from 2011/12. ECC has stated that if the WCAs were to increase the collected tonnage of commercial waste beyond those levels agreed in the Inter Authority Agreements, and the 0.4% annual growth of Municipal Solid Waste, a LATS surcharge would be applied on current commercial waste disposal charges to cover the cost of purchasing additional LATS allowances. Essex County Council has confirmed that this surcharge does not apply to Schedule 2 classified waste as it currently stands, although we are aware that DEFRA has recently announced that it will be changing the law regarding Schedule 2 to make it clearer for local authorities to charge both collection and disposal.



- 4.8 It is understood that two freighters (driver and loader) and one rear end loader (driver only) undertake the commercial work. The administration function is shared between officers and this is equivalent to one full-time position. From the budgets provided, income from commercial waste in 2008/09 was £623,865; however, there were bad debts of £28,532, meaning an actual income of £595,333. The Council pays disposal fees to Essex County Council of some £186,711 for disposal costs for this waste, and there are marginal costs for containers of £3,850. This leaves a gross profit of £404,772 (68% of turnover). Uttlesford have a substantial commercial waste business, with good market share at 29% (the highest market share of the CUBEC authorities).
- 4.9 The Council uses the equivalent of 1.4 rounds to collect commercial waste, and we have seen above that average costs are £156,000 per round: therefore, collection costs of around £218,400 per annum (36.68% of turnover). This leaves some £186,372 to cover overheads – we are sure that a significant surplus is being realised.
- 4.10 If the Council was to decide to stop delivering the service and sell the business as a going concern, it would lose the income in total; and lose the disposal, container and collection costs, but it is unlikely that all of the overheads could be saved (although some costs might be). This might leave an annual gap of over £150,000, and this needs to be valued against a likely £400,000 the Council might receive for a sale.
- 4.11 We are sure that, on the basis of the information provided, Uttlesford should continue to run its commercial waste service, but may wish to look more closely at the range and type of containers that it offers and the unit rates based on information gained from benchmarking Uttlesford with the other CUBEC partners and the private sector.

5.0 VEHICLE MAINTENANCE

- 5.1 Uttlesford District Council (UDC) has a small workshop located within Great Dunmow town centre. Access to the depot is through a medieval-style narrow residential street boarded by domestic properties. The workshop facilities date from the early 1950s, and were originally designed just for Dunmow Town Council. These facilities are in an inappropriate location and offer very cramped working conditions that are not fit for purpose in maintaining a modern frontline vehicle fleet.
- 5.2 The total cost for provision of the Uttlesford vehicle maintenance service in 2008/09 was £333,185. This overall cost of the service is very low when compared to the other CUBEC partners average annual maintenance figure of £643,486 and our benchmark figures, whilst the productivity is good, with UDC achieving the lowest fitter's charge-out rate of £22 per hour. The majority of the UDC fleet (a mix of 17-26 tonne split bodied RCVs with lifts) is between three and five years old, which lends itself to reduced maintenance and fuel costs, with an industry average of 4 miles per gallon being achieved. The MOT pass rate for 2008-2009 was 85%.
- 5.3 We would like to add further comment on Uttlesford's low figure of £22 per hour, which would suggest that the overhead costs are exceptionally low. This is borne out by our visit to the workshop facilities, where it is obvious that the facilities do not incur any significant expenditure in terms of facility maintenance and investment. The private sector providers on behalf of Braintree charge between £30 - £35 per hour, which is a rate more in keeping with the WYG benchmark rate for a fitter of £31.08 per hour, shown in table 2.



Table 2 Comparison of Charge Out Rates for Fitters

Authority	Charge-out Rate per Hour (£)
Test Valley BC	44
Flintshire	39
LB Barnet	35
Chelmsford BC	33
South Hams DC	32
Colchester BC	31
Havant BC	30
Wyre BC	28
Cheltenham BC	28
LB Waltham Forest	26
Brentwood BC	25
Uttlesford DC	22
WYG average	31.08
Braintree DC*	30-£35

**private contractor*

- 5.4 We have also benchmarked fuel costs within the CUBEC partnership and compared them with costs from our database. The figures are based on cost per litre for DERV, excluding VAT, and are shown in Table 3 below.

Table 3 Comparison of DERV Costs (2008)

Authority	14.04.08 (£)	27.06.08 (£)	17.10.08 (£)	02.02.08 (£)
Braintree	0.93	1.06	0.88	0.81
Colchester	0.99	1.07	0.94	0.83
Chelmsford	0.94	1.07	0.96	0.83
Uttlesford	0.87	1.02	1.08	0.95
WYG	0.90	1.00	0.88	0.83

- 5.5 Over this period, Uttlesford were paying an average of 5.6 pence per litre less for fuel than Colchester and Chelmsford. When this is benchmarked with our database, Uttlesford and the CUBEC authorities were paying 2–20 pence per litre more than the benchmark (based on other local authorities in the South and South-East), but an average of 18 pence per litre less than UK



average forecourt prices by using their in-house bulk fuelling facilities. The figures show that a CUBEC fuel consortium would enable the partners to save money on the unit rate for fuel. It is worth pointing out that there may be additional potential savings if the CUBEC authorities were able to receive fuel deliveries at the same time as part of one order, i.e. per full tanker load. On this evidence, we feel that, although there is scope for Uttlesford to further improve in the area of fuel costs.

5.6 The following table 4 shows the most recent procurement costs for RCVs (which are often the single largest capital outlay for authorities). However, due to the varying purchase dates and vehicle specifications it is difficult to benchmark exactly like for like between the authorities.

Table 4 New RCV Procurement Costs - CUBEC

Authority	Cost	Type	Lifter	Warranty Included?	Year
Uttlesford	£120,503	Dennis/Dennis	Terberg	yes	2005
Braintree	£131,158	Dennis/Dennis	Otto	yes	2008
Chelmsford	£133,980	Dennis/Dennis	Otto	yes	2009
Colchester	£ 98,760	Dennis/Dennis	none	Yes	2006

5.7 The table shows Uttlesford purchasing the second cheapest RCVs, it should be noted however, that whilst Uttlesford shows the lowest price (based on an RCV fitted with lifts), the fleet was procured in 2005 and approximately sixteen vehicles were purchased, resulting in a lower unit cost. We also note that the amount of warranty taken from Dennis varies from, one year in the case of Colchester to three years for free in Braintree's case which has value attached.

5.8 We examined the procedures and systems that are in place to deal with vehicle maintenance arrangements at each workshop by means of random checking of at least three RCV vehicle files to gauge whether the services are indeed compliant compared with Operator Licensing Scheme enforced by VOSA.

5.9 We are pleased to report that in general, Uttlesford's processes seem to be good although some management systems are better than others within CUBEC and Uttlesford were ranked second from top out of four shown in table 5.

Table 5 Vehicle Maintenance Compliance Audit Results

Authority	Ranking
Chelmsford	1
Uttlesford	2
Colchester	3
Braintree	4



- 5.10 As a general comment, the Uttlesford DC vehicle maintenance operation appears to operate efficiently and effectively. Productive hours are high, maintenance costs are within acceptable limits although labour charge-out rates are significantly lower than our benchmark. However, our calculation of the net labour content indicates that fitter staffing numbers are too low by 1.75 FTE fitters in Uttlesford.
- 5.11 Considering the future of the service, Uttlesford DC finds itself at a crossroads, we have already stated that the current site at Great Dunmow is not suitable or 'fit for purpose' and we are aware of the pressure being applied for the council to realise the capital asset value and release this site from the landbank by selling the site. This creates a dilemma for the council, UDC is currently operating an efficient and effective service in terms of value for money. However, remaining at this site is not an option in the medium to long-term. So the costs for this service can only increase, when the council finds a new site and develops a new workshop, which could potentially alter the value for money balance, making the in-house service unaffordable. To demonstrate this, we have modelled six options shown in table 6, based on the current annual cost of the service (2008/09 figures) remaining the same.

Table 6 Uttlesford DC Vehicle Maintenance Financial Service Options

Option Description	Cost
1. Continue no change	
Annual maintenance cost (based on year 4 costs 08/09)	£333,185.00 per annum
2. UDC New Depot	
Capital cost land, depot, workshop & annual maintenance cost	£1,683,185.00
3. UDC New Depot based on 7 year write off	
Capital cost land, depot, workshop & annual maintenance cost	£526,042.00 per annum
4. UDC / BDC – Lakes Road depot share	
Capital cost, workshop, revenue cost staff relocation & annual maintenance	£1,674,844.00 – total
5 UDC / BDC Lakes Road depot share*	
UDC capital cost, workshop, based on 7 year write off (50% split with BDC)	£30,357.00
UDC revenue cost staff relocation & annual maintenance	£356,295.00
UDC annual cost	£386,652.00 per annum
6. Private Sector service provider	
UDC revenue cost per annum 60/40 split with BDC (based on year 4 figures)	£470,230.00 per annum

* this figure does not make any allowance for ground rent or service charge that BDC could make

- 5.12 The table clearly shows that the best option for the council is share new facilities with Braintree DC at the existing Lakes Road site, with private sector outsourcing coming in 22% higher at year 4 values £470,230 based on a 60 / 40 split (BDC paying 60%, UDC paying 40%, assuming less vehicles being serviced than BDC). If, however, UDC were to share another depot site (Cordons Farm) as has been mentioned, this calculation would have to be revisited and the cost of land purchase or lease charge added to the figure. This could make this a more expensive option than



the outsourcing to the private sector in the early years, although it should be borne in mind that the outsourcing will have costs attached to it that may be up to £100,000.

- 5.13 It is also worth stating that as mentioned previously, Uttlesford is due to renew its vehicle fleet in two years time, the costs of maintenance for the first three years will be at its lowest for both the in-house and outsourced options, cost will then increase exponentially from year 4 onwards, with the final year being the highest cost as the vehicles require more maintenance due to wear and tear. Therefore we have taken year 4 as being the median for both the in-house and outsourced options.

6.0 CONCLUSIONS

- 6.1 The first key finding is that within Essex, Uttlesford's 2008/09 refuse and recycling costs are below the Essex BVPI 86 average and fifth cheapest in Essex overall. Recycling performance for the same year is the highest in Essex, considerably outstripping those authorities with a lower cost per household by almost double in the cases of Tendring and Harlow. This suggests good value for money when compared with the other Essex peer authorities. Indeed, when we compare Uttlesford with its family group authorities based on CIPFA nearest neighbours, Uttlesford is the second highest performing authority after South Hams, but the fifth most expensive (South Hams being third most expensive). In terms of recycling performance versus cost, this is what we normally expect to see, the better the performance, the more the cost.
- 6.2 From this first finding, there is no clear evidence to suggest that the in-house team is not performing well and any argument for seeking alternative service delivery arrangements through outsourcing appear weak. Having said this, we do believe that further efficiencies and cost savings are available to Uttlesford in terms of vehicle configuration. In two years time the current vehicle fleet will be seven years old and due for renewal, if the council were to consider using split compartment RCVs for the collection of dry recycling and food waste, there could be a reduction of four RCVs from the current total of sixteen vehicles. With the average cost of a round (based on 2008/09 figures) for Uttlesford being £156,000, this is not an insignificant cashable saving, with little or no impact on performance.
- 6.3 There may however, be a doubling of costs in the disposal of dry recycling from 2011. The current contract with Braintree is due for renewal and costs may rise from £13.00 per tonne to £25.00 per tonne, which will affect overall service costs.
- 6.4 In terms of commercial waste, Uttlesford has a strong business with a good market share of 29% (the highest percentage of the four CUBEC authorities). Accounts for the financial year 2008/09 indicate a healthy surplus to cover overhead costs, releasing some income back to the authority. When comparing commercial rates for containers, Uttlesford charge the second highest rate for an 1100 litre container and more than 24% (£2.70 per bin per lift) higher than private sector operator Veolia. This could cause potential loss of customers in times of recession, although there is currently no sign of any wholesale loss of commercial contracts to the private sector.
- 6.5 The Council may also wish to expand its commercial waste recycling scheme to more businesses and consider standardising its commercial waste containers when purchasing them through a buying consortium such as the Braintree agreement, which we believe could lead to economies in the procurement of containers in bulk.



Value-for-Money Assessment

- 6.6 The vehicle maintenance service has the lowest annual cost and fitter hourly charge out rates of the CUBEC authorities and within its family grouping. We suspect this is due to low overheads on the current depot workshop at Great Dunmow. Uttlesford also purchased DERV at some of the lowest unit rates within the CUBEC and Essex authorities as a whole. This coupled with the facts that Uttlesford's workshops had the third best MOT pass rate (85%) and second best workshop system audit results indicates a high level of value for money in term of performance and cost.
- 6.7 However, we are aware that the Council is under pressure to sell the current site for re-development and move the service to a new site and facility. This will only increase costs and alter the VfM ratio. It is difficult at this stage to accurately predict the costs for delivery of an in-house service verses out-sourcing (Braintree DC currently outsourced vehicle maintenance contract) from a new site as there are a number of variable options including sharing the Braintree DC's Lakes road depot site. However, initial figures indicate that Uttlesford could not afford to purchase the land and build a depot alone and it is possible that even in partnership with Braintree DC, financial costs between in-house and outsourcing remain close. More work on modelling these scenarios is required, once the availability of suitable sites and their associated costs becomes clearer.