

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 recycle kerbside bag service continues the glass is placed in a box for separate collection. This is to increase the value of the glass recycle 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 and 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 recycle 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 recycles 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 recycle 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:

<u>Resource Implications</u>	£
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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