

Somerset West and Taunton Council Executive Committee – 22 January 2020

Somerset Waste Partnership Draft Business Plan 2020-2025 and Variations to the Inter-Authority Agreement

**Report of Client Officer – Natalie Green and Somerset Waste Partnership’s (SWP)
Managing Director – Mickey Green**

(This matter is the responsibility of the Leader Councillor Federica Smith-Roberts)

1. Executive Summary

This report seeks approval of the Somerset Waste Partnership’s Draft Business Plan 2020-2025, annual budget 2020-2021 and variations to the Inter-Authority Agreement to align it with the new collection contract. Subject to agreement by all partner authorities, these will then be finalised at the February meeting of the Somerset Waste Board.

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.

The cost increase for 2020/21 when compared with 2019/20 is £75k. An increase had already been factored in to the MTFP.

There are a number of changes resulting from the new collection contract that require minor amendment to the IAA. Rolling out Recycle More requires considerable up-front expenditure and the Somerset Waste Board (SWB) agreed the principles of how this should be managed in September – this paper reflects these principles in a revised draft inter-authority agreement. Only those changes that are necessary to reflect the new collection contract and roll-out of Recycle More have been made.

A verbal update / presentation will be made to the Board, which will include an update on the implementation of Recycle More and the ‘Slim my Waste, Feed my Face’ food waste behavioural change campaign.

2. Recommendations

This committee is recommended to:

- i) Approve the Somerset Waste Partnership’s Draft Business Plan 2020-25.
- ii) Approve the projected budget for 2020/21 subject to the finalisation of the figures.
- iii) Approve the variations to the Inter-Authority Agreement.

3. Risk Assessment

Risk is managed by the Partnership through its Board and SMG, where senior officers represent the Partnership and the five councils that are partner members.

Risk Matrix

Description	Likelihood	Impact	Overall
Household growth increases beyond that estimated for the costs budgeted	Possible (3)	Major (4)	Medium (12)
Green waste income is budgeted higher than uptake	Unlikely (2)	Medium (3)	Low (6)
Failure to have an IAA in place ahead of the 2020/21 financial year will mean that costs are not shared fairly and equitably	Unlikely (2)	Medium (3)	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 five 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 December and circulated to partners for comment prior to the adoption of the Board's Business Plan and Annual Budget the following February. 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.
- 4.4 The plan also sets out the draft Annual Budget for the Waste Partnership for 2020/21, which for the Somerset West and Taunton represents an increase of £75k.

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. Variations to the Inter-Authority Agreement

6.1 The following principles were agreed by SWB in September 2019, following agreement to these principles by the Strategic Management Group (SMG) and all partner Section 151 Officers. All revenue costs will be funded from the Recycle More Project Fund. These principles have informed the revisions required to the IAA (Appendix 2):

6.1.1. District collection partners should not be penalised or rewarded for when they roll out within the programme. No savings will be taken from the Somerset Waste Partnership until roll out has been fully funded.

6.1.2. As a significant proportion of Recycle More savings will be from disposal costs, the disposal partner SCC will also contribute its savings from Recycle More until the break-even point has been reached (2022/23). Should there be extraordinary circumstances beyond what we have forecast that have a significant impact on disposal costs or savings, then we would need to take a view at the time on how any additional savings or costs should be fairly apportioned.

6.1.3. Somerset Waste Partnership hold the Recycle More Project Fund and any deficits will be funded through contract savings before they then become attributable to partners.

6.1.4. Once breakeven point is reached, contract savings will be shared on the basis currently stated in the IAA.

6.2 The IAA has also been changed to reflect the fact that under our new collection contract, SUEZ will not be liable for the costs of secondary contributions for the small number of employees who are eligible for the Local Government Pension Scheme. As has been agreed by SMG and all partner s151 officers, passing this liability on would simply result in risk pricing from SUEZ, meaning that we would in effect pay more to achieve the same aim. These costs will be shared by District Council partners in accordance with household numbers. It should be noted that there will be no deficit on day 1 of the contract and future payments will be made in accordance with future actuarial assessments.

7. Consultation

7.1 Initial consultation was held with partners (via the senior officer group – SMG) on 13 August and 10 September. Further consultation took place during the Autumn. The Somerset Waste Board and Joint Waste Scrutiny Panel, at their meetings in September, considered an outline of the Business Plan in order to shape the approach at an early stage in its development. The draft business plan, budget and IAA were approved for partner consultation by the Board at its December meeting.

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. 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 budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year was brought to the December meeting of the Somerset Waste Board.
- 8.3 The current estimate for SWT is 4% budget uplift from the 2019/2020 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 2,82%. The key drivers for this are CPI and fuel increases.
 - Household growth estimated at 0/49% for Somerset West and Taunton.
 - Uplift on recycling credits of 3%
- 8.4 The Executive have the option not to approve the Business Plan as they do in any other year, though 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 2020/21. SWP will continue to share the costs among partners in the approved format
- 8.6 The cost increase for 2020/21 when compared with 2019/20 is £75k. The budget for 2020/21 was set with a contract increase in mind, however the actual increase is less than this creating a small contingency of 1%.
- 8.7 Recycle More was approved by TDBC on 30th November 2016 the budget presented in the appended business case for 2020/21 contains no savings or costs associated with this new operating model during the roll out phase.

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. Draft SWP Business Plan 2020-2025
2. Draft Inter-Authority Agreement

Democratic Path:

- **Scrutiny - No**
- **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

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%