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Wednesday, 1 November 2017

Notice of Reports Received following Publication of Agenda.

County Council

Thursday, 9th November, 2017 at 2.00 pm,
Council Chamber - Council Chamber

Attached are reports that the committee will consider as part of the original agenda but were submitted to democratic services following publication of the agenda.

Item No	Item	Pages
10.1	Recycling Review - Final Business Case, approval of capital expenditure on vehicles and boxes	1 - 26

Paul Matthews
Chief Executive

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REPORT

SUBJECT:	**Recycling and Waste Review – Approval of final business case and capital budget in 2017/18 for the acquisition of vehicles**
MEETING:	**Council**
DATE:	**9th November 2017**

1. PURPOSE

To present to Council the final business case for the Waste and Recycling Review reported to Council on the 9th March 2017,to advise members of all revenue implications of the new service and to seek approval for the creation of a capital budget for the acquisition of vehicles in 2017/18.

2. RECOMMENDATIONS

2.1 That members receive and approve the final business case and summary of the Waste and Recycling Review (appendix 1).

2.2 To seek approval for a capital budget of £4.27m to fund the acquisition of recycling vehicles and boxes required to implement the Recycling Review as reported to Council on 9th March 2017.

2.3 To seek approval for 'invest to save funding' for the mobilisation of the new service.

3. KEY ISSUES

3.1 Attached is a final business case that presents a new style of kerbside collection service subsequent to approval in principle given in Council on 9th March 2017.

3.2 The report gives significant detail but at a summary level the following points are brought to members attention:

Whilst the pink and purple dry recyclate kerbside bag service continues the glass is placed in a box for separate collection. This is to increase the value of the glass recyclate and present it to market uncontaminated hence optimizing its value.

3.3 Members of the Strong Communities Select Committee will shortly receive a report outlining the award of a contract to manage food waste for the coming 15 years. The decision to enter into a joint contract with Torfaen CBC an Blaenau Gwent CBC has already been taken so this report is about the actual award. The new contract will see food waste collected separately and processed through an anaerobic digester (to generate energy) whilst garden waste will be treated by windrow composting. Again this is a change to the service commencing in April 2018 when food waste will be collected separate to garden waste.

3.4 To introduce the new style of collection service a new fleet of vehicles is required. The existing fleet has not been replaced for several years and numerous hire vehicles are presently used to maintain the existing service. Obviously these vehicles will go off hire as the new fleet arrives and the new service starts.

3.5 The scheme increases collection costs both in terms of manpower and vehicles. However the value of the recyclates and the change in the management of food and garden waste offsets the increased collection costs.

4. REASONS

4.1 The Council decision in March committed the authority to the introduction of a new style of service and provided early cost projections. This report presents the final business case and more detailed costs projections based upon tender results and finalized resource demands (predominantly vehicles and manpower).

4.2 Every year a capital budget is approved to replace vehicles (typically £1.5m year or year) and each year officers, by a replacement programme coupled with fleet assessment, replace accordingly. However the introduction of the new service configuration requires a complete fleet replacement with a subsequent capital investment of £4.27m, hence the request to Council to approve the capital budget.

4.3 To introduce this major change in service configuration requires numerous changes to collection days, rerouting of vehicles, delivery of boxes to individual homes and a major communications exercise to ensure that residents are aware of the changes and understand why they are being made. This requires a one off implementation budget for storage, extra vehicles and extra staff.

5. RESOURCE IMPLICATIONS:

The business case (appendix 1 page 6) provides detailed costs profiling for the coming eight years. This is based upon recyclate market assumptions, property numbers, fuel costs etc. so is subject to change. However in assessing the resource implications the following points are brought to members' attention:

1. The budget model shows and 'as is plus food and garden split' profile. This projects a service where the food and waste contract is in place (already committed) but the remainder of the service remains as is. It demonstrates a cost over and above that of the service adopted by Council on the 9th March'17. The importance of this model is to demonstrate that to remain 'as is' will cost

the authority more than adopting the new service profile. This is predominantly due to recyclates values.

2. The budget model titled 'new service model – Implementation 2019' projects costs based upon the service model approved in March '17. It shows a budget reduction in 2019/20 as the benefit of dry recyclate separation (glass) and the AD treatment of food (including the WG support) kicks in to offset increased collection costs. However the costs start to increase thereafter as operating and contract costs increase. If a line was drawn on the graph (page 7) to demonstrate a notional standstill budget for waste then the projected costs shown on the graph are above the existing budget when vehicle borrowing (expenditure including pru) is taken into account. This point is emphasised because overall there is a budget pressure so service change should be considered as costs avoidance rather than cost saving.

3. The graph shows an increased budget pressure in 2018/19 which reduces in 2019/20.
The figures below may help to explain why this has happened:

Resource Implications	**£**
Current Net Budget	5,562,000
Anticipated Service Cost 18-19	5,786,000
Anticipated Additional Vehicle Borrowing	95,000
Total Anticipated Service Cost 18-19	**5,881,000**
Additonal Funding Required	319,000
Less : MTFP agreed Pressure 18-19	-110,000
Additional Funding Required 18-19	**209,000**

The additional vehicle borrowing reflects the net additional cost to fund the new fleet compared to existing prudential borrowing budget plus vehicle hire costs (£530k). The additional funding demand is partly offset by the acknowledged grant cut pressure of £110k.

4. None of the costs include the one off implementation costs of £265k. This will need to be allowed for as a pressure in the 2018/19 budget albeit the saving projected in 2019/20 can offset the one off cost.

6. FUTURE GENERATIONS and EQUALITY ASSESSMENT

As provided to Cabinet on 9th March 2017 and replicated in the final business case (appendix 1).

SAFEGUARDING ASSESSMENT:

There are no safeguarding implications associated with the recommendations within this report.

7. CONSULTEES: SLT

8. BACKGROUND PAPERS: Report to Council on 9th March 2017 titled:

Recycling Review - Final Proposals for Collections 2018-2025

9. AUTHOR

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Appendix 1

SUBJECT:	Recycling Review – Final Business Case, Approval of Capital Expenditure on Vehicles and Boxes
DIRECTORATE:	Operations / Waste & Street Services
MEETING:	SLT
DATE:	October 2017
DIVISION/WARDS AFFECTED: All	

PURPOSE

1. To seek approval for capital investment to allow recycling vehicles and boxes to be procured to ensure successful implementation of the Recycling Review as approved by Council on 9th March 2017.

2. To seek approval for 'invest to save funding' for the mobilisation of the new service.

3. To advise of the revised financial model for operating the new recycling service.

RECOMMENDATION

4. **That Council approves:-**

I. The creation of a capital budget of £4,200,000 for the purchase of the new recycling fleet (prudential borrowing or lease)
II. The expenditure of £77,000 for recycling boxes
III. Invest to save funding of £265,000
IV. The revised financial model for the Recycling Review

BACKGROUND

5.0 Over the last two years officers have been undertaking a major review into the future provision of the household recycling and waste kerbside service. The review included amongst other things the investigation of the industry, trends in the recycling industry/markets, analysis of best practice in recycling and waste collection, options appraisal of various collection configurations coupled with cost modelling and a major pilot exercise of a new service configuration. The exercise has also sought to support Welsh Government priority for greater source separation whilst at the same time seeking to surpass the recycling targets set by WG, the current target WG being 58% with a new target of 64% by 2019/20 (MCC performance in the last quarter being 68%) . This culminated in a report to Council in March 2017 when members approved a new service configuration for the dry recycling service.

5.1 On 9th March 2017 Council approved an outline business case for a new dry recycling service:

Weekly Red bag – to be used for fibres (paper and card)
Weekly Purple bag – to be used for containers (plastics and metals)
Fortnightly Green box – to be used for glass

5.2 As outlined in previous reports this change comes as a result of legislative, financial and environmental pressures.
Legislative: The separation of the three recycling streams means that we are more compliant with the WG blueprint and the statutory requirement for the separate collection of paper, glass, plastics and metals
Environmental: It means that the glass can be 'closed-loop' recycled and has a much greater chance of being turned back into glass rather than aggregate.
Financial: Traditionally, the service contracts for recycling and waste reprocessing and disposal have all been paid for, the council do not receive any income. With the introduction of the new service, opportunities to achieve income exist.
By collecting the three streams and keeping them separate from one another it has been identified that we can achieve an income both for the glass and the red bags.

5.3 To allow for the streams to be collected separately we will purchase vehicles with three compartments so that the configuration of vehicles collecting from the majority of households will be as follows:

Vehicle 1 (weekly): food, red bags, purple bags
Vehicle 2 (fortnightly): glass, black bags
Vehicle 3 (weekly – chargeable): garden waste

Collecting the streams separately does mean that we will need increased number of vehicles and staff and therefore increased collection costs. However, as detailed further on in this report, this is more than offset by the anticipated income and reduced costs from the dry recycling.

5.4 A trial of the new service with over 6,000 households in the Abergavenny area was carried out last year and members received the results in the March council report when seeking approval for a full county roll-out.
Para. 4.37 of that report included the outline business case and identified that the costs provided were only indicative and were dependent on further work being undertaken. Following approvals in March the following work has been undertaken:

- Access review to ensure safe route access for the new vehicles
- Finalisation of vehicle requirements and staff numbers needed
- Procurement of 26T, 18T and 7.5T vehicles cost assessment
- Procurement of 35,000 recycling boxes cost assessment

5.5 These exercises have clarified and consolidated the operational and financial figures provided in the March outline business case report. This report provides a final business case of all costs apart from Five Lanes Transfer Station redevelopment which is still being designed and a further report on costs and impact will be brought forward in due course.

What has changed from March 2017 to October 2017?

5.6 **Vehicle numbers**: the outline business case model identified that 17 vehicles were needed to run the new service excluding spares. The new 26T vehicles are longer and have a wider chassis than the current service fleet and therefore extensive work has been carried out to ensure that the service is directing the right vehicle to the right place. The access review which has been completed with the input and support from frontline drivers and loaders, means we will be changing the operational practice for collecting waste making it safer and also more operationally efficient. The service will mainly operate using three different vehicle designs: 26T, 18T and 7.5T. The modelling has identified that 23 vehicles are required (including spares) with more 26T vehicles needed than originally modelled.

5.7 **Vehicle costs**: Following Council approval in March and the revised access modelling an OJEU process has been undertaken to ensure the Council gets the best vehicle at the best price. With approval of this report a further procurement exercise will need to be undertaken as the deadline for order for the original exercise has expired. Based on the original OJEU process total expenditure is expected to be £4,200,000 for the below vehicles:

26t Pod and Split	13 vehicles
18t split	7 vehicles
7.5 cage Pod	3 vehicles

5.8 Corporate finance have run the purchase price against current prudential borrowing rates and the annual impact is modelled at £556500. As the vehicles will not be arriving or paid for until winter 2018 it needs to be recognised that the prudential borrowing rates are subject to fluctuation.

5.9 **Staff numbers**:- The March report estimated that 45 FTE staff would be required. This is the number of staff needed to run the service on a daily basis. We then calculate leave, compulsory training days etc and work out an actual staff requirement. As the numbers of vehicles have increased therefore so have the number of crews required and the final modelling has determined that 52 staff would be required. This has had an impact on the financial modelling of £186k.

5.10 **Recycling market**:- The team have continued to engage and track the recycling market and the expenditure and income model for the new recycling streams stands as per March 2017. To summarise:

- Paper & Card – income model based on an indicative market value of -£30 per tonne (c5,100 tonnes per annum)
- Plastics and Cans – expenditure model based on indicative market value of £78 per tonne c.(3,000 tonnes per annum)
- Glass – income model based on indicative market value of -£10 per tonne (c2,335 tonnes per annum)

5.12 These figures are against a current expenditure model of c.£700k per annum. The annual net saving from changing collection operations solely on dry recycling contract expenditure is forecast at £633k. It is this change which offsets higher expenditure on vehicles and staff. It must be stressed that the current model flatlines the MRF gate fee charge apart from an increase for contract indexation and increasing tonnage (which is applied across all tonnage influenced income and expenditure areas). However the market is continuing to shrink and recent changes at an international level with ever stricter controls on quality of waste, leads officers to advise that costs are likely to increase should the service need to re-negotiate a new contract post the planned implementation date.

5.13 **Receptacles**:- a framework has been used to seek the best supplier for the green recycling boxes. The Council will need to procure and issue 35,000 boxes. The capital cost of these boxes of £77k which then translates to a revenue commitment of £16k per annum for 5 years which has been built into the financial model.

5.14 **Income Modelling:-** the majority of income has been flatlined (excl. the 2.5% increase assumption built into the MTFP) apart from the Welsh Government grant which we know is to reduce year on year. For 2018-19 WG have confirmed a reduction in the grant with a pressure consequential of £130k. WG have also indicated that following years the grant will reduce by 5% per annum which reduces the grant by £440k over the lifetime of the service modelling.

The Food and Garden Split

5.15 On 3rd Feb 2016 Council agreed to join the Heads of the Valleys Food Treatment Partnership to procure an anaerobic digestion facility for kerbside collected food waste. A commitment of joining this partnership was to split food and garden waste. This needs to happen in April 2018 and would have been undertaken even if recycling collections stayed the same. The Recycling Review has determined that food waste will be collected on the same vehicle as red and purple bags. However we need to collect food waste on its own from April 2018 and the Recycling review will not be implemented until March 2019. Therefore a temporary collections solution for the split of food and garden waste has been designed so allow us to benefit from the reduced gate fee for food and garden waste treatment.

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The Financial Impact of the Changes

5.16 As a result of the figures provided above the financial model has been revised. In March 2017 it was forecast that an indicative annual £455k could be saved in the full first year of operation (the baseline year being 2016-17) but these figures excluded the prudential borrowing for Five Lanes and also boxes and were based on the initial run of rounds for vehicle and staff numbers.

5.17 The model has been updated and the baseline year has now changed to 2017-18 as full service costs are now known. The model contains 3 lines:

- The new service model with dry recycling changes and food and garden waste split.
- The indicative 'outline business case' model included within the March 2017 report.
- The 'as-is' model – no change to dry recycling but with food and garden waste split.

5.18 The table below provides detail on how the different service models perform financially and this is further clarified in the graph underneath:

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New Service Model - Implementation March 2019									
	2017-18	2018-19 (yr 1)	2019-2020 (yr 2)	2020-2021 (yr 3)	2021-2022 (yr4)	2022-2023 (yr5)	2023-2024 (yr6)	2024-2025 (yr7)	2025-2026 (yr8)
Contracts	4,229,620.03	4,127,928.81	3,649,966.87	3,758,896.62	3,870,993.03	3,986,348.17	4,105,056.80	4,227,216.48	4,352,927.57
Staff	2,686,955.10	2,884,190.70	2,884,190.70	2,884,190.70	2,884,190.70	2,884,190.70	2,884,190.70	2,884,190.70	2,884,190.70
Vehicles	1,382,989.00	1,480,321.67	1,501,916.69	1,523,760.23	1,546,149.86	1,569,099.23	1,592,622.34	1,616,733.52	1,641,447.48
Receptacles	440,000.00	466,933.03	488,333.03	500,143.03	512,646.60	525,462.77	538,599.34	552,064.32	565,865.93
Other - premises, D codes, ESDD, variance	390,323.00	400,081.08	410,083.10	420,335.18	430,843.56	441,614.65	452,655.01	463,971.39	475,570.67
Gross Exp exc pru borrowing	**8,882,598.13**	**9,017,580.28**	**8,306,315.39**	**8,459,150.76**	**8,616,648.75**	**8,778,540.51**	**8,944,949.19**	**9,116,001.41**	**9,291,827.35**
Gross Exp inc pru	**9,129,887.13**	**9,359,455.28**	**8,934,490.39**	**9,087,325.76**	**9,244,823.75**	**9,406,715.51**	**9,573,124.19**	**9,744,176.41**	**9,920,002.35**
Income	-3,336,354.00	-3,231,154.00	-3,144,741.05	-3,075,758.75	-3,010,225.56	-2,947,969.03	-2,888,825.33	-2,832,638.81	-2,779,261.62
Budget exc pru	**5,546,244.13**	**5,786,426.28**	**5,161,574.34**	**5,383,392.01**	**5,606,423.19**	**5,830,571.48**	**6,056,123.86**	**6,283,362.60**	**6,512,565.73**
Budget inc pru	**5,793,533.13**	**6,128,301.28**	**5,789,749.34**	**6,011,567.01**	**6,234,598.19**	**6,458,746.48**	**6,684,298.86**	**6,911,537.60**	**7,140,740.73**

March council report									
	2017-18	2018-19 (yr 1)	2019-2020 (yr 2)	2020-2021 (yr 3)	2021-2022 (yr4)	2022-2023 (yr5)	2023-2024 (yr6)	2024-2025 (yr7)	2025-2026 (yr8)
Contracts	4,229,620.03	4,127,928.81	3,649,966.87	3,758,896.62	3,870,993.03	3,986,348.17	4,105,056.80	4,227,216.48	4,352,927.57
Staff	2,686,955.10	2,713,238.10	2,713,238.10	2,713,238.10	2,713,238.10	2,713,238.10	2,713,238.10	2,713,238.10	2,713,238.10
Vehicles	1,382,989.00	1,431,107.67	1,332,127.40	1,353,970.94	1,376,360.57	1,399,309.95	1,422,833.05	1,446,944.24	1,471,658.20
Receptacles	440,000.00	451,000.00	462,275.00	473,831.88	512,646.60	497,819.61	510,265.10	523,021.73	536097
Other - premises, D codes, ESDD, variance	390,323.00	400,081.08	410,083.10	420,335.18	430,843.56	441,614.65	452,655.01	463,971.39	475,570.67
Gross Exp without pru borrowing	**8,882,598.13**	**8,830,694.65**	**8,109,304.76**	**8,261,887.00**	**8,445,696.15**	**8,579,944.76**	**8,745,662.36**	**8,916,006.22**	**9,091,106.10**
Gross exp inc pru	**9,129,887.13**	**9,123,355.65**	**8,567,690.47**	**8,720,272.72**	**8,904,081.86**	**9,038,330.47**	**9,204,048.07**	**9,374,391.93**	**9,549,491.81**
Income	-3,336,354.00	-3,231,154.00	-3,144,741.05	-3,075,758.75	-3,010,225.56	-2,947,969.03	-2,888,825.33	-2,832,638.81	-2,779,261.62
Budget exc pru	**5,546,244.13**	**5,599,540.65**	**4,964,563.71**	**5,186,128.26**	**5,435,470.59**	**5,631,975.73**	**5,856,837.03**	**6,083,367.41**	**6,311,844.48**
Budget inc pru	**5,793,533.13**	**5,892,201.65**	**5,422,949.42**	**5,644,513.97**	**5,893,856.30**	**6,090,361.44**	**6,315,222.74**	**6,541,753.12**	**6,770,230.19**

As-is' with food and garden split									
	2017-18	2018-19 (yr 1)	2019-2020 (yr 2)	2020-2021 (yr 3)	2021-2022 (yr4)	2022-2023 (yr5)	2023-2024 (yr6)	2024-2025 (yr7)	2025-2026 (yr8)
Contracts	4,229,620.03	4,183,578.42	4,304,256.21	4,428,435.60	4,556,218.75	4,687,710.77	4,823,019.89	4,962,257.49	5,105,538.23
Staff	2,686,955.10	2,831,831.90	2,831,831.90	2,831,831.90	2,831,831.90	2,831,831.90	2,831,831.90	2,831,831.90	2,831,831.90
Vehicles	1,382,989.00	1,214,483.13	1,360,804.19	1,382,097.73	1,403,923.61	1,426,295.14	1,449,225.95	1,472,730.04	1,496,821.73
Receptacles	440,000.00	451,000.00	462,275.00	473,831.88	512,646.60	497,819.61	510,265.10	523,021.73	536,097.27
Other - premises, D codes, ESDD, variance	390,323.00	400,081.08	410,083.10	420,335.18	430,843.56	441,614.65	452,655.01	463,971.39	475,570.67
Gross Exp exc pru borrowing	**8,882,598.13**	**8,680,893.44**	**8,959,167.30**	**9,116,197.11**	**9,304,620.86**	**9,443,657.42**	**9,614,342.85**	**9,789,841.16**	**9,970,289.13**
Gross Exp inc pru	**9,129,887.13**	**9,080,974.52**	**9,369,250.40**	**9,536,532.29**	**9,735,464.42**	**9,885,272.07**	**10,066,997.86**	**10,253,812.55**	**10,445,859.81**
Income	-3,336,354.00	-3,231,154.00	-3,144,741.05	-3,075,758.75	-3,010,225.56	-2,947,969.03	-2,888,825.33	-2,832,638.81	-2,779,261.62
Budget exc pru	**5,546,244.13**	**5,449,739.44**	**5,814,426.25**	**6,040,438.36**	**6,294,395.30**	**6,495,688.39**	**6,725,517.52**	**6,957,202.35**	**7,191,027.51**
Budget inc pru	**5,793,533.13**	**5,849,820.52**	**6,224,509.35**	**6,460,773.54**	**6,725,238.86**	**6,937,303.04**	**7,178,172.53**	**7,421,173.74**	**7,666,598.19**

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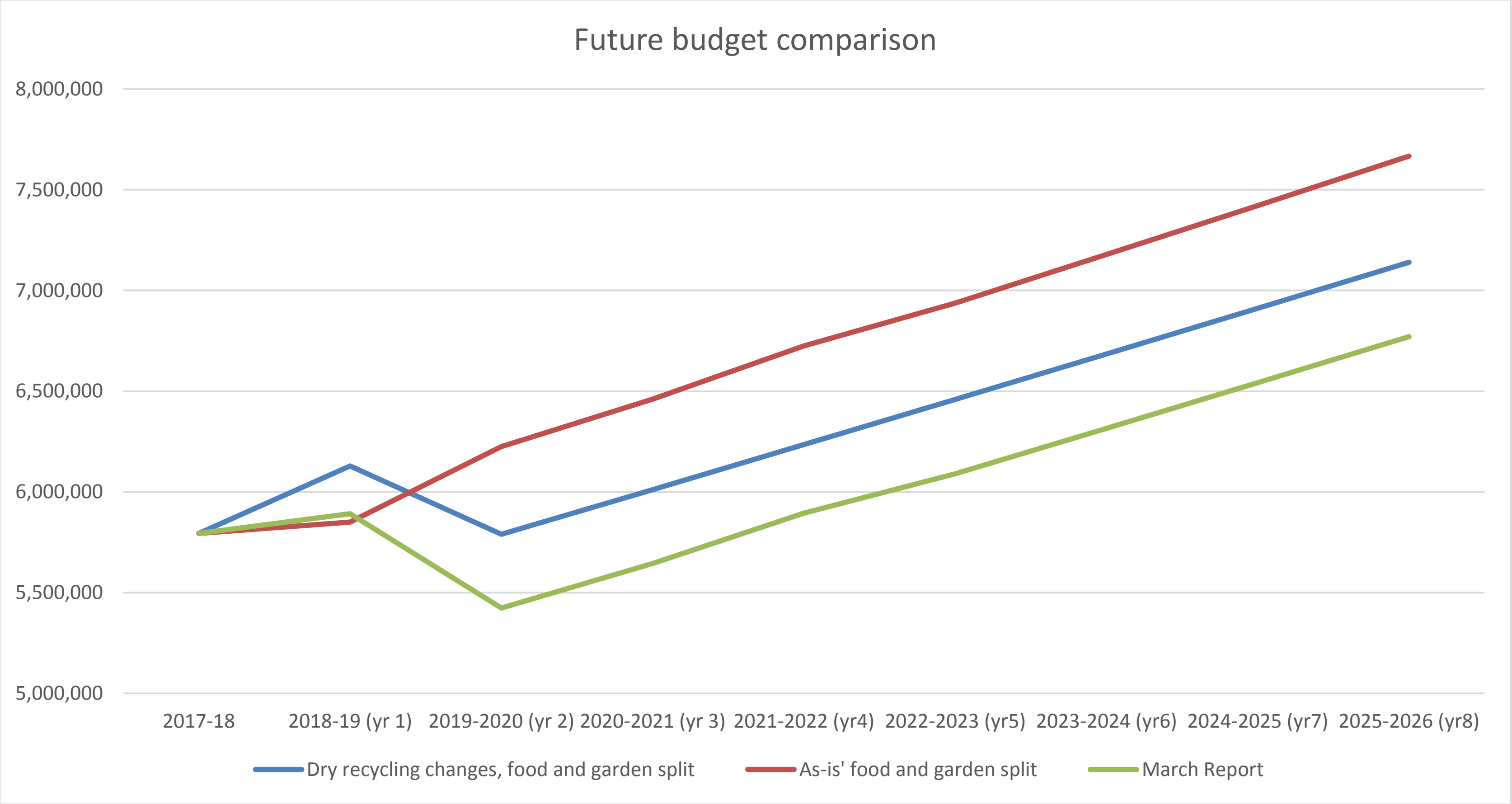

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Costs exclude:
mobilisation
cost of prudential borrowing for Five Lanes
includes pru borrowing within budget

	2017-18	2018-19 (yr 1)	2019-2020 (yr 2)	2020-2021 (yr 3)	2021-2022 (yr4)	2022-2023 (yr5)	2023-2024 (yr6)	2024-2025 (yr7)	2025-2026 (yr8)
Dry recycling changes, food and garden split	5,793,533	6,128,301	5,789,749	6,011,567	6,234,598	6,458,746	6,684,299	6,911,538	7,140,741
As-is' food and garden split	5,793,533	5,849,821	6,224,509	6,460,774	6,725,239	6,937,303	7,178,173	7,421,174	7,666,598
March Report	5,793,533	5,892,202	5,422,949	5,644,514	5,893,856	6,090,361	6,315,223	6,541,753	6,770,230

What do the figures tell us? Does the Business Case Stack Up?

5.19 Even with the full business case cost for the new service model showing an increased expenditure from the outline business case presented in the March report, it is clear from the data that we will still avoid costs of £3.1 million over the 8 year period when compared to the 'as-is' model.

5.20 Subsequent to capital spend approval and vehicles being delivered on time the model demonstrates that there is a one-off cashable benefit to the Council in 2019-20 of £340k and thereafter the service running costs would be far less than the alternative. It must be stressed that this modelling **excludes the prudential borrowing consequential of capital investment at Five Lanes which is currently being designed.** However the modelled benefit between 2018-19 and 2019-20 on the New Service model (inc pru borrowing) of £340k should provide sufficient headroom to fund Five Lanes pru borrowing payments and also pay back the 'invest to save' mobilisation money.

5.22 The cashable savings of the changes have been reduced since the March outline modelling but the new service design offers savings in 2019/20 and cost avoidance thereafter being the most cost efficient and best performance model arrived at through the options appraisal report in March. Over the 8 years life of the service this is modelled at c.£3.1m. Even with Five Lanes borrowing being accounted for being able to avoid over £2 million worth of ongoing operational costs is the most cost effective option without reducing recycling performance. There is also a wider environmental and legal argument for the changes which the previous Council report outlined and which demonstrated that we need to collect glass separately and this has found to be the best operating model for doing so.

Implementation Dates

5.23 Initial anticipated timescales for implementation have slipped due to lead in time on vehicle delivery. The implementation date for the new service is now planned for the first week of March 2019. The vehicles required for the new service have approximately an 11 month lead time. Therefore with approval of this report and the procurement timescales that apply, we would not be expecting delivery of the vehicles before November 2018. We then need a period of familiarisation and training for our crews and time to deliver out boxes and communications to all residents outlining the new service and collection days. With Christmas holidays and potential bad weather over winter, we would anticipate delivery of boxes to residents over February 2019 with a March 4th new service commencement date.

Implementation Planning and Costs

5.24 The modelling excludes the one-off costs that will be incurred and which are needed for successful implementation. The total cost of implementation is forecast to be £265k. Invest to save funding of £265k is therefore being sought within the 2018/19 financial year in order to fund the temporary hire vehicle solution for splitting food and garden waste over 2018/19, delivery of all boxes and phased communications to all residents.

What does implementation involve?

Packing of Recycling Boxes

- packing of 35,000 boxes with recycling leaflet/bags
- hire of a building/shed
- agency staff to pack boxes

Delivery of Boxes to Householders

- hire of vehicles
- agency staff to support core staff for delivery

Communications/Marketing

- design of leaflets for householders
- design of marketing material – posters, radio, adverts in local press
- production of material
- Social media campaign

Support for service/delivery and customers

- agency to support Contact Centre as calls into service will increase during implementation and settling in.
- agency to support Waste team to field queries and help householders with the change

It has been agreed with finance colleagues that the Invest to save funding will be a loan and will therefore be paid back into Reserves from the £350k of avoided costs in 2019/20.

Risks

5.25 Key risks are:

- Vehicle manufacture and delivery
- market fluctuations
- delay resulting in increased supply costs
- lack of invest to save funding to support implementation
- Performance of the market - ££ of materials

Financial Implications

5.26 The report has the following financial implications:

- capital expenditure of £4.2m to procure vehicles to support implementation

- £265k revenue Invest to Save funding to support implementation
- £77k for the purchase of 35,000 recycling boxes for glass

5.27 The business case presented in this report demonstrates that a stand still option of no service change will cost the authority more over the eight year life of the vehicles. The model clearly demonstrates that a fully comingled service will continue to incur higher costs as the processing costs for the recycling are far greater than the additional collection costs of the new service which generate an income model for the recycling. It needs to be noted that even if the service was not changing its fleet design, the service would still need to procure new vehicles asap thereby incurring new capital costs.

5.28 As the report makes clear there is still one outstanding capital cost for the re-design and refurbishment of Five Lanes transfer station. Work is underway on this process and Council will receive a further report on the capital required and the impact on the financial model presented. However the savings generated and reduced cost of the service more than justifies the investment outlined in this report.

5.29 As previously reported the service will also provide ongoing financial modelling as the service is implemented and thereafter in line with financial reports. This report will outline the income that is being received and also the cost of the service to feed into the MTFP. This first report will be forthcoming in autumn 2019.

Options Appraisal and Evaluation Criteria

6.0 This report seeks approval for the purchase of vehicles to provide the new service. However in the review leading up to this decision numerous service options were considered leading up to the Council decision in March 2017, subsequent to scrutiny by the Strong Communities select committee and Cabinet approval. In relation to the vehicle options this has been assessed through numerous vehicle trials and by the tender process.

The ongoing evaluation criteria will be through:

1. the corporate financial reporting procedure coupled with cross reference to the financial modelling included in this report
2. Recycling performance as reported through the Waste Data flow (WG) returns.
3. Monitoring of recyclate prices.

Future Generations & Well Being Assessment (including sustainable development, equalities, safe guarding and corporate parenting requirements)

7.1 These changes are all about ensuring that the recycling and waste service is right for Monmouthshire residents now and in the future. The proposal is only for an initial eight years as the recycling industry is still really in its infancy and will continue to evolve and develop over time. The review has been inclusive and supports the principles and goals of the Future Generations and Well Being Act.

7.2 The trial did highlight that people with disabilities or the elderly could struggle with the glass box. This concern has been mitigated by the option of a box with a handle (similar to a blue food box) would be issued on request and in exceptional circumstances an assisted collection will be agreed.

7.3 There are no corporate parenting or safeguarding implications.

Alternative fuel technology

Extensive research has been carried out with vehicle manufacturers to ascertain whether there are alternative fuel technologies that can be used to run or help run our new fleet. Feedback from the market has been that although some trials are being carried out with alternatively fuelled refuse collection vehicles these are in their infancy in urban city areas and the technology infrastructure is not in place for a rural county such as Monmouthshire to take advantage at this point in time or in the near future. They have suggested that perhaps these may have been developed in time for our next round of procurement of fleet in eight years' time. However, we will include within this procurement exercise that manufacturers need to work closely with us if new technology advances do occur within the lifetime of the vehicles and that we are given the opportunity to trial and use any new technology so that Monmouthshire has the opportunity to take advantage of any developments that occur within the next eight years.

Background Papers:

As previously presented to Select Committee and referred to in the body of the report.

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Consultees

SLT

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Well-being and Future Generations Assessment

Name of the Officer Laura Carter **Phone no:** 01291 448296 **E-mail: lauracarter@monmouthshire.gov.uk**	**Please give a brief description of the aims of the proposal**
Name of Service Waste & Street Services	**Date Future Generations Evaluation**

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The review is all about how the Council can maximise the natural resources it collects as recyclate from MCC residents.	
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and	If managed properly waste management contributes to wider CO2 climate change	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
can adapt to change (e.g. climate change)	programmes and therefore assists with biodiversity outcomes.	
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	No direct impact	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Good recycling and waste management promotes a good local environment. Litter will be reduced therefore making communities attractive and people feel safe.	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Recycling is all about managing resources to benefit the environment and the economy. This service change will ensure that we are protecting natural resources and thereby reducing human activity's impact on the environment.	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People	No direct impact but all measures taken by the service are fully in line with the Welsh Language policy of the Council.	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Any employment undertaken through the service or its contract will ensure that equal opportunities are fully promoted	

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 Balancing short term need with long term and planning for the future	This is a proposal for the future of the recycling service for the next 7 years. It therefore looks to what is needed whilst reconciling with what can be delivered now.	

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
Collaboration Working together with other partners to deliver objectives	MCC's service delivery model is fully inclusive. We work with partners depending on what outcome is being sought.	
Involvement Involving those with an interest and seeking their views	The review has been fully inclusive and engaging. There has been consultation throughout and the recommendations are based on a robust trial of 6,500 householders and their views – both quantitative and qualitative.	
Prevention Putting resources into preventing problems occurring or getting worse	Whilst this review is about MCC managing the waste it collects, it is recognised that we should also focus on waste prevention. The service promotes waste prevention activities and will continue to keep abreast of prevention initiatives at a regional and national scale.	
Integration Positively impacting on people, economy and environment and trying to benefit all three	This service change is about integration. We want to improve our environmental performance, by reducing costs and by delivering a service that fully engages with people and keeps them on board with the recycling agenda.	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age		Carrying the proposed glass box proved to be difficult	An alternative will be offered to residents on request.
Disability		As above	As above
Gender reassignment	No negative impacts as about the recycling service.		
Marriage or civil partnership			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Welsh Language			

4. **Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities?** For more information please see the guidance note http://hub/corporatedocs/Democratic%20Services/Equality%20impact%20assessment%20and%20safeguarding.docx and for more on Monmouthshire's Corporate Parenting Strategy see http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	The proposals do not affect individuals and thereby do not affect or impact on the Council's corporate parenting and safeguarding duties.		
Corporate Parenting			

5. **What evidence and data has informed the development of your proposal?**

Waste dataflow End destinations of collected recycling Views of the public (as evidenced in the report) on the trial option Financial modelling – prices from the market

6. **SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

There was a change to the box to be offered to the elderly or to people with disabilities.

7. **Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress
Implement the review	Over 2017-18	Rachel Jowitt	

8. **Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	Autumn 2018

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