

**Theme and Overview: 8. Self-Sufficient Council: Waste Management**

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**Overview of proposal:**

Worcestershire County Council (WCC) currently spends a net position of £29m per annum on Waste Management. The vast majority of this is spent on waste disposal through the WCC share of the Waste Management Service Contract (WMSC) with Mercia Waste Management (Mercia). The contract is a Private Finance Initiative (PFI) contract procured and managed in partnership with Herefordshire Council (HC). The expenditure / waste arisings are split between the two authorities in the ratio: 77% WCC, 23% HC.

Following the successful contract negotiations and financial close in May 2014, the current WCC Medium Term Financial Plan (MTFP) assumes savings of £3m when EnviRecover, our Energy from Waste facility, becomes operational. The MTFP assumes £6m uplift, however this was negotiated down to £3m to deliver a £3m saving in 2017/18. There is an additional target to achieve a further £250k per annum saving in 2017/18. These savings are in addition to over £1.5m savings delivered to date (2013 – 2016).

This proposal includes a number of strands of work relating to reducing the Waste Management budget as well as taking account of the impact of planned housing growth in Worcestershire. Areas include:

- Use of the accumulated PFI reserve to reduce the unitary payment for waste disposal between April 2017 and the end of the existing Waste Management Service Contract in Dec 2023;
- The impact of housing growth on the overall waste management budget;
- Prevent waste, i.e. reduce demand, to mitigate housing growth implications;
- Contract Review.

**Cost of delivery e.g. redundancy, additional resources to deliver, investment in technology and assets etc.**

Assumptions: Work with the Sustainability Team and contractor's education officer regarding waste prevention, working closely with Waste Collection Authorities in Worcestershire, work with Herefordshire Council and Contractor regarding contract changes, some potential investment in order to impact on resident behaviour to prevent waste.

**What will be the key outcomes?**

- Reduction in the annual waste management costs;
- Agreed model regarding waste forecasting.

**What additional savings/income is targeted and when is this expected to be delivered?**

<b>Budget</b>				
2016/17	£29 million			
<b>Savings</b>				
<b>Initiative</b>	<b>2017/18 £,000</b>	<b>2018/19 £,000</b>	<b>2019/20 £,000</b>	<b>Post 2020 £,000</b>
Use of Waste PFI Reserve to reduce annual unitary payments	1700			
<b>Total</b>	<b>1700</b>			

**What will be the key work streams that will enable the delivery of this theme and who will lead their ongoing development?**

1.	<p><b>Workstream – Use of PFI Reserve:</b> Use of existing PFI Reserve to reduce annual unitary payments from April 2017 on assumed take-over of EnviRecover to the end of WMSC in Dec 2023 (6.75 years). .</p> <p>Lead Head of Service: Rachel Hill</p>
2.	<p><b>Workstream – Housing Growth:</b> Confirm <b>Housing Growth</b> projections and the impact on Waste Management costs. Ensuring <b>forecasting assumptions</b> are as those used for council tax projections. See <b>Table 1</b> for further information.</p> <p>Lead Head of Service: Rachel Hill</p>
3.	<p><b>Workstream – Waste Prevention:</b> Prepare business case(s) to change resident behaviour to <b>prevent</b> waste <b>mitigating</b> the impact of increases in waste arisings due to <b>housing growth</b>. Business case to quantify.</p> <p>Lead Head of Service: Rachel Hill</p>
4.	<p><b>Workstream – Contract Review:</b> Some savings (£3.25m) associated with the WMSC are already included in the current MTFP.</p> <p>Lead Head of Service: Rachel Hill</p>

Risks

#	There is a risk that.....	Which could (impact).....	Mitigation.....
1	Delay in take-over of EnviRecover	Reduce opportunity to discuss contractual opportunities with the contractor	Existing EnviRecover Programme and management arrangements
2	Growth in waste	Increase waste management costs	Agreed basis for modelling and forecasting Waste prevention activities
3	Limited change in behaviours so as to prevent waste	Maintain waste arisings and cost of waste disposal	Identify, cost and explore options to influence behaviours

**Table 1: Waste and Housing Growth**

The table below shows the impact, in terms of waste tonnage growth and financial cost that arise from the additional dwelling stock planned for Worcestershire during the period 2016-17 to 2020-21.

YEAR	Contract Waste					
	Joint (Herefordshire and Worcestershire)		Worcestershire			
	Tonnes	Dwelling Stock	Tonnes	Dwelling Stock	Tonnage Increase	Estimated Financial Impact
2010-11	364,410	329,080	277,980	247,440		
2011-12	356,055	331,020	270,878	248,930		
2012-13	352,933	332,860	269,020	250,310		
2013-14	366,661	335,160	280,616	252,220		
2014-15	366,021	338,559	280,777	254,844		
2015-16	376,000	341,760	288,431	257,297		
2016-17	380,932	346,243	292,478	260,907	4,047	£ 412,777
2017-18	386,412	351,224	296,626	264,607	4,148	£ 423,068
2018-19	392,556	356,808	301,496	268,951	4,870	£ 496,704
2019-20	397,881	361,648	305,631	272,640	4,135	£ 421,810
2020-21	402,401	365,757	309,323	275,933	3,691	£ 376,530

Notes:

- Data for 2010-11 to 2014-15 are actuals
- Data for 2015-16 to 2020-21 are estimates
- Tonnage of waste generated per household remains constant through the period to 2021

- Predicted dwelling stock increases for Worcestershire provided by Worcestershire Research & Intelligence
- Financial impact based on 2016-17 Best Value Performance Indicator 87 estimate (£102/tonne)
- 2013-14 to 2014-15 Contract Waste tonnage stagnation due to diversion of Street Sweepings arisings from Waste Management Service Contract to Joint West Midlands disposal contract to deliver Future Fit savings