

Appendix D/5

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	Rachel Jowitt
Date	09/12/15

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. A procurement exercise has been undertaken and it is forecast that expenditure over 2016-17 will amount to **£715,000**.
- 2.) Sustainable Environment Grant – WG have indicated (with the RSG publication on 9/12/15) that a 6.4% reduction will be applied to the grant. Whilst MCC still has to determine the distribution of the grant (sustainability, countryside, flooding, waste & local environmental quality) the vast majority has been spent within recycling and waste. A 6.4% cut amounts to a **£121,833** reduction. This is better than the 10%+ cut that was anticipated. In the modelling however, given indications from WG a 10% reduction has been modelled in subsequent years.
- 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) = £30k. Total from pressure = **£251,862**
- 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 year's 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. This is also mitigated through a reduction by Cardiff Council on the Project Gwyrdd Management Contribution which is £20k less than anticipated through prudent management of current budget. Total pressure = **£166,207k**

Summary table:

MRF Contract	£715,000
Sustainable Environment Grant 10% reduction	£121,833
Fleet & impact of route optimisation	£251,862
Increasing waste & contract indexation	£166,207
Total	£1,254,902.95

These costs are for 2016-17 only. Further pressures have been identified for 2017-2019 amounting to £677k (£344k in 2017-18 and £333k in 2018-19). This is mainly due to the MRF contract, 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), increasing waste arisings and a continued reduction in the grant.

It is recognised that these are major pressures facing the service – amounting to £1.25m 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.

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 in January and a final report to Cabinet in 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?

£1.28m for 2016-17 with a further £677k modelled for 2017-19 based on service as usual.

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 Bartlett	Finance	17 th February 2015
As above	Finance	7 th September 2015

Has the specific budget pressure been consulted on?

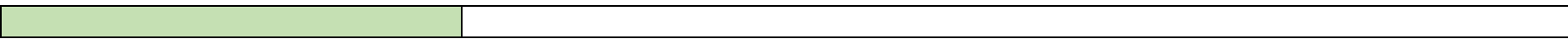
Function	Date	Details of any changes made?
Department Management Team		
Other Service Contributing to / impacted		
Senior leadership team		
Select Committee	24/11/12	
Public or other stakeholders	30/11/12	Met with Welsh Government to discuss grant and the wider review. No indication on grant cut provided.
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:



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?

Continual pressures are being monitored in year and have been reduced through 2015-16. The pressures have been reduced from Month 2 due to continued suppressed fuel prices and 20 members of staff opting out of the MCC pension (resulting in Super Ann savings). The 2016-17 pressures are outlined in detail above and the 2017-18 pressures are based mainly on increasing waste arisings & contract indexation.

Service area	Current Budget £	Proposed Cash Pressure £	Proposed non cash efficiencies – non £	Target year			Total pressure proposed
				15/16 forecast at month 6	16/17	17/18	
Waste	4,579,808			4,600,510	£5,788,742.95	£6,132,982.47	£1,622,142.47

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
Recycling Review – potential savings from source segregated collections are being investigated with WRAP, WLGA, WG	Rachel Jowitt	January - Mar 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
Exploring the early splitting of food and green waste over 2016 to reduce expenditure on treatment.	Rachel Jowitt	Depends on vehicle procurement and existing contract flexibility

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	S/O	WSS have successfully	Risk to services is low if	Will continue to work with WRAP, WLGA and WG

allocated the waste services will remain as they are currently		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	investment occurs. Risk to services is high if there is no re-investment	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.

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. However it must be noted that should tonnages increase more than modelled in year pressures will emerge. On the flip side, if tonnages are less then pressures are reduced.	Carl Touhig
Assumptions on contract indexation rates	Contracts have indexation included within them. The average for the last few years has been applied	Rachel Jowitt
Reduction in grant for 17-18	WG have proposed a 6.4% cut to the grant for 16-17. National negotiations are taking place to transfer the grant into the RSG and the Minister has given in principle agreement subject to a protocol being agreed between LG and WG. However it is anticipated that the grant will be reduced by 10% per annum from 2017 irrespective of transfer to settlement.	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
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
Withdrawal of certain services	MCC has embarked on the debate of cost v performance in order for waste to offer more savings or reduce pressures. Commitment at the moment is to maintaining the high performing effective service that is provided. In addition any withdrawal of service would need to be weighed up against the impact on performance and potential cost of any fines imposed by WG. Therefore it has been decided prior to the Review reporting that the service will be run as now.	Rachel Jowitt

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.