

Dorset Council Waste function

Business Plan 2019-20

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Appendix

Draft 2019/20 budget

1. Introduction and context

- 1.1 This paper presents a Business Plan for the waste function of the new Dorset Council for the financial year 2019-20. The Business Plan is largely informed by the budget preparation process for 2019-20, existing projects and priorities, and assumes no change to the existing service and strategic policies for the time being, whilst recognising that Dorset Council may, in due course, seek changes to service and strategic policy.

2. Purpose of business plan

- 2.1 The business plan is driven by the Strategy, which informs the business plan for the forthcoming 12-month period. The budget sets out the expected effect of the business plan in financial terms.
- 2.2 The business plan also drives the project register, and is used to inform team priorities and individual targets for the forthcoming financial year

3. Strategy

- 3.1 In March 2017, the DWP Joint Committee agreed a revised Waste Strategy for the period 2008-2033. The strategy was reviewed to take account of the progress made since 2008, changes in legislation and the future vision of waste management in Dorset. It also provides a framework for future decisions regarding infrastructure, treatment options and transport networks.

- 3.2 The following critical objectives are listed in the Strategy in no particular order:

1. Maintaining customer satisfaction
2. Investigate further options for cashable savings
3. Encourage application of the waste hierarchy
4. Meet our statutory requirements
5. Seek to work in partnership

- 3.3 Specific policies within the Strategy include:

- Long term aspirational aim towards zero net growth in residual waste
- Achievement of 65% recycling and composting by 2025
- Increased focus on enhancement and development of local waste facilities to allow the authority to deliver, store, transport and treat waste efficiently
- Flexibility for residual waste treatment options
- Provision of a cost effective commercial waste service

4. Unitary authorities within Dorset

- 4.1 At the time of writing, it is assumed that Dorset Council will manage executive waste functions in Christchurch on behalf of BCP council during 2019/20, by way of a delegation of waste function under S101 of the Local Government Act 1972. This has yet to be formally agreed.

5. Annual Budget and Service Delivery

- 5.1 The Business Plan has been developed alongside the annual budget for 2019/20 (see Appendix) and sets out service delivery plans as follows:

Disposal – Gate Fees

- 5.2 The DWP expect to dispose of around 190,000 tonnes of domestic material in 2019/20, at a budgeted cost of almost £11m, excluding tonnages collected through the commercial waste service. Costs vary for the same material according to the disposal route that is used – for example, residual waste that can be sent for treatment to a facility in the east of the County attracts a more favourable gate fee per tonne than waste that is landfilled. The budgeted tonnes by waste stream and disposal outlet is not shown here due to commercial sensitivity, however the following ‘headline’ gate fees may be of interest:

‘Typical’ landfill gate fee per tonne for 2019/20	£115
‘Typical’ food waste gate fee per tonne for 2019/20	£40
‘Typical’ green waste gate fee per tonne for 2019/20	£26

- 5.3 The budgeted tonnes by waste stream for 2019/20 are as follows:

Household Tonnes	
Kerbside Residual Waste	53,669
Green Waste	43,700
Kerbside DMR	29,157
Bulky Residual Waste	19,750
Food Waste	15,674
Kerbside Glass	11,576
Wood Waste	11,150
Street Sweepings	4,575
Other Recyclables	865
Hard Plastics	400
Total	190,516

- 5.4 The waste disposal budget for gate fees is based upon the tonnages shown above. In addition, the waste disposal budget also includes £75k for technical advice in support of the complex contractual arrangements that are in place.
- 5.5 Disposal arrangements are generally put in place under a contract for several years, with the next major contract renewal dates due in 2020 and 2021 for residual waste and organic waste respectively. Preparation for the contract renewal, including soft market testing, is a priority for the Contracts team for 2019/20, working with colleagues from Procurement and Legal.

Household Recycling Centres (HRCs)

- 5.6 2016/17 saw the re-letting of the contract to manage the eleven Dorset HRCs, and achieved a cost reduction as part of that process. At the same time, Joint

Committee took the decision to reduce winter opening hours, to achieve a further saving. The contract is in place for eight years.

- 5.7 With this contract in place, the proposed budget assumes that the HRC service for 2019/20 will see 'business as usual'. The HRC contract does allow further variations, however, such as closure of sites or further changes in opening hours, which can be revisited if the pressure for further savings requires it.
- 5.8 In addition, Dorset Council will need to deal with neighbouring authorities where cross-border HRC visits takes place.

Closed landfill sites

- 5.9 Dorset Council will have responsibility for a regular monitoring, testing and inspection regime, budgeted to cost around £115k for ground services, maintenance, rent payments and other costs, plus officer time. At the time of writing it is not clear whether there are additional sites due to the Local Government Reorganisation process.

Re-use credits

- 5.10 It is proposed to retain a small budget (almost £11k) for payment of re-use credits. The DWP Joint Committee meeting of September 2015 agreed that recycling credits would no longer be made, but that re-use credits would continue.
- 5.11 Re-use credit payments to furniture reuse organisations were introduced in 2007. The payments are made as a reward for diverting household furniture and appliances away from landfill. The payments are still considered to be important to support waste diversion and the wider community role in providing low income households with furniture (and appliances), education and training opportunities for their volunteers.

Projects and Promotions

- 5.12 The Projects and Promotions budget is used to support the education and enforcement roles. The budget is primarily used to focus communications on service optimisation, for example the 'Right Stuff, Right Bin' and 'Slim Your Bin' campaigns. The key aims and objectives of these campaigns are to increase participation and capture of materials, to reduce the quantity of residual waste and to reduce contamination of the recycling stream by ensuring the correct materials are placed in the correct bin. This budget is considered as Invest To Save funding, and is thought to be partly responsible for the significant reduction seen in the Waste Disposal budget.
- 5.13 We are also focussing our efforts on promoting waste awareness through coordinated public education and awareness campaigns on waste prevention including home composting, real nappies, reuse and Love Food Hate Waste. These will be supplemented with regular streetscene / enforcement campaigns and an extensive schools programme/strategy to cover both primary and secondary schools. The implementation and communication of these various campaigns has been, and will continue to be, supported through the recruitment of additional waste promotions assistants to assist the

recycling officers, which again will be funded through the projects and promotions budget.

Operations costs - frontline staffing

- 5.14 With no change anticipated to the Dorset collection scheme (Recycle For Dorset) or street cleaning requirements, there are no significant changes to this budget in terms of FTEs/post numbers, although allowances are included for the pay award, which is particularly significant for the loader and street cleaner roles, which are seeing cost increases in the region of 4% to 5%.
- 5.15 An allowance has been made for additional driver roles in the North, East and Christchurch areas, anticipating a change from the existing 'tri-stream' collection model to the two vehicle model that is used elsewhere in Dorset.
- 5.16 The budget line also allows for the demand-led expenditure for PPE (Personal Protective Equipment) for front line staff, sacks, and other ad-hoc operational revenue expenditure.

Bin management resource

- 5.17 The DWP employs two operatives dedicated to the distribution and collection of new or damaged containers, one on each side of the County.

Depot properties

- 5.18 There are currently depots located as follows:
- Bridec depot, near Bridport
 - Poundbury depot, Dorchester
 - Crookhill depot, Weymouth
 - Purbeck depot, Wareham
 - Longmead depot, Shaftesbury
 - Ferndown depot
 - Christchurch depot, Southcote Road, Bournemouth
 - Blandford depot
 - Sherborne facilities
- 5.19 There is a budget requirement for 2019/20 of almost £466k associated with running costs for these properties, in terms of rent, rates, utilities and minor building work. This budget has seen a significant reduction in 2019/20, as inter-council payments are eliminated.

Transport & fleet management costs

- 5.20 The total budgeted cost for Transport section and fleet in 2019/20 is £3.7m. This includes vehicle fuel, vehicle labour and parts for repairs and maintenance, lease costs and hire costs, as well as minor revenue costs for items such as vehicle licence cost, MOTs and washes. For the most part, this budget is a standstill from the current year, with the exception of a £166k increase in vehicle fuel requirement, based on fuel prices at the time of budget setting. Clearly, these prices are subject to fluctuations outside of the control of the Council.

- 5.21 In a similar vein, the budget for vehicle repairs has stayed largely the same each year, as each year sees the retirement of a portion of the fleet at end of asset life, and new vehicles brought in as replacement. A significant spend on replacement of tristream vehicles is expected in 2019/20. If this does not happen for any reason, the vehicle repairs budget may well be exceeded, and there will be additional pressure on the vehicle hire budget to cover breakdowns.

Support Costs and Insurance

- 5.22 The DWP was supported by a number of support services, critical in terms of service delivery, which were charged 'above line' to the DWP. For 2019/20, these services move to 'below line' and no longer form part of the above line waste budget. Nonetheless, close working with these services will remain essential for successful service delivery.

The key support services are:

- * Customer contact
- * HR and payroll services
- * Treasurer and accountancy support
- * ICT services
- * Procurement
- * Communications
- * Legal and Democratic services
- * Financial transactions, debt monitoring and debt recovery
- * Insurance services

Management and admin, strategy side costs

- 5.23 The budget line covers all "non-frontline" staff, including:

- Senior Management Team
- Depot admin and HQ admin
- Strategy side staffing (Business development, data systems, waste policy, contracts and commissioning, property, enforcement etc.)

- 5.24 The costs for Operations managers, depot supervisors and assistant supervisors has been separated out, for added transparency. Whilst not "front line" as such, the role of Operations managers, depot supervisors and assistant supervisors is implicitly linked to frontline service delivery.

Capital charges

- 5.25 The revenue budget includes resources to fund capital expenditure that has been funded by borrowing. Borrowing is paid back to the corporate centre in accordance with the life of asset as follows:

- Vehicles – 7 years
- Containers – 15 years
- Infrastructure – 25 years
- ICT system – 4 years

It is noted that this method of accounting is a continuation of arrangements initiated under the DWP and may change under Dorset Council accounting arrangements.

Container charging scheme

- 5.26 A scheme for charging for containers (for example, to developers of new property) was introduced in the first quarter of 2017/18, following DWP Joint Committee approval. The 2019/20 budget includes net income of just over £70k, after associated admin costs.

Income contributions from Commercial Services

- 5.27 This is income after direct costs from the Commercial Services trading accounts, for Garden Waste and Trade Waste services. The income is used to cover the costs of providing those services.
- 5.28 The specifics of each trading account are not discussed here, due to their commercially sensitive nature. However, note the budgeted increase of £300k income generation, in comparison to 2018/19 budget.

6. Projects

- 6.1 A Project Register is maintained which, at any given time, gives details of the current projects that are live, and is a key document at the Management Team meetings where progress is reviewed on a regular basis. Where the Strategy drives the Business Plan over a shorter time frame, the Projects Register is a list of active projects which support the Business Plan (and, in turn, support the strategy). The focus of approved projects is always savings, cost avoidance or the efficiency and effectiveness of the service.
- 6.2 The full Project Register is not repeated here, however, the priority projects for 2019/20 are highlighted below:
- Partnership working with (currently) Bournemouth BC on infrastructure projects using MHCLG funding.
 - Preparation work to re-let disposal contracts for residual waste and organic waste.
 - Proceed with construction of a new waste facility at Blandford due to the age and inefficiency of the existing Blandford site.
 - Subject to a satisfactory trial on Garden Waste and Commercial Waste vehicles, rollout the use of 'in cab' technology across the domestic fleet.
 - Replace the route optimisation software

7. Risks & Constraints

- 7.1 A Strategic Risk Register is maintained, which is reported to DWP Joint Committee on a regular basis.
- 7.2 The most recent version of the risk register cites the main risks and barriers summarised as:
- 7.2.1 Financial risks and constraints, including savings expectations:

- Limitations on funding force an unrealistic level of savings which prevent the actions being delivered or puts service delivery at risk.
- Disposal costs increase, driven by private sector suppliers and wider economic conditions.
- Inability to meet financial targets for the Commercial Waste and Garden Waste services.
- High sickness levels of staff, and associated costs incurred.
- Growth in waste greater than estimates
- Central government revoke charging at HRCs.
- Failure to recognise effect of housing growth in funding of the service.

7.2.2 Infrastructure risks and constraints, and ability to ensure business continuity.

- Inability to obtain and develop infrastructure to deliver efficient and effective service.
- Failure to procure and ICT solutions to improve efficiency and effectiveness, due to cost of system.

7.2.3 Breach of statutory duty

- Failure to respond to a change in Government Policy and/or legislation.
- Failure to comply with procurement legislation
- Failure to comply with operational requirements - 'O' licence, health and safety etc
- Failure of closed landfill sites and associated contaminated land legislation

7.6 Other service related risks

- Failure to retain, recruit and develop competent and capable people
- Accident, injury or death of an employee or member of public
- Loss of public support and confidence