

Taunton Deane Borough Council

Executive – 29 November 2017

Somerset Waste Partnership Draft Business Plan 2018-2023

Report of the Assistant Director Operational Delivery – Chris Hall and Somerset Waste Partnership’s (SWP) Managing Director – Mickey Green

(This matter is the responsibility of Executive Councillor Patrick Berry)

1. Executive Summary

- 1.1 This report seeks approval of the Somerset Waste Partnership’s Draft Business Plan 2018-2023.
- 1.2 The actions in the draft business plan sets out the most significant set of changes to Somerset’s waste services since SWPs inception in 2007. Co-ordinated for maximum impact and value the changes span all three major contracts for waste collection, treatment, disposal and infrastructure (including vehicles). It also develops SWPs capability, in some instances working in partnership with others, to support Somerset residents in wasting less and recycling more, with residual waste becoming a fuel stock to generate energy.
- 1.3 Following all partners’ approval to implement Recycle More, the original delivery plan was to negotiate this with our current collection contractor (Kier). As it was not possible to reach agreement with Kier in a way which delivered the benefits that partners required, SWB have, by mutual consent with Kier, agreed to bring forward the expiry date of our current collection contract from September 2021 to 27 March 2020. SWB has undertaken a major review of the commissioning options and proposes to undertake a competitive dialogue procurement to secure a new collection contractor following the expiry of the contract with Kier.
- 1.4 Despite early expiry there are no changes to the charging process for 2018/19 and as such the budget is to be set in accordance with the usual contractual criteria. The cost increase for 2018 /19 when compared with 2017/18 is £177,000. The budget for 2018/19 had a contract increase in mind, however the increase actual increase is greater than this creating a small additional impact of £40k on the MTFP.

2. Recommendations

- 2.1 The Executive is recommended to:-
 - i) Approve the Somerset Waste Partnership’s Draft Business Plan 2018-23, in particular the proposed approach to the procurement of a new collection contract.

- ii) Note that, in line with their delegated authority and in order to implement Recycle More as requested by partners, Somerset Waste Board have agreed with Kier to bring forward the expiry date of the current collection contract from September 2021 to 27 March 2020.
- iii) Approve the projected budget for 2018/19 subject to the finalisation of the figures.

3. Risk Assessment

3.1 Project risks are set out in more detail in appendix 3.

Risk Matrix

Description	Likelihood	Impact	Overall
Household growth increases the cost of the contract	Possible (3)	Major (4)	Medium (12)
<i>Household numbers are increasing and impacting the contract costs, Recycle More will limit cost increases.</i>	Unlikely (2)	Major (4)	Medium (8)
Inflation and operating costs continue to rise making the service unaffordable	Possible (3)	Moderate (3)	Medium (9)
<i>Costs are increasing and the new service model will assist in making savings and limiting cost increases in the short to medium term</i>	Possible (3)	Minor (2)	Low (6)

4. Purpose of the Business Plan

- 4.1 The Somerset Waste Partnership (SWP) is responsible for providing waste and recycling services on behalf of all six local authorities in Somerset. The partnership is governed through a Joint Committee known as the Somerset Waste Board. The SWB Constitution requires the preparation of a Business Plan on an annual basis. The plan has a five year horizon with particular focus on the next 12 months, and it provides a framework within which the board can make decisions and steer the delivery of waste partnership services. The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved.
- 4.2 The Board's business planning cycle usually requires a draft report to be approved by the Board in December and circulated to partners for comment prior to the adoption of the Board's Annual Budget the following February. Further to decisions taken by the Board in September 2017 the timetable for approving this plan will change for one year only, with the Draft Business plan presented for Board Approval in November 2017, scrutinised by partner authorities in November and early December and presented for final approval at the December Board meeting. Once approved or noted by all partners, the plan will be formally adopted by the

Board to provide a framework within which the Board can make decisions and steer the delivery of Waste Partnership services.

- 4.3 The Draft Business Plan and associated Action Plan, attached as appendix 1, are the means by which the partnership describes its business, evaluates changes to the operating environment, identifies strategic risks and sets out its priorities. The plan has a five year horizon with particular focus on the next 12 months. It is the primary means to seek approval for and to secure the necessary resources to implement its proposals from the partner authorities.
- 4.4 The plan also sets out the draft Annual Budget for the Waste Partnership for 2018/19, which for TDBC represents an increase of £177,000.

5. Responsibility for the Business Plan

- 5.1 The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved. Under the terms of the Inter Authority Agreement, the Board cannot make a decision that has an adverse financial implication on any partner without the consent of that partner. The Board cannot refuse to accept savings targets handed down – but it does have discretion on how those savings can be implemented, provided all partners sign up through approval of the draft plan.

6. Draft Business Plan 2018-2023

- 6.1 TDBC Members, along with other partners in the Somerset Waste Partnership, are being consulted on the draft plan prior to the final decision on the being taken by the Somerset Waste Board at their December meeting. The timetable for this consultation has been brought forward, for one year only, to ensure that Members are provided with a timely update on the implementation of Recycle More, and to seek their approval to the approach proposed to be taken to securing a new collection contractor.
- 6.2 All partner authorities have previously endorsed the implementation of Recycle More and delegated their waste collection functions to Somerset Waste Board. Whilst the original delivery plan was to implement Recycle More with Kier, despite considerable efforts it was not possible to reach acceptable terms with them. Recycle More depends upon having a new fleet of vehicles in place with the correct containment for the new material. Due to the importance of aligning the procurement of a new fleet with the implementation of Recycle More and due to the need to have sufficient time to undertake a robust procurement process SWB have, by mutual consent with Kier, agreed to bring forward the expiry date of our current collection contract from September 2021 to 27 March 2020.
- 6.3 The actions in the draft business plan sets out the most significant set of changes to Somerset's waste services since SWPs inception in 2007. Co-ordinated for maximum impact and value the changes span all three major contracts for waste collection, treatment, disposal and infrastructure (including vehicles). It also develops SWPs capability, in some instances working in partnership with others, to support Somerset residents in wasting less and recycling more, with residual waste

becoming a fuel stock to generate energy. The business plan sets out three related areas of activity which together will enable us to realise SWP's vision:

6.3.1 Building capability

Actions in this area aim to ensure that SWP works intelligently to enable it to realise the Board's vision, including through improving how the partnership uses data, developing and implementing a technology roadmap and doing more to understand people's behaviour. SWP is working closely with all partners to implement a new website, a new customer service system and a mobile app in order to improve the way we support customers.

6.3.2 Action on waste prevention, reuse, recycling and recovery

These actions aim to improve Somerset's recycling rate from 52% towards 60% and potentially beyond, lead to a reduction in residual waste generated per household, and generate energy from materials that cannot be recycled ending the county's long reliance on landfill. Whilst the single most significant driver for these changes will be the implementation of Recycle More, an expanded focus on waste prevention and behavioural change is also a key driver. A pilot reintroduction of working with schools to promote the 'reduce, reuse, recycle' message to children and their parents (funded by Viridor) is a key element of this work in 2018/19. Close working with all partners will be necessary to maximise the impact of or work to change people's behaviours, focussing on reducing the 50% of recyclable waste that is still in our residual waste.

6.3.3 Maintaining services and operational effectiveness

These activities ensure the day to day functions of the SWP are delivered effectively and safely. SWP must give focus to maintaining the quality of services, predicting risks and preventing issues arising. It includes a review of SWP's core services contract with Viridor ahead of its expiry in 2022, focussing on whether there is value for money in extending this agreement.

7. **Key Actions for 2018 - 23**

7.1 SWP's key aims and priorities are identified within the Draft Business Plan under three key headings:

- Building Capacity
- Action on waste prevention, reuse, recycling and recovery
- Maintaining services and operational effectiveness

7.2 The Draft Plan has been brought together against the background of the continuing difficult economic situation but with a continuing desire from partners to deliver the following key priority areas:

- Waste minimisation, high diversion and high capture
- Improved services for customers;
- Contract monitoring and review;
- Alternatives to landfill and optimising material processing;
- Investigating Recycling Centre options;

- Investigating collection service options;
- Organisational efficiency.

8. Routemap to Recycle More

- 8.1 Recycle More was approved by SWB in February 2017 following consultation with all partner authorities. Recycle More involves:
- An enhanced recycling collections including; food and beverage cartons, plastic tubs and trays (including black plastic), small items of waste electric and electronic equipment (SWEEE) and domestic batteries.
 - 3 weekly refuse collections
 - Additional capacity for properties with children in nappies or for adult absorbent hygiene products (AAHP).
- 8.2 The Board can, by a majority vote, amend the Business Plan in order to accommodate any unforeseen circumstances and to assist the Board to achieve the Aims and Objectives. Any partner council can request such an amendment at any time.

9. Consultation

- 9.1 Individual partners were previously asked to give an indication of any savings targets so that options to achieve these and associated risks could be assessed by the SWP in consultation with the Strategic Management Group. All partners have a need to control costs in this area and a number of initiatives have been underway to evaluate the opportunities and impacts of future cost management choices.
- 9.2 Specifically trials were undertaken in Taunton Deane which have, and will continue, to inform the nature of the service going forward for the entire partnership. These trials made temporary alterations to the material types that were collect at the kerbside and the frequency of collections.
- 9.3 Recycle More was approved by TDBC on 30th November 2016 the budget presented in the appended business case for 2018/19 contains no savings or costs associated with this new operating model during the roll out phase.

10. Early expiry of the current contract

- 10.1 The most significant element of the business plan relates to Recycle More. The significant work undertaken to review future service models has demonstrated that Recycle More is lower cost than our current collection operations, as well as delivering environmental benefits. The scale of these savings will inevitably be subject to the tendering process and what the market will offer in terms of contract price, on the efficiencies which a new contractor will bring (the potential for which SWP believe to be significant) and on the actual tonnages of new material that can be diverted. SWP's aim is to continue to meet with the Partner authority's approval in terms of cost reduction.

- 10.2 A robust procurement process will be essential to drive the former, and strong communications with residents will be essential for the latter. The savings delivered will also depend to some extent on the agreement reached with the incoming contractor on dry recyclate and materials volumes. It is proposed that the project will be managed with existing resources from SWP and the administering authority (SCC – in particular procurement and legal support) with external support on key commercial and technical matters. It is proposed that the costs associated with the project will be funded from the accrued income generated from the hire of refuse collection vehicles to Kier since 2015. This fund (£421k) was previously identified as providing support for overall roll-out costs for Recycle More.
- 10.3 A lengthy period of negotiations was undertaken with Kier in order to implement Recycle More through a variation to the existing contract. Despite considerable efforts, it was not possible to secure an agreement which either delivered the financial benefits required by partners or that offered the full range of materials that we wanted to see collected each week (in particular black plastic and food and beverage cartons – e.g. Tetrapaks).
- 10.4 Were we to carry on with our current collection contract with Kier to its planned expiry date of September 2021 then we would need to procure a new fleet of recycling and refuse vehicles ahead of that. However, to procure those vehicles without having procured a new contractor to deliver our collection services would be a major risk – we may end up with a fleet of vehicles which did not match how a contractor delivered services. Given that a new fleet of vehicles will cost in excess of £15m this would have been a major risk to all partners. It would also have meant that the implementation of Recycle More would be delayed to at least September 2021.
- 10.5 Updates to the Somerset Waste Board in June and September 2017 identified a significant change in the risk profile of the planned implementation and recommended negotiating with Kier to agree early expiry on mutually acceptable terms. This opened up an opportunity to align major or improvements in collection services, disposal processes and waste infrastructure to create a fresh, new start for Somerset's waste services from 2020. This opportunity will bring together enhanced recycling collections; the end of landfill and start of energy-from-waste for rubbish, and a new fleet of collections vehicles operating out of refreshed depots.
- 10.6 To enable this SWP have agreed to bring forward the expiry date of our current collection contract with Kier to 27 March 2020. The decision was reached by mutual consent with Kier. Whilst most of our contract with Kier will remain unchanged (in particular the service standards to which they must deliver) to enable this to happen a number of changes to our contract have been agreed through a Deed of Variation, the key elements of which are:-
- The contractual obligation for Kier to only use vehicles less than seven years old has been removed and it enables them to utilise non-branded vehicles (for example those from North Somerset and Bridgend i.e. vehicles appropriate to our service model) but does not relax in any way their service or safety requirements.

- Leases for depots will be transferred at no cost and SWP will purchase the plant and equipment at the depots.

11. Options following expiry of the current contract

11.1 Following a major review of the commissioning options open to SWP, the SWB has agreed to undertake a competitive dialogue procurement to secure a new collection contractor following the expiry of the contract with Kier. The other options considered in detail were:-

- a) providing the services “in house” (DLO)
- b) forming a Local Authority Company (LAC)
- c) out-sourcing the services through a procurement process (and which procurement process was most suitable).
- d) continuing with the current contract until its expiry in September 2021

11.2 The outcome of this research was presented to SWB at an informal workshop on 15 September and at the Board meeting on 29 September 2017. A summary of the reasons for rejecting alternative options is provided below:

- In-house/DLO: This option was discounted at an early stage because of the additional pension costs of the transferred staff being eligible to join the LGPS. It is estimated that this would add around £1.8M pa to the cost of the services. This makes the DLO option unattractive when compared to a LAC which could exclude membership of LGPS.
- Local Authority Company: Whilst cost modelling indicated that the LAC and out-sourced options were very similar, the risk profile of the LAC was significantly higher. For example District Council partners would be exposed to 100% budgetary risk on the fluctuation of materials values, fuel price rises, costs of severe weather, materials values, and workforce issues. These and other risks (e.g. expertise acquisition, focus on strategic priorities, and likelihood in securing the efficiencies which will be crucial to a cost-effective service) meant that the board did not consider an LAC its preferred option. It did recognise that an LAC may be an appropriate contingency plan, and that this should be considered at key milestones during the project.
- Other procurement options were discounted because a competitive dialogue procurement procedure would give bidders the opportunity to develop and refine their proposals, drive efficiencies and mitigate risks. It was recognised that this is time consuming but it was preferred for complex procurements where innovation and flexibility were required.
- Procuring an outsourced service to coincide with the expiry of the existing contract has the disadvantages that any service improvements and savings related to Recycle More would be delayed and the procurement of a new fleet and the procurement of a new contractor would be misaligned, leading to:-
 - Complex buy-back arrangements (depending on who purchased the vehicles) with the out-going contractor

- Limiting the choice of the incoming contractor to use their preferred manufacturer and specification of vehicles. This is likely to be reflected in their pricing.

12. Approach to procurement

- 12.1 A robust procurement process will be necessary to optimise the likelihood of optimising the level of financial savings to partners and to improve our environmental performance by reducing residual waste and increase our recycling rate. The critical success factors for this project are:
- Achieving best value for SWP member authorities (including any partners that borrow to purchase vehicles/assets) through the procurement and cost sharing;
 - Securing a provider who shares SWP's values and vision;
 - Attracting and sustaining the interest of credible bidders before and during the procurement process;
 - Managing the procurement to ensure compliance with procurement legislation and governance procedures, and to ensure that we progress through the phases of the procurement in a timely and effective way;
 - Managing the interdependencies with other key elements of SWP's business plan, in particular:
 - SWP's wider communications and engagement strategy (in particular how we will engage with partners and the public to improve recycling capture ahead of the move to recycle more);
 - ICT strategy (including how we improve the way we manage customer and performance data in order to enable us to improve our customer service, help target and drive behaviour change, and more effectively predict and manage service issues);
 - Day to day collection contract service/performance management (especially given we are entering the final years of our current contract with Kier).
- 12.2 The overall timetable and phasing have been informed by discussion with the commercial and procurement team at SCC and with Eunomia. Whilst it is manageable the pace at which we will be required to work in order to make this timetable work should not be underestimated.

Phase	Time	Comments
Soft market engagement	Nov 2017 – Feb 2018	To ensure SWP maximises market interest, to help shape our approach
Pre-qualification	Mar 2018 – May 2018	Mandatory phase
<i>Outline Solutions</i>	-	<i>Phase removed as not considered sufficiently beneficial</i>
Dialogue on proposed solutions	May 2018 – Dec 2018	Focussed conversations on key issues (e.g. assets, risk, efficiency and consideration of possible variants)
Final tenders	Jan 2019 – April 2019	Includes, evaluation, governance (ahead of pre-election period for DC elections in 2019) and standstill period.
Mobilisation	May 2019 – end March 2020	New provider gearing up to commence service. Note that a phased transition to Recycle More will be required from April 2020 onwards.

12.3 It is proposed that the project will be managed with existing resources from SWP and the administering authority (SCC – in particular procurement and legal support) with external support on key commercial and technical matters. It is proposed that the costs associated with the project will be funded from the accrued income generated from the hire of refuse collection vehicles to Kier since 2015. This fund (£421k) was previously identified as providing support for overall roll-out costs for Recycle More. Actual and forecast expenditure is shown below:

Item	£
Recycle More ear-marked reserve funding	421,824
Commissioning options appraisal	14,942
Develop Procurement Strategy (forecast)	7,700
Support for depot optimisation and service modelling	20,000
Commercial and technical support during procurement (forecast based on initial advice and benchmarking similar processes)	250,000
Purchase of baling plant and equipment (committed subject to early expiry)	110,000
Residual Balance	19,182

12.4 In addition to these costs there will be further costs associated with the rollout of Recycle More (in particular from additional recycling containers, communications, operational support during a phased transition). These will be more fully explored throughout the procurement process as the scale and timing of these costs will depend upon the precise scope of the services we procure (i.e. what the contractor does and what SWP has to do), how the contractor proposes to phase and manage the transition, and how these costs are spread over the life of the contract. The SWB has previously agreed that savings will not be realised until the costs of implementation are covered.

12.5 The project will be managed in line with the administering authorities (SCC) project management procedure and Contract Standing Orders. Key roles and responsibilities in the project structure are shown in Table 3.

Key roles and responsibilities

Role	Who	Responsibility
New Service Task & Finish Group	Members from each partner authority	Political steer ahead of key decision points and holding the project true to the SWB's vision.
Senior Responsible Owner	Mickey Green (SWP)	Ownership of the project. Responsible for direction and ensuring that member task and finish group are consulted appropriately
Project Manager	Bruce Carpenter (SWP)	To plan, budget, oversee and document all aspects of the project to ensure that the project delivers its aims on time and on budget
Project Board	SMG (senior officers from each partner)	To support the SRO in providing overall direction and management for the project by bringing together a range of expertise

13. Finance / Resource implications

13.1 The Board is almost exclusively funded from contributions from partners and, apart from one-off funding bids, has no automatic block grant from Central Government. It is therefore dependent on agreement between partners on the level of funding provided by each of them in line with the cost sharing formula. Business planning and budget setting are therefore usually part of the same process but, due to the revised timetable, this year the Business Plan will be approved in December 2017 and the Budget finalised in February 2018 as is normal practice. The budget presented in this report will remain draft until February and is for one year only.

13.2 Section 7 of the Business Plan shows the projected year budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year will be brought to the December meeting of the Somerset Waste Board. While the figures shown are subject to refinement, historically projections at the stage have been very close to the final budget due in February 2018, with only minor variations for final customer numbers. It is therefore considered a very low risk to approve the Business Plan ahead of the final Annual Budget for 2018/2019.

13.3 The current estimate for collection partners is between a 4.1% and 5.3% budget uplift from the 2017/18 budget. Each collection partner's contribution varies, primarily according to household growth and garden waste customer growth. All recycle more one-off costs are excluded from these figures (these are set out later in the report). The key drivers for the variance are:

- Collection inflation – estimate 2.66% (mostly fixed). The key drivers for this are CPI and fuel increases.
- Household growth estimated average 0.95% (final figures will be available on 1st December).
- Garden customers growth estimated at 3% (although this provides a corresponding income to each partner).

- Recycling credits – whilst no growth is assumed, a 3% price increase is reflected current assumptions.

13.4 The Executive have the option not to approve the Business Plan as they do in any other year, this course of action would be unheard of in the history of the Waste Partnership and would lead to significant risks in terms of service delivery to our communities. If the Somerset Waste Partnership are unable to agree the Business Plan and possibly the budget, it would lead to considerable negative financial and reputational implications for all partners.

13.5 The Annual Budget, once finally approved, will become the new measure for the financial performance of the Waste Partnership for 2018/19. SWP will continue to share the costs among partners in the approved format

13.6 The cost increase for 2018 /19 when compared with 2017/18 is £177,000. The budget for 2018/19 was set with a contract increase in mind, however the increase actual increase is greater than this creating a small additional impact of £40k on the MTFP.

14.1 Legal Comments

14.1 The waste collection contract is one of the Authority's largest contracts. The Waste Partnership fulfils the Authority's statutory responsibilities in regard to waste collection.

15. Links to corporate Aims / Priorities

15.1 SWP is one of the Authority's key partnerships and takes client and operational responsibilities for the delivery of our recycling and waste priorities.

16. Environmental Implications

16.1 The role of SWP has a direct impact on the environment and all actions within the plan are considered against their environmental benefits.

17. Asset Management Implications

17.1 There are no implications as a result of the report

18. Equalities Impact

18.1 Equalities Impact Assessments will be carried out as appropriate with the development of each Business Plan activity prior to proceeding with that activity. In most cases the decision to proceed based on the outcome of the impact assessment will be delegated to the Managing Director and Senior Management Team of SWP. Where significant issues are identified through the assessment process that would have implications for major projects or programmes the decision to proceed will return to the Board prior to commencing development

19. Risk Management

19.1 The SWP risk register is reviewed annually and taken to the Somerset Waste Board for approval. The Project risk register is attached at Appendix 3.

20. Partnership Implications

20.1 The Somerset Waste Partnership is one of the Council's key partnerships. The Partnership undertakes the client and operational responsibilities for the delivery of our waste collection obligations and our recycling and waste reduction priorities.

21. Scrutiny Committee comments

21.1 This report was heard and supported by Scrutiny Committee on 16 November 2017. There were a number of questions that were raised in respect of the contractual arrangements for kerbside collection services.

21.2 There were frustrations aired that the report was not available within the usual publication timeline and that this did not give Members the amount of time necessary to consider the report. This was acknowledged with the explanation that until Monday, 13 November TDBC, like all other partners, were bound by confidentiality and could not publish the report in the public domain until such time as the deed of variation had been sealed by Somerset County Council as the Host Authority for the Partnership. Members understood this necessity and appreciated the desire to keep all the report publically accessible.

21.3 There were a number of detailed questions relating to the process that was being proposed and these were responded to with the support of the managing Director of SWP who was present for the meeting.

21.4 There was a particular question in relation to the Inter Authority Agreement and the funding mechanism across partners. The original collection contract achieved a significant discount for all partners where a single collection model was implemented across Somerset, the business case evidenced a better financial deal even when taking into account a level of support for WSC. This resulted in a mechanism of charging that gave WSC a lower individual cost. Members were also told that as savings had been achieved in the contract over the years WSC had not benefited from the savings, and would not do so until the removal all of the business case support. The final elements of this support are expected to be removed under the retendering process.

Appendices:

1 – SWP Business Plan 2018/23

2 – Budget 2018/19

3 – Project Risk Register

Democratic Path:

- **Scrutiny - Yes**
- **Executive – Yes**
- **Full Council – No**

Reporting Frequency: Annually

Contact Officer

Name	Chris Hall
Direct Dial	01823 356499
Email	c.hall@tauntondeane.gov.uk

Name	Mickey Green
Direct Dial	01823 625707
Email	mickey.green@somersetwaste.gov.uk

Background papers

Somerset Waste Board Constitution and Inter-Authority Agreement
<http://www1.somerset.gov.uk/council/boards.asp?boardnum=32>

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

Appendix 3 Project Risk register

<i>Risk</i>	<i>Mitigation</i>
Kier continue to change their stance on matters that were considered agreed – this places the deed of variation at significant risk and prevents SWP progressing the approval with partners to procure a new provider, and prevents early market engagement taking place eating further into the timeline.	Kier and SWP have agreed that 13 th November will be the day that the deed is sealed. This is an operational decision to achieving Recycle More which was approved by each partner. Having the final deed signed preventing further changes on their part and allowing SWP to gain the partner approval required to procure a new service model.
We fail to have a competitive procurement process and achieve our objectives due to a lack of interest from one or more of the limited set of contractors who have significant experience in delivering comparable kerbside sort recycling collections (and in particular three weekly refuse collections).	We need to attract and maintain interest from the market in order to maximise competition, and this is being reflected in the procurement strategy, in particular in the way we will approach soft market engagement stage and the competitive dialogue stage, and how we reflect the procurement pipeline for similar services from other local authorities. An LAC remains our contingency plan.
We fail to achieve the project objectives (economic, efficiency and environmental/social) through the procurement	The competitive dialogue approach is designed to maximise the likelihood of us securing our aims by ensuring that we can explore key elements of the contract (including around efficiency, materials and yield) to ensure that we maximise our chances of securing our objectives. An LAC remains our contingency plan.
Due to the time it takes to procure Recycle More member authorities decide to no longer support recycle more.	Member task and finish group close involvement in the process helps ensure that our approach reflects the collective desires of partners.
Depot configuration and optimisation required for most efficient delivery of RM doesn't align with current sites and we are unable to secure suitable alternatives within time and/or budget	Depot optimisation strategy being developed as part of initial phase of procurement, and to be reflected in dialogue stage of procurement.
Administering authority contract standing orders are not appropriate to the specific circumstances of this procurement (in particular a 70:30 price : quality split)	Close working with SCC's commercial and procurement team as we develop the detailed procurement strategy, informed by expert commercial advice and soft market testing.
The costs of procurement exceed those currently forecast.	Careful ongoing management of expenditure and close review through project board and member task and finish group.



SWP Business Plan 2018 – 2023

Draft for Approval for Partner Authority Consultation

Business Plan

Table of Contents	
Page 3	About Somerset Waste Partnership; Key Stakeholders; SWP Vision
Page 4	Key Issues and Challenges
Page 6	Key Aims and Priorities
Page 7	Action Table
Page 10	Draft Budget Table 2018/19

Change History	
25/10/2017	Draft for Approval for Partner Consultation

1. About Somerset Waste Partnership

1.1 10th Anniversary

October 2017 saw the 10th anniversary of the formalisation of the Somerset Waste Partnership (SWP) and the signing of the inter-authority agreement between the six partner authorities. The authorities had been working together for ten years prior to that, but the formalisation cemented the relationship, enabling service developments that have saved millions of pounds in avoided costs for Somerset.

Somerset still has the first and only county-wide waste partnership, including all collection and disposal authorities, in the country. Since working together Somerset has increased its recycling rate three-fold, putting the county at or near the top of the national rankings for several years running.

1.2 Background to SWP

Somerset Waste Partnership (SWP) was established in 2007 to manage waste services on behalf of Mendip, Sedgemoor, South Somerset and West Somerset District Councils, Taunton Deane Borough Council and Somerset County Council. This made it the first county-wide waste partnership in the country.

SWP has delegated authority to deliver household waste and recycling services throughout Somerset, including management of kerbside collections, recycling sites and disposal sites. These duties are in turn contracted to Kier (collection services) and Viridor Plc (recycling sites, landfill sites and recycling or disposal of food waste, garden waste and residual waste).

SWP is accountable to the Somerset Waste Board (SWB), which consists of two members from each of the partner authorities.

For further information about Somerset Waste Partnership and the Somerset Waste Board please visit www.somersetwaste.gov.uk

2. Key Stakeholders

- Residents of Somerset
- Members and officers of partner authorities
- Kier MG CIC
- Viridor Plc

3. The SWP Vision

We will:

- Drive material up the waste hierarchy and, where sustainable markets exist, into the circular economy*.
- Avoid landfill and encourage high participation in waste avoidance, reuse, recycling and food waste collection schemes.

Business Plan

- Engage with local people, support economic wellbeing and use efficient, sustainable and affordable solutions at every stage of the process.
- Encourage and facilitate innovation, joined up strategy, policy and operations across the county

*A circular economy is one where resources once used are not disposed of, but become feedstock materials or energy for making new products, thus reducing reliance on raw materials and waste disposal. A “closed loop process” is a variation of this where recovered materials are recycled into the same product. The benefits of a circular economy include reduced energy consumption, resource security and lower environmental impacts. A circular economy works most effectively where there are clear incentives for all persons on the loop (manufacturers, retailers, consumers, local authorities, reprocessors) to move the material around the loop.

4. Key Issues and Challenges

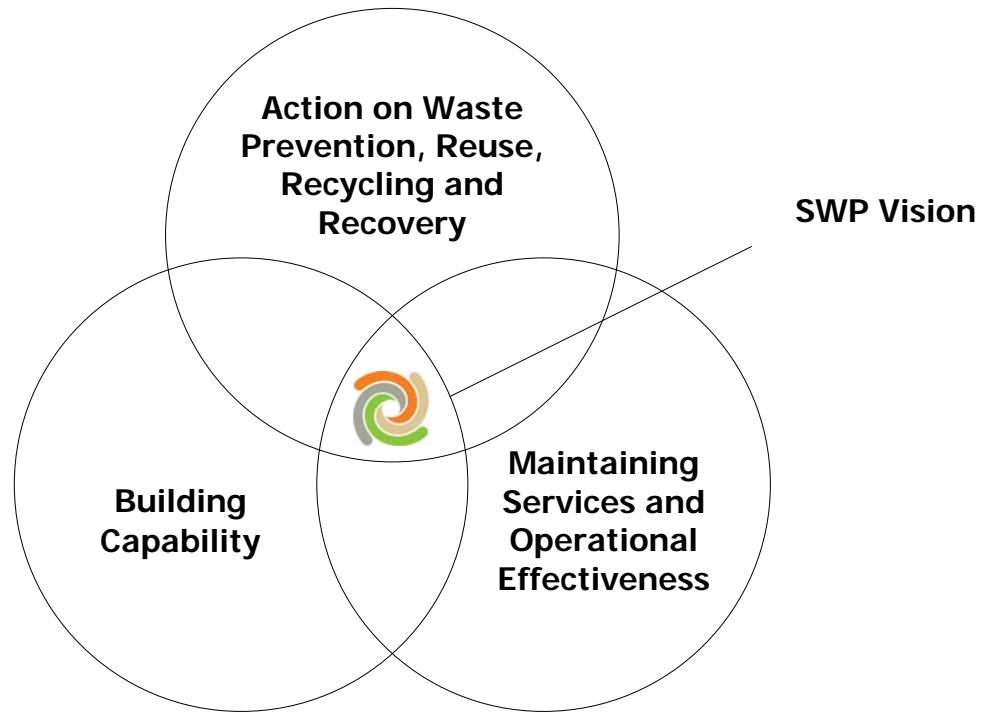
Issue	Impact	Proposed Response
Legislative impact of withdrawal from the EU	The Great Repeal Bill will see all EU legislation not already enshrined in domestic law transferred to UK statute. This is likely to include the Circular Economy Roadmap, which will be passed into EU law before Britain exits.	No early changes to legislative framework identified. SWP will continue to monitor.
DCLG and non-household waste charging	The Department of Communities and Local Government continue to indicate they intend to stop Local Authorities charging for DiY waste, currently classified as “Industrial”. This intent has been reinforced in the 2017 Anti Littering Strategy, which included the statement “Stopping councils from charging householders for disposal of DIY household waste at civic amenity sites (rubbish dumps) – legally, household waste is supposed to be free to dispose of at such sites.”	SWB may decide to put the case to the DCLG for retaining current arrangements, or accept the financial gap (estimated at up to £600k p/a) with subsequent decisions to be made on how that will be managed. This risk will be addressed as part of the scheduled review of the Core Services contract scheduled in this Business Plan. SWP and the SWB will continue to monitor communications from the DCLG on the matter and engage where appropriate.
Community Recycling Site Charges	In 2015 DCLG brought in an order to prevent local authorities from designating some sites (known in	SWB must consider the impact of this change and how it will affect the network of recycling sites. This will

Business Plan

	<p>Somerset as “Community Recycling Sites (CRSs)”) as provided under discretionary “wellbeing” powers within the Local Government Act 2003. This removed the option to introduce charges for entry to sites (even where this option was promoted by the community as an alternative to closure). The effect of this is that the charging at Dulverton and Crewkerne CRSs will not be permitted after April 1st 2020</p>	<p>be done as part of a wider review of the Core Services contract.</p>
WRAP Consistency Framework	<p>The framework, which strives to increase consistency in collection services across the country, continues to be a topic for discussion at governmental level.</p>	<p>SWP to monitor and adopt appropriate recommendations with implementation of service changes.</p>
Deposit/Return Schemes	<p>“Deposit/Return” schemes for items such as glass and plastic bottles are being considered for England by the government following announcement of a scheme to be adopted in Scotland. This initiative could affect the requirements for kerbside services with, if implemented, a potential drop in material volumes.</p>	<p>While supportive of the need to explore these options SWP’s considerations will be highlighted in a response to the “call for evidence” issued by Defra. SWP to monitor developments and consider impact on service design as part of any future procurement strategy for future collection service arrangements.</p>
Financial Pressure	<p>Ongoing financial constraints continue to impact all partner authorities.</p>	<p>SWP will continue to consider cost as a priority issue in all decisions.</p>
Somerset Demographic changes	<p>Somerset’s population is growing and, combined with longer life expectancies and an increased emphasis on community based care, there will be pressure on waste services. Some of the pressures will be on specific services, such as clinical waste (including an increase in adult hygiene waste) and assisted collections.</p>	<p>SWP will consider strategic impacts of demographic changes on waste services as part of the procurement process for future service arrangements.</p>

5. Key Aims and Priorities for 2018/19

The action table sets out the most significant set of changes to Somerset’s waste services since SWPs inception in 2007. Co-ordinated for maximum impact and value the changes span all three major contracts for waste collection, treatment, disposal and infrastructure (including vehicles). It also develops SWPs capability, in some instances working in partnership with others, to support Somerset residents in wasting less and recycling more, with residual waste becoming a fuel stock to generate energy.



5.1 Building Capability	Outcome	Timing, Resources
<ul style="list-style-type: none"> • Improving Intelligence <ul style="list-style-type: none"> ○ Review performance data procedures ○ Improve integrity of service data • Developing systems: - <ul style="list-style-type: none"> ○ Develop ICT strategy ○ New Customer Service systems (ITouch) ○ Website Upgrades (e.g. self service) ○ Develop and Launch Mobile App ○ Round Management and performance software • Understanding behaviour <ul style="list-style-type: none"> ○ Waste Composition Analysis (rolling three year cycle to commence with Waste Transfer Stations) • Internal Review <ul style="list-style-type: none"> ○ Review SWP staffing structures ○ Manage SWP Office move 	<p>SWP is an organisation that is able to work intelligently to improve delivery of the financial, social and environmental benefits of an effective resource management service.</p>	<p>These activities will run through the financial year. In the main costs will come from existing budgets.</p> <p>Items that fall outside of existing budgets are: -</p> <ul style="list-style-type: none"> - New Customer Service System. This will result in a circa £24,000 annual increase in overall budget but should deliver significant efficiencies in terms of customer request handling, and will provide a means which we can build a mobile App to support delivery of future service changes. - Round management and Performance Software. Because of the potentially significant and direct contribution to the delivery of the new service arrangements, the costs will initially be drawn from the Recycle More Earmarked Reserve (as described in previous Board papers) and estimated at £20,000.

<p>5.2 Action on Waste Prevention, Reuse, Recycling and Recovery</p>		
<ul style="list-style-type: none"> • Implementing future collection arrangements (Recycle More model) <ul style="list-style-type: none"> ○ Should the Board decide to tender the opportunity, procure provider for collection services (including appropriate risk management and mitigation arrangements) ○ Explore early introduction of household battery collections and trialling ways to increase capture of small waste electricals ○ Initiate vehicle procurement • Reducing cost and impact of waste <ul style="list-style-type: none"> ○ Targeted waste prevention and minimisation activities (including tested approach of Food waste stickers on bins) ○ Pilot SWP Education Service ○ Continue to explore effective media for communicating messages (including insert in Council Tax mailings) ○ Refresh SWP Waste Prevention Strategy, to focus on systemic implementation of activities with a significant measurable benefit over the full five year period of this plan ○ Develop SWP Communications Strategy 	<p>Somerset’s recycling rate improves from 52% towards 60% and potentially beyond; residual waste per household reduces, and energy is recovered from materials that cannot be recycled ending the county’s long reliance on landfill.</p>	<p>These activities will be funded either from existing budgets or from the Recycle More Earmarked Reserve, with the exception of the trial reintroduction of education services, which will be funded via the Community Sector Integration Plan fund provided through the Viridor contract.</p>

<ul style="list-style-type: none"> • Infrastructure <ul style="list-style-type: none"> ○ Oversee development of infrastructure required to deliver new residual waste treatment. 		
<p>5.3 Maintaining Services and Operational Effectiveness</p>		
<ul style="list-style-type: none"> • Viridor Core Services Contract Review <ul style="list-style-type: none"> ○ This contract, which includes management of the Recycling Centre network, ends in 2022 and SWP has the opportunity to extend it to 2031, should we choose to do so. • Active management of collection service contract (monitoring performance to ensure no degradation in tail end of contract) • Review waste service Fees and Charges structures and implications of varying charges (including inclusion of administration costs) • Recycling Site Maintenance 	<p>These activities ensure the day to day functions of the SWP are delivered effectively and safely. SWP must give focus to maintaining the quality of services, predicting risks and preventing issues arising.</p>	<p>These items are funded through existing budgets.</p>

<ul style="list-style-type: none">• Assess impact of changes to legislative framework, including removal of powers to designate Community Recycling Sites and to charge for non-household waste at Recycling Sites.• Plan for Broadpath Landfill Site closure• Plan for Dimmer transition (from landfill to Waste Transfer Station – scheduled Feb 2019)		
--	--	--

7. SWP Budget 2018 - 19

The following table shows the projected year budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year will be brought to the December meeting of the Somerset Waste Board. While the figures shown here are subject to refinement, historically projections at the stage have been very close to the final budget due in February 2018, particularly for collection partners, with only minor variations for final customer numbers. It is therefore considered a very low risk to approve the Business Plan ahead of the final Annual Budget for 2018/2019.

7.1 Revenue Not Included

Control of income from residents for waste related services is retained by the collection authorities and is therefore not shown in this paper. The most significant portion of this is annual Garden Waste subscriptions, which will generate income for the district council of around £55.40 for each wheeled bin subscription in 2018/23. This is a significant offset of the cost of providing the service. Other income streams are Bulky Waste collection fees and sale of Garden Waste sacks.

7.2 Full Draft Budget Summary 2018/19

Summary Annual Budgets 2018/2019								
	Rounded £000s	Total	SCC	MDC	SDC	SSDC	TDBC	WSC
Expenditure			£000	£000	£000	£000	£000	£000
Salaries & On-Costs	972		481	110	111	155	108	7
Other Head Office Costs	275		126	30	32	45	31	11
Support Services	125		54	14	15	22	15	5
Disposal - Landfill	11541		11541					
Disposal - HWRCs	9484		9484					
Disposal - Food waste	1481		1481					
Disposal - Hazardous waste	225		225					
Composting	1811		1811					
Kerbside Recycling	9162			1878	1893	2812	1848	731
Green Waste Collections	2579			500	619	691	640	129
Household Refuse	6155			1264	1269	1880	1265	477
Clinical Waste	119			24	26	36	25	8
Bulky Waste Collection	84			19	16	24	18	7
Container Maintenance & Delivery	228			51	42	72	51	12
Container Supply	447			98	90	144	96	19
Pension Costs	69			2	2	62	2	1
Depot Costs	186			38	40	56	39	13
Village Halls	6				6			
Transfer Station Avoided Costs	321		321					
Recycling Credits	2460		2460					
Capital Financing Costs	231			52	41	78	39	21
Total Direct Expenditure	47961		27984	4080	4202	6077	4177	1441
Income			£000	£000	£000	£000	£000	£000
Sort It Plus Discounts	-80			-16	-17	-24	-17	-6
Transfer Station Avoided Costs	-321			-65	-69	-97	-67	-23
May Gurney Secondment Saving	-44		-20	-5	-5	-7	-5	-2
Recycling Credits	-2432			-520	-487	-757	-494	-174
Total Income	-2877		-20	-606	-578	-885	-583	-205
			£000	£000	£000	£000	£000	£000
Total Net Expenditure	45084		27964	3474	3624	5192	3594	1236