

Pressure Mandate Proposal Number :
 Pressure Mandate Title : Waste and Street Services

All information requested must be completed on the proposed mandate to enable the Cabinet to decide whether to proceed with the proposal.

Mandate Completed by	Carl Touhig & Rachel Jowitt
Date	16/09/15

Why is this pressure required?

The pressure is required to meet the increased expenditure in recycling and waste management for 2016/17 and is made up of several different components that are outside the control of Waste and Street Services. These include the following :-

- 1.) MRF Costs – In 2012-13 the Council made a £350k saving with the introduction of a £0 MRF contract. However since that time MRF capacity has been greatly reduced, new regulations have imposed burdens on the MRF sector and most of all the global economic downturn has had a very serious negative impact on commodity prices and therefore the value of recyclates. Market testing has indicated that a cost for MRF reprocessing could be in the range of £35-55 per tonne. MCC currently collects c.11,000 tonnes per annum. It has been agreed with finance that a fee of £45p/t will be modelled introducing a pressure of **£495k**.
- 2.) Sustainable Environment Grant – in 2014-15 WG at the last minute changed the process and principles of this grant. WG have indicated that they expect this grant to be used for wider purposes than just waste. In the model a 10% reduction on this grant has been modelled - **£191k**. However it must be noted that WG have indicated to other LAs that a cut of as much as **40-50%** could be forthcoming in 2016-17. This would be devastating for all LAs and for recycling and waste services. If a 50% cut was forthcoming nearly **£950k** would be cut - a further £759k of the modelled reduction.
- 3.) Fleet & impact of route optimisation - The budget mandate was ambitious and unfortunately due to leases having been bought out in previous years the revenue saving from removing leasing costs could not be made. The Council in effect has had that benefit in previous years. The vehicle stock is now aging and an assessment by Transport is that 5 RCVs need to be replaced. In addition it has been acknowledged that the route optimisation project has placed too much stress on our workforce and therefore needs to be re-run and pressures reduced. Therefore 1 further vehicle is needed to remove this pressure. 6 vehicles, lease cost of £25k = £150k. 8 posts were removed through the route optimisation process. With the introduction of a new vehicle that needs to be manned – cost of a crew (driver + 2 loaders) = £71k. running costs of a vehicle (insurance, fuel etc) = £26k. Total from pressure = **£247k**
- 4.) Additional households/increases in waste & contract indexation. – Waste production is linked to economic growth and number of households. Over last two to three years there has been a steady increase in both. The increase in waste tonnages and associated costs between 2013/14 and 2014/15 of 3000 tonnes were largely offset through the reductions in disposal costs and savings through the interim disposal contract with Cardiff Council and Viridor Trident Park (Prosiect Gwyrdd). Increases in waste streams have been

assumed in the financial modelling and therefore overall contracted price. There are also pressures based on the indexation mechanisms used in contracts (usually a formula linked to RPIx, fuel prices etc.). Based on previous years 2.5% has been modelled. Some of these costs are mitigated through the full introduction of Project Gwyrdd and the Welsh government gate fee support. Pressure element of this is £189k. Small pressures also exist in the premises budget with budget not enough to cover rates etc. and also expenditure is forecast to increase slightly on recycling bags etc. This pressure element is £23k. Total pressure = **£212k**

Total pressures £1.15mk.

These costs are for 2016-17 only. Further pressures have been identified for 2017-2019 amounting to £580k . This is mainly due to contract indexation (e.g. Project Gwyrdd will cost more in 2017-18 than 2016-17 as we will have had the benefit of a reduced fee and increasing waste), and increasing waste arisings.

It is recognised that these are major pressures facing the service – amounting to £1.15mk in 2016-17. Savings have been proposed such as a Van Ban at CA sites and a further increase in the garden waste charge to mitigate these impacts. These are included in the savings mandates of the MTFP. Also included in the MTFP are the income proposals for fees and charges. These obviously will have a net benefit on the pressures.

In addition the service is going through a comprehensive review of which the preliminary findings were reported to Cabinet in early 2015. The review is to be concluded in the next few months with a report to Select Committee before Christmas and a final report Feb/Mar 2016. The initial findings did demonstrate that savings could be made through a full switch to kerbside sort. However this is a major change for the authority and one that would need to be carefully considered in light of the public’s support for our current service and its high performance. Work is ongoing to attempt to reduce the pressure and meetings are taking place with major contractors in coming weeks to try and identify solutions.

How much pressure is there and over what period?

£1.15mk

If WG do cut the grant by 50% this could be as great as £1.7m.

Directorate & Service Area responsible

Waste and Street Services

Mandate lead(s)

Rachel Jowitt & Carl Touhig

Have you undertaken any initial consultation on the need for this pressure to be included in the MTFP?

Name	Organisation/ department	Date
Joy Robson, Mark Howcroft, Marie	Finance	17 th February 2015

Bartlett		
As above	Finance	7 th September 2015

Has the specific budget pressure been consulted on?		
Function	Date	Details of any changes made?
Department Management Team		
Other Service Contributing to / impacted		
Senior leadership team		
Select Committee		
Public or other stakeholders		
Cabinet (sign off to proceed)		

Will any further consultation be needed?		
Name	Organisation/ department	Date
Welsh Government		WG has organised a meeting on 1 st October with the minister to discuss the grant.

Final pressure approved by Cabinet	Date:
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1. Vision and Outcomes of the Pressure Mandate

Give a business context for the budget pressure. This must pick up on the vision and what the new / improved / reduced service will look like in the future including the anticipated experience of users. It must also consider any impact on the Council's key priorities and strategic outcomes. Similarly does it impact on service performance within the immediate service area or any impact on other services provided by the authority / any other providers. In doing so, the pressure mandate must be tested against the equality impact assessment and sustainable development impact assessment and must consider impact in relation to the new Future Generations Bill.

What are the outcomes of investing in the identified pressure?
Investment in the identified pressures will enable waste to continue to be managed within budget and remain high performing. Without the investment then consideration would have to be given to what service could be provided taking into account statutory requirements and public needs.

Expected positive impacts
Waste continues to provide the same level of services to the residents of Monmouthshire.
Expected negative impacts
Failure to meet statutory functions and targets resulting in potential recycling infraction fines.

2. Pressure proposed

Show how the budget pressure has been evidenced and will increase the current service budget. This must cover each year implicated. This section must also cover any other efficiency that will arise from the pressure.

What is the evidence for the pressure? How has it been estimated?							
There is an existing budget pressure in 2015/16 of £126k predicted at Month 2. The additional pressures are of vehicle leases, MRF costs and reduction in SWMG have been identified already. The rise in waste tonnages and links to economic growth are based on historical data and knowledge of officers.							
Service area	Current Budget £	Proposed Cash Pressure £	Proposed non cash efficiencies – non £	Target year			Total pressure proposed
				15/16	16/17	17/18	
Waste	£4,510,840.00			£4,566,608.00	£5,660,933.22	£5,971,688.91	£1,760,091.26

3. Actions to required to minimise the pressure

Describe the key activities that will be undertaken to minimise the investment required and the action holders. This includes any actions contributed to by other services. Give the timescales to complete the work. This must also factor in any business activities that will need to be done differently or cease in order to achieve the mandate.

Action	Officer/ Service responsible	Timescale
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Recycling Review – potential savings from source segregated collections are being investigated with WRAP, WLGA, WG	Carl Touhig	January 2016
Procuring MRF contract to establish actual market position and cost	Carl Touhig	October 2015
Reducing waste production by limiting trade and cross-border traffic on CA sites	Carl Touhig	April 2016

4. Additional skills/ business needs

Describe any additional skills, resource and capability needed in order to carry out the proposed mandate successfully. For example new expertise and knowledge etc..

Any additional capability required	Where will this come from	Any other resource/ business need (non-financial)
Advice on appropriate structure of future configuration and delivery model of service	WG are offering support through the Waste Programme, but this can have quite a narrow focus and not look at alternative, innovative models of delivery	
Legal – appropriate contracts in place for service management	MCC use an external legal advisor to help formation and delivery of contracts. This does have a cost, but until the delivery model has been determined will be unable to quantify	
Market expertise	Support needed to access the appropriate and quality markets . WG and WRAP advice, but also Council may look to do its own – but will need some advice and access as this will be new territory	

5. Measuring performance on the mandate

How do you intend to measure the impact of the investing in the pressure identified? This will include budget measures and further possible measures that cover process, staff and customers. Targets need to be set over the duration of the mandate where appropriate.

Focus- Budget / Process / Staff / Customer	Indicator	Actual 2016/17	Actual 2017/18	Actual 2018/19	Target 2016/17	Target 2017/18	Target 2018/19

Customer	Customer satisfaction bi annual survey						
Budget	Budget contained						
Process	Efficiency savings continually reviewed						

6. Key Risks and Issues

Are there any potential barriers and risks that will need to be managed in delivering the outcomes expected from investing in the pressure identified, including any negative impacts identified in section 1 that need to be accounted for. Also, set out the steps that will be taken to mitigate these.

Barrier or Risk	Strategic/ Operational	Reason why identified (evidence)	Risk Level (High, Medium or Low) Based on a score assessing the probability & impact	Mitigating Actions
If the investment is allocated the waste services will remain as they are currently	S/O	WSS have successfully delivered budget savings of almost £2m in efficiency last 3 years. These savings have been realised corporately but changes outside of LA control require re-investment of a proportion of those savings	Risk to services is low if investment occurs. Risk to services is high if there is no re-investment	Will continue to work with WRAP, WLGA and WG on Recycling Collections Review and ensure any potential savings identified are brought forward to Members. Will continue to look for efficiency savings in operations and through procurement of new contacts. Will continue to look for potential for income generation.
The potential further cut to the WG grant of £759k over what has been modelled	S/O	WG have indicated to other LAs that the grant could be cut as much as 40-50%. If this happens it would be catastrophic for recycling services in Wales.	Medium – High	Lobbying of WG, working with WLGA and other LAs to identify impact.

7. Assumptions

Describe any assumptions made that underpin the justification for the option.

Assumption	Reason why assumption is being made (evidence)	Decision Maker
Assumption on waste increase	Monmouthshire saw a decrease in tonnages linked to the recession and these were artificially continued with the introduction of residual waste limits. Growth during previous year is above national average but is similar to the growth when compared to 3 year average.	Carl Touhig
Assumption on Gate fee for MRF	It is too early to go out to tender for services as market unlikely to hold price for 7 months. Will be out for tender with returns in October to establish actual costs of service for 2016/17	Carl Touhig
Assumption on 10% cut to waste grant	This was the reduction that was being to the Waste Grant before it was changed in March 2015.	Rachel Jowitt
Assumptions on contract indexation rates	Contracts have indexation included within them. The average for the last few years has been applied	Rachel Jowitt

8. Options

Prior to the pressure mandate being written, an options appraisal will have taken place. Summarise here the outcome of the Options considered and detail the rationale on why they were disregarded. (see options appraisal guide for further information)

Options	Reason why Option was not progressed	Decision Maker
Seek "nil" gate fee contract for MRF	Volatility in recycling market and soft market testing suggest that a gate fee of £30 - £55 is more likely.	Carl Touhig
Further efficiency savings in operational delivery	WSS have achieved almost £2m in operational efficiency savings in last 3 years. Further savings could only be achieved through ceasing services. The majority of waste services are statutory functions and options are very limited.	Carl Touhig

9. Monitoring the pressure mandate

The pressure mandates must be monitored through directorate budget monitoring. This will lead into corporate budget monitoring. In addition the action plan, performance measures and the risk assessment must be transferred into the service plans for the business area in order to monitor and challenge the delivery of the pressure mandate, including the performance being achieved and the level of impact.