

## **Briefing Note to Resources O&S 10<sup>th</sup> September 2020**

### **Re: Street Scene Overspend 2019/20**

#### **Questions**

From Action Notes: “the key issues in relation to Neighbourhoods directorate relate to street scene, specifically the delay in implementation of service redesign and lead time in replacing waste collection vehicles. These issues have been well known but there are questions as to whether there are actions that management could have taken to mitigate this, as it is a very large overspend. Members also asked why the service has lost customers. This and other matters will be picked up with Directorate officers at a future meeting.”

Questions the members asked were around actions to mitigate the overspend, and in particular the reference in the report to “...£1.9m income shortfall in trade waste, street cleansing and fleet repair services *as a result of loss of customers*” (appendix A p.9) – member were keen to understand why that was.

#### **Income Shortfall Trade Waste**

##### **Background data**

YEAR	BUDGET £	BUDGET TARGET INCREASE £	ACTUAL INCOME £	YEAR END VARIANCE £
2012/13	7,390,279		7,242,081	148,198 under collection
2013/14	8,365,729	975,450 (13%increase)	8,535,752	170,023 over collection
2014/15	9,315,415	949,686 (11% increase)	9,266,430	48,985 under collection
2015/16	10,365,415	1,050,000 (11% increase)	10,188,907	176,508 under collection
2016/17	10,815,800	450,385	10,804,657	11,143 under collection

2017/18	10,915,800	1,000,000 (9% increase)	10,215,847	699,953 under collection
2018/19	10,915,800	Nil	10,248,317	667,483 under collection
2019/20	11,354,100	438,300	9,903,100.	1,450,999 under collection

This table shows that up until 2016/17 the Trade Waste service collected its budgeted income subject to minor variances. We can see that the significant under collection against budgeted income began in 2017/18 when an additional £1m or 9% was added to the budget target. The service had already managed to achieve significant budget increase in 2013/14, 2014/15 and 2015/16

It can be seen from the table above that the actual income has remained pretty static since 2015/16. Even when we have implemented price increases this has not resulted in a corresponding increase in income due to the prices sensitivity within this commercial market. However, the budgeted income has continued to rise significantly.

The issue therefore is not so much with decreasing income but with increasing aspirational income budgets.

Having said that, the service has lost some customers for two main reason due to the perceived and actual unreliability of the service at times

- 2 periods of significant Industrial action
- Our use of aged vehicles that are subject to mechanical breakdown and therefore service failure

## Income Shortfall Street Cleansing

### Background data

YEAR	BUDGET £	ACTUAL INCOME £	YEAR END VARIANCE £
2016/17	<b>647,900.00-</b>	<b>408,643.12-</b>	<b>239,256.88</b> under collection
2017/18	<b>673,425.00-</b>	<b>279,527.92-</b>	<b>393,897.08</b> under collection
2018/19	<b>673,425.00-</b>	<b>288,023.64-</b>	<b>385,401.36</b> under collection
2019/20	<b>697,325.00-</b>	<b>240,216.09-</b>	<b>457,108.91</b> under collection

It can be seen from the table that the income budget has remained pretty static whilst the income has declined.

The majority of this income is raised through special events in the city, for example the German Christmas Market. Not all of these events are organised by the city and event organisers do not have to use BCC services to deal with any waste produced but can choose to use external waste contractors.

Contracts for events such as Birmingham Pride have been lost to us. Unfortunately, if any external contractors employed by event organisers do not clean up to the required standard we still have an obligation to clean the part of the city where the event was held.

## Income Shortfall Garage/Stores/Driver Training Centre

### Background Data

YEAR	BUDGET £	ACTUAL INCOME £	YEAR END VARIANCE £
2016/17	1,369,800.00-	1,208,543.58-	161,256.42 under collection
2017/18	1,370,602.00-	1,054,404.12-	316,197.88 under collection
2018/19	1,370,602.00-	795,307.44-	575,294.56 under collection
2019/20	1,420,902.00-	717,602.48-	703,299.52 under collection

the table shows that whilst the income budget has remained pretty static the income achieved has declined significantly. The main sources of income are the servicing and MOT of vehicles, both internal and external to BCC, general sales and courses run by the Driver Training Centre.

The main income losses have occurred due to

- Internal customers moving from owning their own vehicle to hiring or leasing so no longer requiring our garage Service
  - Loss of external customers e.g. Taxi Assessments
  - Some courses run by the Driver Training Centre are available elsewhere and some customers have ceased using our service

### Mitigations regarding employee overspend due to the restructure not taking place.

- Released agency staff at the end of the season

- Did not fill vacant posts
- Stopped all none essential spend

**Mitigations regarding overspend at the garage**

- Moved from spot to long term hire where practicable to do so
- Did not fill any vacant mechanical engineer posts

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