



SWP Business Plan 2017 – 2022

*Draft approved for partner consultation by
Somerset Waste Board 16 Dec 2016*

Business Plan 2017-22 – Draft for Partner Authority Consultation

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| Change History | |
|-----------------------|---|
| 10 Nov 2016 | Initial Draft |
| 29 Nov 2016 | SR Revision marks |
| 06 Dec 2016 | Draft for Approval |
| 16 Dec 2016 | Feedback and updates following Somerset Waste Board meeting |

1. About Somerset Waste Partnership

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.
- 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

4.1 Service Development

This Business Plan will take forward the decisions made by the Somerset Waste Board and agreed by the partner authorities in the period December 2016 to February 2017. These decisions have the potential to result in significant changes both to the kerbside collection services and the residual waste disposal processes.

4.2 External Pressures

The period of constraint on the public purse continues and SWP will need to contribute to ongoing savings, while striving to maintain the scope and quality of frontline services.

4.3 National Policy Drivers

Withdrawal from the EU

The waste legislative framework may change following withdrawal from the EU. The UK government has not indicated future intentions in this area however there are no changes expected in the short term. There is now particular uncertainty about how the “Circular Economy” proposals for revisions to the EU waste Framework Directive will apply to the UK both in terms of the final detail of the ambitious recycling targets and the extent to which the UK will adopt / be affected them.

Department of Communities and Local Government (DCLG) and non-household waste charging

DCLG have (Autumn 2016) criticised some Local Authorities who are proposing to implement charges at Recycling Centres for disposal of DiY waste. This highlights a difference in interpretation between DCLG and many local authorities, including SWP, who consider that such waste is currently classified as “industrial” waste and thereby chargeable. This has not been tested in law. Should the DCLG interpretation prevail, the cost of reverting to a “free to user” service would equate to around £600k pa in Somerset. This exceeds the running costs of the eleven recycling sites that currently operate five days per week.

Community Recycling Sites

In 2015 DCLG brought in an Order to prevent local authorities from designating some sites (known in 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 and so SWB will need to consider how to deal with the funding gap opened up. It is proposed to do this as part of the Core Services Contract Review which will look at the way the whole Recycling Centre network is provided.

Producer Responsibility

The waste Services Industry body, the Environmental Services Association (ESA), who represent major contractors, has ramped up pressure for a national debate on the role of producers of packaging and retailers of packaged goods in covering costs of recycling. The circular economy proposals call for producers to cover the “entire” costs net of

income from sale of material and provided services are “optimised” (i.e. value for money). If this was taken up in the UK it would take some pressure off local authorities. SWP will continue to lobby for changes along those lines.

Department for Environment, Food and Rural Affairs (Defra) - Consistency in Collection Methodology

Defra’s main interest, aside from improving the England recycling rate, continues to be promoting consistency in household recycling collections. WRAP published a paper in September 2016 in which Somerset is case studied. The proposed move to the “Recycle More” scheme would, by adding pots tubs and trays, further align Somerset to the list of materials WRAP and Defra advocate all local authorities collect.

4.4 Primary Contract Review

This business plan has a five year horizon. The Collection and Treatment contracts come to an end (unless extended) in 2021 and 2022 respectively. This means that it is within the horizon of this Business Plan to give consideration to future arrangements for the end to end delivery of waste services in Somerset.

In order to ensure an effective future service is in place a full review of options should commence in the financial year 2017 - 18.

It is considered a high risk that the collection contract costs may increase following re-procurement should the current contract go to term without extension.

5. Key Aims and Priorities for 2017/18

For the period of this business plan we will have three priority areas but recognise that significant projects are subject to a further decision making process.

5.1 Refuse Treatment

This proposal has been approved by the Somerset Waste Board on 16 December 2016. The task is included in the Business Plan to recognise efforts and resource required to deliver the task during the period of this plan.

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment/ Risk |
|-------------------------|---|--|--------------|--|---------------------------------|---------------------------------|
| Refuse Treatment | Complete negotiation, plan and implement changes resulting from decisions taken regarding future processing of residual waste. Includes contract formalisation and oversight of development of Waste Transfer Stations. | New long term treatment process for Somerset's household residual waste. Timeline specified in separate SWB paper. | David Oaten | Outlined in separate SWB paper. | Outlined in separate SWB paper. | Outlined in separate SWB paper. |

5.2 Recycle More

This proposal has been approved by the Somerset Waste Board on 16 December 2016. The task is included in the Business Plan to recognise efforts and resource required to deliver the task during the period of this plan.

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment/ Risk |
|---------------------|---|--|-----------------|--|------------------------------------|---------------------------------|
| Recycle More | Planning and implementation of changes resulting from decisions taken regarding the future model of kerbside collection services. <ul style="list-style-type: none"> • Detailed Planning • Procurement – containers, vehicles and infrastructure • Communication • Collection containers • Depot infrastructure • Reprocessing arrangements | Commence implementation of any changes agreed in late summer/autumn 2017. Roll out schedule specified in separate SWB paper. | Bruce Carpenter | Outlined in separate SWB paper. | Outlined in separate SWB paper. | Outlined in separate SWB paper. |

5.3 Other Projects, Task and Activities

These are projects which will be required to maintain the services provided by Somerset Waste Partnership

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment/ Risk |
|----------------------------|---|---|--------------|----------------------------------|------------------------------|--|
| SWP Capacity Review | The last significant review of SWP structure and resources took place in 2012. Following confirmation of direction of travel with the New Service model and the NWTF, or any alternative strategies, SWP staff resources will need to be aligned with the challenging key objectives over the period of change, whatever form / duration they take. In view of the partners' financial situation, the partners will require reassurance that the SWP establishment is fit for its purpose and priorities. | Resource plan in place to deliver major projects. | Steve Read | Staff time only | TBC | SWP team to be fully engaged in process. |

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|--|--|--|---------------------|------------------------|--|--|
| <p>Cash Free Recycling Sites – Roll Out</p> | <p>Following the successful cashless pilots at Chard & Taunton Recycling Centres it is proposed to roll this out to all 16 Recycling Centres/Community Recycling Sites in the county. This is proposed in order to increase site security and reduce the possibility of break ins.</p> | <p>All Recycling Centres and Community Recycling Sites operating a cash free environment by end of year.</p> | <p>David Oaten</p> | <p>£2.5k</p> | <p>Liaison with site operator; project management; prepare publicity and website updates.</p> | |
| <p>Core Service Contract Review</p> | <p>With the current Core Services Contract due to expire at the end of March 2022 it is considered timely to formally review the worth of the ‘up to 9 year extension’ available under the current contract and what arrangements would need to be in place subsequent to that date.</p> | <p>Documented review of core services, with proposals for future arrangements presented to SWB by March 2018</p> | <p>David Oaten</p> | <p>Staff time only</p> | <p>Review current services, including benchmarking and analysis of potential cost/benefits and savings</p> | |
| <p>Collection Service Contract Review</p> | <p>With the current Collection Services Contract due to expire October 2021 it is considered timely to formally review the worth of the ‘up to 7 year extension’ available under the current contract and what arrangements would need to be in place</p> | <p>Review collection service contract and consider all options for future arrangements (including</p> | <p>Colin Mercer</p> | <p>Staff time only</p> | <p>Investigate options for delivery of future service arrangements , considering benefits and potential of maintaining</p> | |

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|---|--|--|-------------|---|---|--|
| | subsequent to that date. | DLO and Local Authority controlled company) | | | current arrangements against other options. | |
| Recycling Centre Essential Maintenance Works | Despite the current challenging financial situation faced by SWP Partner authorities, a number of the Recycling Centre network sites are in need of essential maintenance in order to prolong the sites useful life. One site requiring urgent attention is at Frome, where the skip bays are degrading to a degree that they are becoming untenable. Without such maintenance the site may become unusable. | Sites serviced to acceptable level by end of March 2018 | David Oaten | Costs to be covered by planned maintenance budget. | Survey sites; identify required actions; arrange contractor; monitor and inspect works. | Risk of sites becoming unusable if no action taken. |
| Recycling Centre Van & Trailer Permit Review | Following the successful roll out of the van and trailer permit scheme in October 2016, a formal 6 month review to determine whether there should be any minor amendments to the current process. | Review of current arrangements and proposed revisions to June 2017 SWB meeting | David Oaten | £10k to cover ongoing permit requests and publicity for any changes to current scheme (from disposal budget | Review feedback from residents, site staff, customer service teams etc; prepare report for SWB; publicise | Commitment given to review at September SWB meeting. |

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|---|--|---|----------------------------------|-----------------|---|--|
| | | | | savings) | changes as required | |
| Provision of COTC Management - Securing Additional Third Party Sites | The SWP has a number of Certificate of Technical Competence holders to ensure its capability in managing the network of waste facilities under its current contracts. In order to extend the value of the COTCs, SWP have managed, on behalf of Somerset Highways, a number of third party sites for the past 6 years and have recently secured a further 6 year contract. With a growing reputation of providing a good level of service in this area it is proposed to try and secure additional third party sites in order to derive a larger income to the Partnership. SWP have recently secured two additional sites that we now manage on behalf of the Environment Agency. | Agreements raised for inspection of two additional sites by end of March 2018 | David Oaten | Staff time only | Liaison with site "owners"; preparation of agreements; commence inspections as required | Potential revenue generation for partners. |
| Collection Service – Depot Review | Review current depot provision with a view to optimise operations in the west of the county. | Plan for future depot structures completed by | Bruce Carpenter/ Colin Mercer | Staff time only | Consider future service requirements; model optimised | |

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|------------------------|---|--|-------------|----------------------------|---|--|
| | | March 2018 | | | locations and infrastructure (cost, resilience and operation efficiency); Document findings | |
| SWP IT Strategy | <p>To develop and commence implementation of a programme of improving SWP use of IT to support improvements in efficiency and service control. To include improving oversight of quality of contractor planning and output data; increasing “self-service” opportunities; rationalising duplication and other inefficiencies.</p> <p>This will include implementation of a new SWP Customer Service System; a redesign and restructure of the SWP website; improvements to household property data; enhancements to data processing capabilities.</p> | <p>Document produced and presented to SWB; Procurement of new systems progressed</p> | Mark Blaker | £20k implementation budget | <p>Identify business processes and best practice; investigate current IT market; case study other local authorities; document proposed solutions; present to SWB; commence procurement.</p> | <p>Improve efficiency and effectiveness of client group; ensure client group prepared to changes anticipated over next five years.</p> |

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|-----------------------------------|--|--|--------------|---|---|--|
| | Resource: £20k | | | | | |
| Asset Audit Risk Reduction | <p>To assess ownership of assets in the collection contract and where appropriate look for SWP to secure ownership of assets currently sitting with the contractor. Also to look at where appropriate securing these assets beyond contract term to ensure greater surety and control of risk going forward.</p> <p>Resource: Staff time only</p> | <p>Ensure we have a fully documented register of service assets by October 2017; ensure procedures developed to maintain register</p> | Colin Mercer | Staff time only | <p>Work with Kier to identify assets, asset location, state of assets, assumed value of assets.</p> | |
| SWP Offices | <p>Somerset County Council's lease for Monmouth House expires in March 2018.</p> <p>At this point SWP will need to have either extended current arrangements, relocated to County Hall or have found alternative accommodation.</p> <p>It will be necessary to confirm future accommodation arrangements.</p> | <p>To have a plan for accommodation beyond March 2018, including budget for relocation if necessary and agreed by SWB by September 2017.</p> | Helen Oaten | Budget Implications to be presented to SWB separately | <p>To identify options, compare costs and benefits, present to SWB in December as part of Business Planning process</p> | |

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|---|--|---|----------------------|-------------|---|----------------------------|
| <p>Continuing Waste Minimisation Initiatives</p> | <p>To include Food Waste Champions, Compost Champions and other ongoing community engagement activities designed to encourage waste reduction.</p> | <p>To continue community engagement through Food Waste and Compost Champions and other community initiatives.</p> | <p>David Mansell</p> | <p>£3k</p> | <p>Liaison with current groups; recruiting volunteers; arranging training and events; administrating and providing support.</p> | <p>Ongoing projects</p> |
| <p>Publicity and Communication</p> | <p>Promotion of service changes (including Christmas and Easter changes), print and distribution of key service literature, maintenance of SWP website and support for waste minimisation promotions.</p> <p>Note: this does not include the considerable additional communications programme required to support the “Recycle More” scheme.</p> | <p>All commitments met throughout the year using the most effective and cost effective means available</p> | <p>Mark Blaker</p> | <p>£29k</p> | <p>Press releases; print adverts; website content; leaflets; etc</p> | <p>Ongoing commitments</p> |

Financial Pressures

In all considerations Somerset Waste Partnership will recognise the current and ongoing financial pressures facing partner authorities. Cost effectiveness and identifying opportunities to reduce overall costs must be at the heart of all decisions taken.

7. SWP Budget 2017 - 22

The tables on the following pages show the projected five year budget for Somerset Waste Partnership if the current service model does not change in future years, effectively a “do-nothing” scenario with estimated inflationary indices based on contractual agreements. As noted above, SWP recognises the financial pressures facing partners.

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 £53.50 for each wheeled bin subscription in 2017/18. 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 2017/18

Summary Draft Annual Budgets 2017/2018

Rounded £000s Total SCC MDC SDC SSDC TDBC WSC

| Expenditure | | £000s | £000s | £000s | £000s | £000s | £000s |
|----------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Salaries & On-Costs | 962 | 477 | 111 | 109 | 153 | 106 | 6 |
| Other Head Office Costs | 230 | 105 | 25 | 27 | 38 | 26 | 9 |
| Support Services | 125 | 54 | 14 | 15 | 22 | 15 | 5 |
| | | | | | | | |
| Disposal - Landfill | 10949 | 10949 | | | | | |
| Disposal - HWRCs | 9522 | 9522 | | | | | |
| Disposal - Food waste | 1447 | 1447 | | | | | |
| Disposal - Hazardous waste | 227 | 227 | | | | | |
| Composting | 1680 | 1680 | | | | | |
| | | | | | | | |
| Kerbside Recycling | 8868 | | 1841 | 1824 | 2715 | 1780 | 708 |
| Green Waste Collections | 2374 | | 464 | 588 | 662 | 557 | 103 |
| Household Refuse | 6001 | | 1238 | 1222 | 1816 | 1240 | 485 |
| Clinical Waste | 116 | | 24 | 25 | 35 | 24 | 8 |
| Bulky Waste Collection | 81 | | 18 | 15 | 22 | 18 | 8 |
| Container Maintenance & Delivery | 220 | | 47 | 42 | 70 | 49 | 12 |
| Container Supply | 432 | | 92 | 89 | 140 | 93 | 18 |
| | | | | | | | |
| Pension Costs | 69 | | 2 | 2 | 62 | 2 | 1 |
| | | | | | | | |
| Depot Costs | 186 | | 38 | 40 | 56 | 39 | 13 |
| | | | | | | | |
| Village Halls | 6 | | | 6 | | | |
| | | | | | | | |
| Transfer Station Avoided Costs | 310 | 310 | | | | | |
| | | | | | | | |
| Recycling Credits | 2430 | 2430 | | | | | |
| | | | | | | | |
| Capital Financing Costs | 231 | | 52 | 41 | 78 | 39 | 21 |
| | | | | | | | |
| Total Direct Expenditure | 46466 | 27201 | 3966 | 4045 | 5869 | 3988 | 1397 |
| | | | | | | | |
| Income | | | | | | | |
| Sort It Plus Discounts | -80 | | -16 | -17 | -24 | -17 | -6 |
| Transfer Station Avoided Costs | -310 | | -63 | -67 | -93 | -65 | -22 |
| May Gurney Secondment Saving | -44 | -20 | -5 | -5 | -7 | -5 | -2 |
| Recycling Credits | -2402 | | -501 | -488 | -743 | -487 | -183 |
| | | | | | | | |
| Total Income | -2836 | -20 | -585 | -577 | -867 | -574 | -213 |
| | | | | | | | |
| Total Net Expenditure | 43630 | 27181 | 3381 | 3468 | 5002 | 3414 | 1184 |

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Summary Draft Annual Budgets

Rounded £000s 2017/18 2018/19 2019/20 2020/21 2021/22

| Expenditure | £000s | £000s | £000s | £000s | £000s |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Salaries & On-Costs | 962 | 972 | 982 | 992 | 1002 |
| Other Head Office Costs | 230 | 210 | 210 | 210 | 210 |
| Support Services | 125 | 125 | 125 | 125 | 125 |
| | | | | | |
| Disposal - Landfill | 10949 | 11559 | 12105 | 12675 | 13271 |
| Disposal - HWRCs | 9522 | 9911 | 10308 | 10728 | 11164 |
| Disposal - Food waste | 1447 | 1501 | 1569 | 1641 | 1716 |
| Disposal - Hazardous waste | 227 | 240 | 255 | 271 | 288 |
| Composting | 1680 | 1813 | 1956 | 2110 | 2277 |
| | | | | | |
| Kerbside Recycling | 8868 | 9119 | 9378 | 9644 | 9917 |
| Green Waste Collections | 2374 | 2441 | 2511 | 2582 | 2655 |
| Household Refuse | 6001 | 6171 | 6346 | 6525 | 6710 |
| Clinical Waste | 116 | 119 | 123 | 126 | 130 |
| Bulky Waste Collection | 81 | 83 | 84 | 86 | 88 |
| Container Maintenance & Delivery | 220 | 226 | 233 | 240 | 246 |
| Container Supply | 432 | 445 | 457 | 470 | 483 |
| | | | | | |
| Pension Costs | 69 | 70 | 70 | 71 | 72 |
| | | | | | |
| Depot Costs | 186 | 186 | 186 | 186 | 186 |
| | | | | | |
| Village Halls | 6 | 6 | 6 | 6 | 6 |
| | | | | | |
| Transfer Station Avoided Costs | 310 | 315 | 320 | 324 | 329 |
| | | | | | |
| Recycling Credits | 2430 | 2503 | 2578 | 2655 | 2735 |
| | | | | | |
| Capital Financing Costs | 231 | 231 | 231 | 231 | 231 |
| | | | | | |
| Total Direct Expenditure | 46466 | 48246 | 50033 | 51898 | 53841 |
| | | | | | |
| Income | | | | | |
| Sort It Plus Discounts | -80 | -80 | -80 | -80 | -80 |
| Transfer Station Avoided Costs | -310 | -315 | -320 | -324 | -329 |
| May Gurney Secondment Saving | -44 | -44 | -44 | -44 | -44 |
| Recycling Credits | -2402 | -2474 | -2548 | -2625 | -2704 |
| | | | | | |
| Total Income | -2836 | -2913 | -2992 | -3073 | -3157 |
| | | | | | |
| Total Net Expenditure | 43630 | 45333 | 47041 | 48825 | 50685 |

Assumptions

1% annual pay award for all years

1.39% housing growth in 2017/18, then 1% annually for years 2018/19 - 2021/22

Collection contract inflation 1.18% in 2017/18, then 2% annually for years 2018/19 - 2021/22

Disposal contract inflation between 1% & 6.3% (for different contract areas), annually in all years (2017/18 - 2021/22)

Tonnage growth 1.5% annually for all years (2017/18 - 2021/22)

8. Issue Log

Two items have emerged and were presented verbally to the Somerset Waste Board on 16 Dec 2016, as follows: -

8.1 Broadpath Landfill Site

Broadpath Landfill Site is located to the south of Wellington and takes some refuse collected to the south of Wellington, Taunton and Wiveliscombe. SWP are advised this site will close in April 2019. This is considered a low impact issue as alternative routes for that waste should be readily available by that time.

8.2 West Somerset and Taunton Deane Councils

West Somerset Council and Taunton Deane Borough Council are currently consulting on possible future structures and arrangements. Depending on the outcome of these considerations there may be a need to review the Somerset Waste Board Inter Authority Agreement during the period of this plan.

Appendix A

Risk Register (See attached)