

Cheltenham Borough Council
Cabinet 21st September 2010
Joint Working in Waste Services

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| Accountable member | Councillor Roger Whyborn, Cabinet Member Sustainability |
| Accountable officer | Rob Bell, Assistant Director Operations |
| Accountable scrutiny committee | Environment Overview and Scrutiny Committee |
| Ward(s) affected | None at this stage |
| Key Decision | Yes |
| Executive summary | The Gloucestershire Authorities have been looking at the case for joint working in waste to understand the value of potential savings and the implications of realising these savings. The paper attached as Appendix 1 summarises the updated business case for Gloucestershire as a whole and the paper in Appendix 2 summaries the business case for Cheltenham Borough Council, taking in to account service changes to increase recycling and partnership efficiencies. |
| Recommendations | <p>I recommend that Cabinet:</p> <ol style="list-style-type: none"> 1. Confirms Cheltenham Borough Council’s participation in the development of the Gloucestershire Waste Partnership. 2. Confirms the approval of a maximum of £37,125 in 2010/11 as a contribution to the cost of developing partnership arrangements. 3. Approve the project initiation document for the development of the business case for shared depot services with Tewkesbury Borough Council as a first step towards such a partnership, recognising that the project scope may be subsequently amended to accommodate other partners as and when conditions are favourable. 4. Endorse the interim management arrangements already in place for depot services with Tewkesbury Borough Council. 5. Officers investigate the viability of extending shared collection services with Cotswold District Council commencing April 2012, and that an outline business case and draft heads of terms be prepared for consideration by cabinet on 14 December 2010. |

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| Financial implications | <p>The financial implications are set out in Table 2.1 which highlight the comparisons between CBC current projects and the potential future extrapolated cost savings as set out in the Eunomia Joint Waste Business Case. The contributions to the program already proposed are expected to continue into 2011/12.</p> <p>Contact officer: Andrew Powers</p> <p>andrew.powers@cheltenham.gov.uk, 01242 264121</p> |
| Legal implications | <p>Any future operational arrangements between the council and Tewkesbury Borough Council, and any other party, will be covered by appropriate legal arrangements. The interim management arrangements between the council and Tewkesbury Borough Council were authorised by the Strategic Director acting under delegated authority.</p> <p>Contact officer: Nicolas Wheatley, Solicitor, One Legal</p> <p>nicolas.wheatley@tewkesbury.gov.uk, 01684 272695</p> |
| HR implications (including learning and organisational development) | <p>Interim management arrangements for the shared depot service with Tewkesbury Borough Council have been agreed and a project initiation document drafted to outline the process to develop a detailed business case for a full integrated shared service arrangement. A HR Advisor will work the project team to help develop the full detailed business case for joint working. Any changes to Cheltenham Borough Councils employees terms and conditons of employment will require full consultation with representatives from the recognised trade unions. All proposed changes will be actioned in line with current employment legislation.</p> <p>Contact officer: Julie McCarthy ,</p> <p>julie.mccarthy @cheltenham.gov.uk, 01242 26 4355</p> |
| Key risks | <p>Risk management implications are contained within the business case.</p> <p>See risk template at end of this report.</p> |
| Corporate and community plan Implications | <p>The corporate strategy 2010 – 2015 states that future commissioning arrangements for a clean and well maintained environment will include the potential for shared services. Partnership working also contributes to delivering cashable savings, improving customer satisfaction and better performance through the effective commissioning of services.</p> |

1. Background

- 1.1** On 21st July 2009 Cabinet considered a report on joint working in waste services. This followed research commissioned by the Gloucestershire Joint Improvement Board to explore the potential to deliver efficiencies through joint delivery of waste services across Gloucestershire.
- 1.2** A business case was developed and on that basis the cabinet agreed in principle to continue to work towards full integration and resolved to work with partners with a view to establishing a Joint Waste Board for Gloucestershire.
- 1.3** During the last year the business case has been refreshed and updated, taking into account changing circumstances and service changes in partner authorities. The updated business case highlights the scale of savings potentially achievable from the six Gloucestershire Districts and the County Council coming together in a joint waste partnership.
- 1.4** At the same time, Cheltenham Borough Council has progressed three key projects which are linked to the partnership and also have the potential to deliver cashable efficiencies in the short term. In some cases these overlap with the updated business case. These are the rationalisation of Swindon Road Depot, the approval of the waste strategy action plan and interim management arrangements for the shared direct services with Tewkesbury Borough Council. (waste and recycling, street cleaning and grounds maintenance).
- 1.5** This report details the potential efficiencies and the timeline for delivery of a Gloucestershire Waste Partnership and provides a short term financial comparison with those projects already underway in Cheltenham.

2. Reasons for recommendations

- 2.1** The business case update for the Gloucestershire Waste Partnership is provided as Appendix 1. This identifies the potential for annual savings for the whole of Gloucestershire in the range of £1.7m to £2.3m (page 5 of the report). It should be noted that the business case is based on all authorities in Gloucestershire joining the partnership but it is acknowledged that all prospective partners may not be in a position to commit at this stage due to other contractual obligations. The

estimated dates when other authorities may join the partnership is provided in Figure 8-1 of the report (page 22).

2.2 A summary paper on the business case update specific to Cheltenham Borough Council is provided as Appendix 2. This identifies the potential for annual savings from partnership working to be in the region of £330,000 (table 3-1 of the report) and annual savings from increased recycling of £976,000 (table 3-2 of the report) These figures represent the anticipated benefit once full integration has occurred and all partners are included (2022/23). Figures 3-1 and 3-2. in the report show the timescale and the annual cash flow for Cheltenham between 2009/10 and 2022/23 due to partnership savings and increased recycling.

2.3 Joint Finance Officers have scrutinised the business case and validated it as follows:

“The principles applied in the business case are sound, it is relatively cautious in its assumptions and Chief Finance Officers are happy to approve the business case.”

Joint Finance Officers have also agreed the cost sharing principles that will determine how a joint waste budget is developed. This budget will be the mechanism for determining how service costs (and therefore partnership savings) are equitably distributed between the partners.

2.4 There is obviously a very strong case for partnership working once a critical mass of partner authorities can be achieved. All of the Gloucestershire authorities will be considering reports on this issue during September and will be required to make a decision on whether to join the partnership or not. The most likely outcome is that not all seven authorities will wish to join the partnership immediately and the business case and financial contributions from the emerging partners will need to be reviewed once each authority has determined its position. There may be partnership funding available to take the project forward with a reduced number of partners but if not then this council will be required to invest up to £54,000 in 2011/12 to achieve efficiency gains in future years.

2.5 This council, however, faces extremely challenging budget cuts in the short term and already has plans in place to deliver efficiencies in 2010/11 and beyond. These plans compliment the work of

the Gloucestershire Waste Partnership and in some cases overlap with the updated business case.

- 2.6** The Central Depot rationalisation project has the potential to deliver savings in excess of £200,000 per annum through vehicle efficiencies, asset rents and improved prices for recycled materials. This project is nearing completion and some financial benefit will be realised in 2010/11.
- 2.7** The waste strategy action plan approved by cabinet in July 2010 will increase recycling, reduce waste to landfill and reduce carbon emissions. It also has the potential to deliver efficiency gains in the region of £800,000 per annum through service rationalisation and increased income.
- 2.8** Officers have been working closely with Tewkesbury Borough Council to explore the potential for shared direct services. The services in scope are waste and recycling, street cleaning and grounds maintenance. Interim management arrangements for the shared depot service took effect on the 1st September 2010 and a project initiation document has been drafted to outline the process to develop a detailed business case and move to a full integrated shared service arrangement. This is provided as Appendix 3 to this report. This arrangement has the potential to deliver efficiency gains to this council of £50,000 in 2011/12, rising to £100,000 in 2012/13 and beyond.
- 2.9** Table 2-1 below shows a comparison of the Gloucestershire joint waste programme cumulative cash flow between 2010/11 and 2015/16 with the projected benefits of the Cheltenham Borough Council projects already in place.

Table 2-1 Comparison of annual cash flow – Cost / (Savings).

| Annual Cash Flow | 2010/11 £000's | 2011/12 £000's | 2012/13 £000's | 2013/14 £000's | 2014/15 £000's | 2015/16 £000's | Cumulative £000's |
|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| Existing CBC projects | | | | | | | |
| Co-locate Depots | (23) | (40) | (40) | (40) | (40) | (40) | (223) |
| Relocate Transfer operations | (185) | (213) | (213) | (213) | (213) | (213) | (1,250) |
| Garden Waste | | (800) | (800) | (800) | (800) | (800) | (4,000) |

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|----------------------------------------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TBC Shared Services | | (50) | (100) | (100) | (100) | (100) | (450) |
| Total CBC projects | (208) | (1,103) | (1,153) | (1,153) | (1,153) | (1,153) | (5,923) |
| Joint Waste Business Case *# | | | | | | | |
| Expenditure | | (5) | (46) | (129) | (171) | (201) | (552) |
| Income | | | | (809) | (949) | (957) | (2,715) |
| One-Off costs | 21 | 73 | 38 | 30 | 4 | 4 | (170) |
| Total Joint Waste | 21 | 68 | (8) | (908) | (1,116) | (1,154) | (3,097) |
| Combined savings from CBC projects / Joint Waste Business Case | (187) | (1,035) | (1,161) | (2,061) | (2,269) | (2,307) | (9,020) |

* The Eunomia business case was based on an assessment of Cheltenham's savings in comparison with a baseline based on a level of service prior to the recent agreed changes to service provision. The Business Case financial projections have not been revisited following Cheltenham's recent decisions, therefore there is the potential for some duplication of savings. Therefore the figures in Table 2.1 above should be qualified.

The Eunomia business case assumed high and low scenarios for cost savings. The figures in Table 2.1 are extracted from the high savings scenario.

2.10 The comparison of cumulative cash flow clearly shows that the plans put in place by this administration deliver short term efficiencies in advance of those set out in the updated business case. The business case does however highlight the potential for further gains in the medium to long term once a critical mass of partners are present and the necessary infrastructure to support partnership working is in place.

2.11 Cheltenham Borough Council has received a request from Cotswold District Council (CDC) to evaluate costs and feasibility of provision of a shared collection service, based on an extended DSO operation, to be equally shared with Tewkesbury Borough Council. This service would ideally commence from April 2012 and could be based on an arms length organisation owned by the three Authorities. However, because of CDC's impending contract renewal dates with its

existing supplier, CDC requires to resolve this question within a few weeks, with heads of terms by the end of 2010 calendar year. I recommend that this investigation be pursued and that the opportunity, if viable, provides a further incremental step towards a partnership approach across the county.

2.12 I therefore recommend that Cheltenham Borough Council continues with our short term plans as an incremental step towards a county wide partnership and remain an active and participating partner within the Gloucestershire Waste Partnership.

3. Alternative options considered

3.1 The status quo was considered but discounted as it does not deliver efficiencies and does not address capacity issues within the operations management team.

4. Consultation and feedback

4.1 The Gloucestershire Joint Municipal Waste Management Strategy, approved by Cheltenham Borough Council in October 2007, endorsed the development of service delivery partnerships between local authorities and the private sector and the delivery of efficiency savings through the integration of collection services. This followed full public consultation in 2006 including workshops, community panels and the “Great Gloucestershire Debate” which was facilitated by the local media.

4.2 The executive members and senior officers of all partner authorities have been fully consulted in the preparation of the updated business case. A Cheltenham Borough Council member seminar was held on Thursday 2nd September 2010 to inform members of the options and to seek feedback. Feedback from those members present was generally positive.

5. Performance management –monitoring and review

5.1 The project will be managed in accordance with Prince 2 methodology with progress against key milestones monitored via the corporate performance management system.

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| Report author | Contact officer: Rob Bell, AD Operations rob.bell@cheltenham.gov.uk, 01242 264181 |
| Appendices | <ol style="list-style-type: none"> 1. Joint Waste Programme – Report on business case update 2. Joint Waste Programme – Summary paper on business case update for Cheltenham Borough Council. 3. PiD |
| Background information | <ol style="list-style-type: none"> 1. Cabinet 21st July 2009, Joint Working in Waste Services. 2. Cabinet 15th January 2008, Joint Working in Waste and Environmental Services 3. Cabinet 30th October 2007, Gloucestershire Joint Municipal Waste Management Strategy |

Cabinet Report risk template

| The risk | | | | Original risk score (impact x likelihood) | | | Managing risk | | | | |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|----------------------------------------------|---|-------|---------------|----------------------------------------------------------------------------------------------------------------------------|----------|---------------------|------------------------------|
| Risk ref. | Risk description | Risk Owner | Date raised | I | L | Score | Control | Action | Deadline | Responsible officer | Transferred to risk register |
| | If cashable savings are not delivered though partnership and other service efficiencies it will impact on the council's ability to balance a challenging budget. | AD Ops | 01/09/10 | 3 | 3 | 9 | Reduce | Seek partnership efficiencies with TBC and other Glos partners. Implement the short term projects already underway. | 30/11/10 | AD Ops | |
| | If the financial projections in the business case prove to be inaccurate then target savings may not be achieved. | AD Ops | 01/09/10 | 3 | 3 | 9 | Reduce | Continuously scrutinise and challenge assumptions and projections and refresh business case. | Ongoing | AD Finance | |