

## REVIEW OF CESSPOOL SERVICES (LIQUID WASTE MANAGEMENT)

Cleaner & Greener Advisory Committee – 23 November 2023

**Report of:** Deputy Chief Executive & Chief Officer, Finance & Trading

**Status:** For Decision

**Also considered by:**

- Cabinet – 14 December 2023

**Key Decision:** Yes

**Executive Summary:** This report provides details on a full service review of the non-statutory cesspool emptying service, currently provided by the Council and proposals, for consideration, for future service delivery.

**This report supports the Key Aim:** pledge to reach net zero carbon emissions produced by the Council and our assets by 2030, providing value for money, and supporting and developing the local economy.

**Portfolio Holder:** Cllr. Margot McArthur

**Contact Officer:** Trevor Kennett, Ext. 7407

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**Recommendation to Cleaner & Greener Advisory Committee:** That the review recommendation of option 2 be considered by the Committee, and its views on that option be submitted for consideration by Cabinet.

**Recommendation to Cabinet:** That the review recommendation of option 2 along with any proposals submitted by the Cleaner & Greener Advisory Committee be considered and the preferred option be approved.

**Reason for recommendation:** It is vital that all commercial services are economically viable and do not place pressure on statutory budgeted services. Given the future losses and investment needed for the cesspool service, the officer recommendation is to cease the service.

## **Executive Summary**

1. This report provides details on a full updated review of the Cess Pool service currently provided by the Council and proposals, for consideration, for future service delivery. The preferred recommended option from officers is option 2 - Cease the service.
2. It is critical to have comprehensive and effective budget monitoring to ensure budgets met and consider the optimum balance between the Council's scale of ambition and availability of resources.

## **Introduction**

3. For many years, Direct Services have operated a non-statutory cesspool emptying service for both commercial and domestic customers. The vast majority of the current customer base is within the Sevenoaks district, although we do offer the service just outside of our geographical boundary.
4. Direct Services historically owned two cesspool tankers, although rarely operated both vehicles due to staffing resource / commercial demand. In December 2021, one of the aging tankers was sold and a decision taken not to replace it.

## **Operational Overview**

5. Sevenoaks District Council offers an emptying service for cesspools and septic tanks. Charges currently depend upon the volume (gallons) removed, fees can be found in Appendix A.
6. We also offer a rodding service, (between the customers interceptor and main tank), which has an additional fee of £79.00. Rodding must be booked with an accompanying emptying job. We also offer an emergency service, at £263 per 1,000 gallons. Work done within 48 hours of booking (working days only).
7. The cesspool crew consists of one (1) x FTE HGV driver and one (1) x FTE operative. Direct Services office based Support Officer provides the administration for the service. The overall management of the service is within Direct Services (Business Development) remit. A pool of other staff, from statutory frontline services, cover the cesspool crew's leave and sickness.
8. Customers can book over the telephone through Customer Solutions, or directly via our website. Customers are required to pay in full at the time of booking. Our customer agreement is to complete the job within 15 working days.
9. A regular emptying service offered which customers agree, in writing, for us to attend at regular intervals, typically monthly, and then invoiced after each job is completed. Payment terms are 30 days from the date of invoice. Future emptying is suspended if payment is overdue.

10. Orders for either 1,000 or 2,000 gallons are most popular and account for 80% of the work currently undertaken by the service. 25% of current work comes from ad-hoc jobs, and 75% of work through repeat customers utilising the regular emptying option. Just two customers, (Sutton & East Surrey Water and Polhill Garden Centre) account for 60% of the regular emptying option, which leaves the service potentially vulnerable.
11. Sevenoaks District Council currently has an agreement with Sutton & East Surrey Water to empty the cesspools at a heavily discounted rate of £61 per 1,000 gallons (standard cost £192 per 1000 gallons). We empty on average 12,000 gallons from their tank on a weekly basis. Direct Services also empty the cesspools at seven properties maintained by Sevenoaks District Council – no discount is offered for this service.
12. Formal corporate complaints are extremely low, zero since 2020/21. However, informal complaints relating to exceeding our customer agreement for emptying have occurred recently.

#### **Service Income and Expenditure**

13. Historically, the service has struggled to meet its budgeted income and net profit, as shown in the table below:

	2020/21 £	2021/22 £	2022/23 £	2023/24 Forecast £
<b>Income</b>				
Budget	(243,450)	(261,536)	(268,074)	(268,074)
Actual	(223,008)	(201,628)	(160,444)	(178,074)
Under achieved	20,442	59,908	170,630	90,000
<b>Net Profit</b>				
Budget Profit/(Loss)	(25,284)	(36,800)	(74,706)	(65,939)

14. One major reason identified for this deficiency is the current operational demand for waste and recycling, where the cesspool crew are often the first resource utilised to fill gaps in statutory services. With recent levels of sickness, the Covid-19 pandemic and a current shortage of HGV drivers, this has become a frequent occurrence. In the first five months of 2022 financial year, the service suspended for this reason for 27 days (approx. 22%).

15. The salary costs for the service are currently £77,194.
16. Benchmarking – Sevenoaks District Council's cesspool charges are generally mid-point amongst local competitors.

### **Liquid Waste Disposal**

17. The service benefits from having a Thames Water disposal point within our Dunbrik depot. The disposal point differentiates between weak and strong loads with a reduced fee charged for the weaker solution. Another Thames Water disposal point is in North Dartford, but the distance from our district makes using it impractical and uneconomical.
18. There is also a Southern Water disposal point in the district, in Edenbridge. A comparison of the charges found that the Southern Water disposal charge is only cheaper for 'very strong' loads (<4000mg/l). For the year 2021/22, only 27% of all disposals were 'very strong'.

### **Customer base**

19. Currently we have 627 active customers. Sixty-one (61) of these have a regular emptying schedule set up with us. There is no known official record of properties within the district that have cesspools or septic tanks which makes targeting potential customers more challenging. Several companies use the disposal point in our depot daily, which demonstrates there is a potentially large local customer base, which is targeted by the service.

### **Assets Overview**

20. One (1) x Mercedes Actros Tanker with nine 4-metre pipes on board. Nine spare pipes kept in stores. The cesspool tanker is over eight years old and due to be replaced in 2024/25.
21. It is proposed that the next tanker would be leased – based on current leasing prices this would equate to approximately £90,000 a year for 3-years. This price includes the vehicle's tax, MOT and maintenance. There would be an option to buy the vehicle in the fourth year for approximately £110,000 making a total of £380,000 over 4-years.
22. Having just one tanker reduces running and maintenance costs but it does leave the service without resilience. The vehicle has to be off the road one full day per month for its service, 4 days a year for a MOT and a further day per annum for a tank test. These vehicle absences (approx. 5% of availability) are commercially managed by job planning, but there is currently no cover in place if the vehicle breaks down.
23. Our current tanker does not meet the Euro emission standard Euro VI so would incur a daily charge of £100 for entering the Low Emission London Zone to the

west of our district. The vehicle also does not meet the Driving Vision Standard for HGVs for this zone.

## **24. Options with key points**

### Option 1 - Continue service

- The service is not achieving its income budget. The income budget is £268,000 but forecasted at £178,000. (£90,000 underachievement)
- Customer loyalty is high, active customers have remained steady in the past 5 years.
- The margin between breakeven and loss is difficult to forecast, however there is a risk the service could operate in further deficit with increases in labour and fuel costs. The added risk is that substantial capital investment will be required to replace the existing tanker. (£380,000 over 4-years)

### Option 2 - Cease the Service

- There is no statutory requirement for the Council to run the service. Indeed, the only other local authority in Kent, Surrey or Sussex to offer a service is Tandridge District Council.
- Sale from the existing cesspool tanker would generate an income of approximately £45,000 and a saving in transport costs of £30,000 per annum.
- The current staff could be redeployed within the Direct Services structure to waste and recycling without the need for, or cost of, redundancies.
- Staff redeployment would negate the need for an agency HGV driver and loader for other statutory services, which would save £36,500 and £30,500 per annum respectively from agency spend.
- Withdrawing the service from loyal customers who are also residents could have negative implications. Forecasted Income of £178,000 would be lost.
- The capital spend of replacing the vehicle would be saved, £380,000 over 4-years.

### Option 3 - Efficiency savings, single crew & price rise

- Add a 5% increase on all charges. This would still place the Council in the mid-point amongst competitors. Prices have remained constant since April 2019 yet running costs have increased considerably in this time.

- In line with Industry operating standards, we move to a single-crew (driver) service.
- Removing a crewmember from the service immediately saves £30,355 per annum. The driver would be upgraded a band to reflect the additional responsibility – this would cost £3,046. Jobs with additional pipes might require a crewmember – we would pass a surcharge on to the customer.
- Increase commercial marketing to increase the usage and customer base of the service.
- A capital spend of replacing the vehicle would need to be made of £380,000 over 4-years.

### **Key Implications**

#### Financial

All options that contain financial implications detailed within this report.

#### Legal Implications and Risk Assessment Statement.

No legal implications identified within this report or the decisions relating to it.

#### Equality Assessment

There is a low risk that the proposals in this report would have any implications under the Equality Act 2010.

#### Net Zero Implications

Members reminded of the Councils stated ambition to be Net Zero about carbon emissions by 2030. The decisions recommended in this paper directly impact on this ambition. The impact reviewed and there could be a very slight decrease on carbon emissions produced in the district resulting in this decision.

If a diesel Heavy Goods Vehicle from the fleet were removed, it would reduce carbon emission and fuel use.

#### **Background Papers**

None

#### **Appendices**

None

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**Deputy Chief Executive and Chief Officer - Finance & Trading**