

# Somerset West and Taunton Shadow Council

## Shadow Scrutiny Committee – 6<sup>th</sup> December 2018

### Somerset Waste Partnership Draft Business Plan 2019-2024

#### Report of Localities Manager – Chris Hall and Somerset Waste Partnership’s (SWP) Managing Director – Mickey Green

(This matter is the responsibility of Executive Councillor Patrick Berry and Lead Member for Environment Councillor Brenda Maitland-Walker)

#### 1. Executive Summary

This report seeks approval of the Somerset Waste Partnership’s Draft Business Plan 2019-2024.

The actions in the draft business plan identify the continued direction to implement the most significant set of changes to Somerset’s waste services since SWPs inception in 2007.

Despite a move to a new council there are no significant 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 2019 /20 when compared with 2018/19 is £274k. An increase had already been factored in to the MTFP however the cost exceeds this assumption placing a new pressure of £180k on the MTFP.

#### 2. Recommendations

This committee is recommended to:

- i) Approve the Somerset Waste Partnership’s Draft Business Plan 2019-24.
- ii) Approve the projected budget for 2019/20 subject to the finalisation of the figures.

#### 3. Risk Assessment

##### 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)
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#### **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 requires a draft report to be approved by the Board in October 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 October 2017 the timetable for approving this plan will again be brought forward, with the Draft Business plan presented for Board Approval in November 2018, 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 2019/20, which for the Somerset West and Taunton represents an increase of £274,000.

#### **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. New Council**

- 6.1 This business plan is the first for Somerset West and Taunton as a combined council, however the principles or the partnership remain unaltered by the creation of the new council. Whilst the principles are unchanged attention is drawn to the following:
- 6.2 Member representatives will remain at two per partner, this council will need to nominate two members for the Somerset Waste Board, at the appropriate time, in place of the four that currently represent the two separate organisations.
- 6.3 The previous financial support for a single Somerset wide contract is now removed, this shows in the finance table as “new authority changes” at £24,907. This figure represents the net effect of the support received by West Somerset Council and the support provided by Taunton Deane Borough Council being removed. The other district partners also have a benefit of the removal of this support. The value of this support has diminished over the years, with any savings attributable to West Somerset Council being taken from the support sum in the first instance.
- 6.4 The construct of the budget is based on the same formula as when the authorities were separate.

## **7. Consultation**

- 7.1 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.
- 7.2 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 collected at the kerbside and the frequency of collections.
- 7.3 Recycle More was approved by TDBC on 30<sup>th</sup> November 2016 the budget presented in the appended business case for 2019/20 contains no savings or costs associated with this new operating model during the roll out phase.

## **8. Finance / Resource implications**

- 8.1 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 2018 and the Budget finalised in February 2019 as is normal practice. The budget presented in this report will remain draft until February and is for one year only.

- 8.2 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 2019, 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 2019/2020.
- 8.3 The current estimate for collection partners is between a 3.7% and 4.3% budget uplift from the 2018/19 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. The key drivers for the variance are:
- Collection inflation – estimate 3.0% (mostly fixed). The key drivers for this are CPI and fuel increases.
  - Household growth estimated average 1.0% (final figures will be available on 1st December).
  - Garden customers growth estimated at 2% (although this provides a corresponding income to each partner).
- 8.4 The Shadow 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.
- 8.5 The Annual Budget, once finally approved, will become the new measure for the financial performance of the Waste Partnership for 2019/20. SWP will continue to share the costs among partners in the approved format
- 8.6 The cost increase for 2019/20 when compared with 2018/19 is £274k. The budget for 2019/20 was set with a contract increase in mind, however the actual increase is greater than this creating an additional pressure of £180k on the MTFP.

## **9. Legal Comments**

- 9.1 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.

## **10. Links to corporate Aims / Priorities**

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

## **11. Environmental Implications**

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

## **12. Asset Management Implications**

12.1 There are no implications as a result of the report.

## **13. Equalities Impact**

13.1 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

## **14. Risk Management**

14.1 The SWP risk register is reviewed annually and taken to the Somerset Waste Board for approval.

## **15. Partnership Implications**

15.1 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.

### **Appendices:**

1 – SWP Business Plan 2019/24

### **Democratic Path:**

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

**Reporting Frequency: Annually**

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## Background papers

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

### Risk Scoring Matrix

<b>Likelihood</b>	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
<b>Impact</b>							

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%