

Decision Report – Cabinet decision

– 19th November 2018

Somerset Waste Partnership Draft Business Plan 2019 - 2024

Cabinet Member(s): Cllr David Hall – Cabinet Member for Resources and Economic Development

Division and Local Member(s): All

Lead Officer: Paula Hewitt - Lead Director for Economic and Community Infrastructure & Director of Commissioning

Author: Jon Doyle – Service Manager - Economic and Community Infrastructure

Contact Details: 07977 401939

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	5/11/18
	Monitoring Officer	Scott Wooldridge	5/11/18
	Corporate Finance	Peter Lewis	7/11/18
	Human Resources	Chris Squire	7/11/18
	Property	Paula Hewitt / Claire Lovett	5/11/18
	Procurement / ICT	Simon Clifford	5/11/18
	Senior Manager	Paula Hewitt	5/11/18
	Commissioning Development Team	Vikki Hearn	7/11/18
	Local Member(s)	All	
	Cabinet Member	Cllr David Hall	5/11/18
	Opposition Spokesperson	Cllr Simon Coles	7/11/18
	Relevant Scrutiny Chairman	Cllr Anna Groskop	7/11/18
Forward Plan Reference:	FP/08/09/07		
Summary:	<p>This report seeks a decision from the Cabinet on the Somerset Waste Partnership's Draft Business Plan 2019-2024. The plan provides a framework within which the Somerset Waste Board can make decisions and steer the delivery of waste partnership services.</p> <p>The draft Business Plan is attached as Appendix A.</p>		

	<p>The Business Plan contains three areas of focus, beneath which sit a range of activities. The three areas of focus are:</p> <ul style="list-style-type: none"> • Delivering excellent services • Changing behaviours • Building capability <p>The actions set out continue to be the most significant set of changes to Somerset's waste services since SWP's inception in 2007, covering all aspects of their services. The most significant set of changes to national resources and waste policy for a generation are also expected to be announced in the coming months, and the environmental impact of waste has a public profile higher than ever before. The scale of policy change expected will have significant impacts upon our future business plans.</p>
<p>Recommendations:</p>	<p>That the Cabinet approves the Somerset Waste Partnership's Draft Business Plan 2019-24 (as set out in Appendix A).</p>
<p>Reasons for Recommendations:</p>	<ul style="list-style-type: none"> • Approval is required to set a clear mandate for SWP delivery of business activities for the period. • An approved Business Plan is a constitutional requirement. • The partner consultation timetable aligns with the collection contract procurement timetable
<p>Links to County Vision, Business Plan and Medium Term Financial Strategy:</p>	<p>The County Council has a statutory duty relating to the disposal of Waste. The Current County Plan runs until 2020 and the Business Plan supports keeping Somerset as a great place to live and work. Working in a Partnership accords with the Plan's</p>
<p>Consultations and co-production undertaken:</p>	<p>The Somerset Waste Partnership has considered this Business Plan at its meeting on the 2nd November 2018. SMG, made up of senior officers of the partner authorities and the Managing Director of the SWP, have also played a part in shaping the draft Plan.</p>
<p>Financial Implications:</p>	<p>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 or any reserves. 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</p>

	<p>in December 2018 and the Budget finalised in February 2019. The budget presented in this report will remain draft until February and for one year only.</p> <p>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.</p> <p>Under the terms of the Inter Authority Agreement, the Board cannot make a decision that has an adverse financial implication on any partner without that partner's agreement. Recognising the need for partners to make difficult savings decisions, the Board does have discretion to determine how any savings targets handed down can be delivered, provided all partners sign up through approval of this draft plan.</p> <p>The first draft budget requirement for 2019/2020 was presented to the Somerset Waste Board in September 2018. All disposal costs fall to the County Council. The initial assessment was that an uplift of £1.195m will be required to meet estimated contractual inflation, demographic growth and landfill tax price increases. This will continue to be reviewed until a final Board budget is approved in February 2019.</p> <p>The need for additional disposal costs has been included in all SCC MTFP budget requirement figures, although final agreement is still subject to the overall Somerset County Council budget process, which passes through the Council meeting in February.</p>
<p>Legal Implications:</p>	<p>Somerset County Council has delegated its functions and powers under the Environmental Protection Act 1990 as a waste disposal authority to Somerset Waste Partnership. All 5 district councils in Somerset have similarly delegated their functions and powers as Waste Collection Authorities. Although SCC's functions have been delegated SCC remains the body responsible for their fulfilment and so it is important that the Draft Business Plan sets out how SWP will fulfil those legal duties on SCC's behalf.</p> <p>The proposals set out in the Draft Business Plan have a number of legal, contractual, procurement, data protection and regulatory implications for the partners of Somerset Waste Partnership as well as for SCC which is the legal entity responsible for entering into contracts on SWP's behalf. These implications will need to be reviewed in detail as and when the proposals in the Draft Business Plan are implemented.</p>

<p>HR Implications:</p>	<p>There are potential TUPE and pensions implications that will need to be taken into account when proceeding through the collection contract procurement process.</p>											
<p>Risk Implications:</p>	<p>Failure to approve a Draft Business Plan will result in difficulties meeting the constitutional timescale for the process and in setting a viable budget.</p> <p>The risks vary between partners depending upon their role. The County Council, as waste disposal authority, is part of the Waste Partnership and is also its accountable body.</p> <p>The key risk relates to the delivery of the future collection arrangement and its impact upon the County Council as disposal authority, an impact which is primarily financial (i.e. reduced residual waste volumes sent to landfill results in reduced costs to the County Council).</p> <p>Risk is managed by the Partnership through its Board and SMG, where senior officers represent the Partnership and the six councils that are partner members.</p> <table border="1" data-bbox="528 1048 1481 1088"> <tr> <td>Likelihood</td> <td>3</td> <td>Impact</td> <td>4</td> <td>Risk Score</td> <td>12</td> </tr> </table>						Likelihood	3	Impact	4	Risk Score	12
Likelihood	3	Impact	4	Risk Score	12							
<p>Other Implications (including due regard implications):</p>	<p><u>Equalities Implications</u></p> <p>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. SMG will be given assurance that equalities are given due regard through the process of delivering the Business Plan.</p> <p><u>Community Safety Implications</u></p> <p>There are no foreseeable Community Safety implications from this decision.</p> <p><u>Sustainability Implications</u></p> <p>The Business Plan has an impact upon sustainability around levels of recycling, material volumes and waste being disposed of to landfill. The principle behind Recycle More seeks to provide a more sustainable method of managing waste and the Business Plan continues the Partnership's commitment to this being</p>											

	<p>implemented once the legal process of early termination and re-contracting are completed.</p> <p><u>Health and Safety Implications</u></p> <p>There are no obvious Health and Safety implications of this decision.</p> <p><u>Privacy Implications</u></p> <p>There are no obvious Privacy implications of this decision.</p> <p><u>Health and Wellbeing Implications</u></p> <p>There are no obvious Health and Wellbeing implications of this decision. The Business Plan contributes to the Shared Vision for Health and Wellbeing in Somerset “People live healthy and independent lives, supported by thriving and connected communities with timely and easy access to high-quality and efficient public services when they need them”.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>Not applicable.</p>

1. Background

- 1.1. 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. As agreed by the Board in September 2018 the timetable for approving this plan will change for this year, 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.
- 1.2. The process of review is continuous but the Business Plan contains a snapshot of where we are now, those things that have a major impact on us, resources available, summary of the budget and priority work areas.
- 1.3. The actions in the Business Plan remain the most significant set of changes to Somerset’s waste services since the Partnership’s inception in 2007, covering all aspects of service. There are also expected to be the most significant set of changes to national resources and waste policy for a generation and the environmental impact of waste has a public profile higher than ever before. The scale of policy change expected will have significant impacts on the future business plans of the Partnership. The three areas of focus set out the actions which reflect this but need to work together for maximum impact. For example, the transition to the Recycle More service model is set out under the ‘delivering excellent service’ section, but this will not be a success unless it is

supported by 'changing behaviours' and 'building capability' is vital to achieve this.

1.4. The proposed actions can be found in sections 5.1, 5.2 and 5.3 of the Business Plan; as noted above, these are three linked areas of focus, beneath which sit a range of activities. The three areas of focus are Delivering excellent services, Changing Behaviours and Building our Capability'

1.5. Delivering Excellent Service

The Business Plan's proposed actions (see table 5.1 of the Plan) aim to ensure that the services delivered ensure that household waste is effectively collected, reused, recycled and treated. This will be achieved through a number of activities and actions, including:

- Transition to a new collection contractor and new service model
- Moving away from landfill
- Improving services
- Reviewing services

1.6. Changing behaviours

Table 5.2 of the plan shows the actions and activities that it is planned will help to change the behaviours of the public so that people recognise that waste is a resource and fully play their part in reducing, reusing and recycling waste. Activities to achieve this include:

- Focussing on plastics
- Campaigns
- Changing behaviours through Recycle More
- Community Engagement

1.7. Building our capability

The Action Plan on section 5.3 of the Business Plan shows the actions that will be taken to ensure that the SWP has the capability and resources to even more effectively deliver the Board's vision. These activities include:

- Transforming ICT systems
- Strategy and Influence
- Ensuring that homes are built with waste in mind
- Improving Performance Monitoring

1.8. Recycle More and Collection Contract Procurement

To deliver the proposed Recycle More scheme, the Somerset Waste Board agreed at its meeting on 3 November 2017 to authorise the Managing Director of Somerset Waste Partnership to finalise and enter into a Deed of Variation with the contractor for the current collection contract to enable the early expiry of the contract on 27 March 2020.

Somerset County Council is the Administering Authority for the Somerset Waste Partnership and the Deed was executed by an Officer of the County Council on behalf of the Waste Partnership.

The Deed was executed on Monday 13 November 2017. The Board also agreed to authorise the Managing Director to oversee, manage and prepare the new collection contract procurement documents and manage the procurement process in consultation with a member New Service Task and Finish Group (which comprises the Chairman of the Waste Board and a representative from each of the partner authorities).

The pre-submission dialogue phase of the procurement is now complete, having conducted three dialogue sessions with each of the bidders. During this period, the invitation to submit detailed solutions document pack was also revised and reissued to reflect issues identified during dialogue. Amendments were mainly minor, but changes were made to the contract provisions relating to "changes in law". This was necessary to accommodate uncertainty around how waste legislation will develop in coming years. Contract terms were re-drafted, where necessary, by SCC's legal team.

Bidders had until 8 October to submit their detailed solutions when full details of the bidders proposed service methodologies, possible variants and prices will be revealed.

Receipt of the bids triggered the commencement of the evaluation phase. An evaluation and moderation plan has been developed utilising officers with appropriate and specialist skills from across the partnership. The outcome of the evaluation was reported verbally to the SWB meeting on 2 November during which the members considered the merit of variant proposals.

A confidential verbal update will be given at the cabinet meeting.

1.9. Core Services Contract Extension

The Core Services contract held with Viridor Ltd is currently due to expire on 31st March 2022, although it contains an option to extend, by written notice beyond the initial term, for a period of up to nine (9) years (to 31st March 2031).

The Core Services contract covers Somerset's recycling sites, composting, haulage, hazardous waste and closed landfill management. Residual waste and food waste treatment were not impacted by this contract review as Walpole Anaerobic Digestion Plant is contracted to 31st March 2031 & Avonmouth Resource Recovery Centre/Dimmer & Walpole Transfer Stations are contracted to 31st March 2045.

On 2 November 2018 a decision was taken by the Somerset Waste Board to extend the Core Services Contract which will deliver a significant level of savings whilst keeping all sites open.

Most of the savings will be delivered through non-customer facing contractual changes. The only proposed change that is customer facing relates to the rescheduling of the opening hours at the recycling sites. All 16 recycling sites will continue to be provided, offering longer weekend opening hours across the network and opening hours better aligned to public use.

1.10. Draft Budget

The draft Business Plan 2019-2020 is included in Appendix A

The first draft budget requirement for 2019/2020 was presented to the Somerset Waste Board in September 2018. All disposal costs fall to the County Council. The initial assessment was that an uplift of £1.195m will be required to meet estimated contractual inflation, demographic growth and landfill tax price increases. This will continue to be reviewed until a final Board budget is approved in February 2019.

This assessment will be reviewed ahead of the December 2018 and February 2019 Waste Board meetings, when the final budget will be set. Waste volumes continue to be volatile, and the latest tonnages available are always used to estimate the final budget. Because the Recycle More service, if approved, will only be rolled out from April 2020, there is no financial impact to be considered in 2019/2020 Draft Budget. A separate earmarked reserve is being used to fund the Recycle More procurement process.

Any of the partners will still have the opportunity to ask for future budget savings from the Waste Board ahead of the December meeting, and any necessary impact assessments will be carried out at this stage.

2. Options considered and reasons for rejecting them

- 2.1.** The SWP Business Plan is a constitutional requirement and no other option is available.
- 2.2.** The only available alternative option for the Council is to not approve the draft Business Plan. The risk of not approving the draft business plan is that this leads to a failure by the Somerset Waste Partnership to agree the Business Plan, and possibly the budget leading to considerable negative financial and reputational implications for all partners.
- 2.3** Failure to approve the Draft Business Plan will result in difficulties meeting the constitutional timescale for the process and in setting a viable budget.

3. Background Papers

3.1. Appendix A - SWP Business Plan 2019-2014