

Report To: Communities Scrutiny Committee

Date of Report: 24 October 2019

Lead Member / Officer: Lead Member for Highways, Environmental Impact, Waste and Sustainable Travel / Head of Highways, Facilities and Environmental Services

Report Author: Tara Dumas, Waste and Recycling Manager

Title: New Waste and Recycling Service Design Progress Update

1. What is the report about?

- 1.1. On 18th December 2018, Cabinet approved a new operating model for the collection of household residual waste and recycling, i.e. a segregated kerbside weekly recycling service, along with a four weekly residual waste collection. The new service proposes to operate from a new, centrally-located depot. This report updates Members with the latest funding position for the project and provides further information about the delivery timescales and current projects.

2. What is the reason for making this report?

- 2.1. At the Communities Scrutiny Committee meeting on 25th October, 2018 (Minute 5h refers), Members requested that an update report be brought back to the Committee.

3. What are the Recommendations?

- 3.1. That Members note the progress made within this report by the Waste Project Board in delivering the new Waste and Recycling Service to residents from September 2021.
- 3.2. That the Head of Highways, Facilities and Environmental Services returns to a future meeting of the Communities Scrutiny Committee to provide an update on the outcome of the pilot projects being undertaken to increase capture of recyclable waste across the county, as outlined in Appendix V.
- 3.3. That the Head of Highways, Facilities and Environmental Services brings a future report to the Communities Scrutiny Committee to propose the Benefits Realisation Plan to be put in place to monitor the environmental, financial, employee and customer benefits of the new waste operating model.

4. Report details

4.1. General project update

The Council are still operating within its affordability window set by Cabinet on 18 December 2018 to have an annual revenue benefit of at least £500K.

The total cost of delivering the new waste operating model now stands at £15.1M including a risk allocation of £1.9M with a total Welsh Government contribution £8.15M of capital funding confirmed to date (Appendix I refers). It is critical that the Council are able to align to project costs to the funding time constraints. The Project Board representation has been reviewed to assist quicker decision making and includes the Lead Member for Finance, Performance and Strategic Assets.

It is important to note that the Cabinet decision on 18th December 2018 was predominantly based on environmental and wider economic benefits including:

Increased recycling performance; Future proofing the service against policy change and waste related legislation; Optimising the value and quality of the recycle to meet the requirements of the Circular Economy; Modernisation of the service and tired depot infrastructure; Increased employment opportunities both through the service and wider business community.

Appendix II provides an outline of the key milestones for the project over the next two years.

4.2. Depot infrastructure update

Since the Cabinet decision, work has been undertaken to develop the design and costs of the preferred depot option which is a single central depot on the edge of the Colomendy Industrial Estate in Denbigh. The total depot development costs have increased from £6.6m to £9.3m due to a number of unavoidable factors: compliance with recent more stringent fire regulations; environmental improvements to future proof the development in line with corporate carbon reduction ambitions; rate increases; and the need to redesign the site entrance avoid impacting on an ancient woodland (as advised through environmental surveys). The total includes £1.9m of risk and contingency. Some, or all, of these risks may not materialise but, given the complexity of the project, the Project Board believe it is prudent to allow for them at the development stage.

The site and building layout is progressing well and is being informed at every stage by advice and feedback from WRAP, who have specific knowledge of the special requirements of a waste site. We have also carried out a range of assessments (such as noise and odour) to inform the design. The land purchase negotiations are in the final stages involving the land owner and four other businesses. A collaboration agreement between all purchasers regarding cost sharing, permissions and conditions needs to be finalised ahead of the imminent land purchase. Detailed highway designs have been drawn up relating to the site entrance that avoids a neighbouring woodland, including purchase of a strip of land owned by the NHS, which is required to put in a suitable access point. Pre-planning consultation begins later this month. A proposed site layout and summary of key features is detail in Appendix III. The siting of the 6 acre waste depot in Denbigh will unlock over 20 acres of development land in total, resulting in around 150 new jobs, as well as securing the continued presence of several very successful business that otherwise may have relocated away from the area. Officers aim to secure full

planning permission by March 2020, and initial works will begin on site early summer 2020. The depot is still on track to be in use by September 2021.

4.3 Service Design Progress Update

The standard service design was approved by Cabinet on 18th December, 2018. However, the Council is committed to ensuring that the service design is not a “one size fits all” approach, and that alternative solutions are in place for those households who find managing their waste more challenging. The service is now working with a range of suppliers, other councils, user groups and organisations to determine the best alternative systems to make available for residents. There have been a number of key developments since the service design was approved:

- Welsh Councils are working closely with Welsh Government to deliver Absorbent Hygiene Product (AHP) recycling facilities by April 2021. DCC has received £245K funding towards vehicles, caddies and depot infrastructure which will increase the County’s recycling performance by a further 1%. To qualify for the funding DCC must start to promote the new service and have feedstock available by April 2021, subject to the new technology being built in Wales by this date.
- In the new model, paper will now be collected separately and all types of card will be collected together. This will secure higher sale prices for the paper and also reduce confusion to the public as they will not need to separate different coloured card (white and grey from brown). The requirement to keep separate the paper from other materials means that the configuration of the trolley box needs to be reviewed. Discussion with suppliers and consultation with user groups are scheduled in the New Year.

4.4 Communications Update: Preparing our residents for change

The Project Board recognise the importance of preparing residents and employees for the new operating model. Appendix IV outlines the communication plan to date. The plan will continue to evolve as the service change gets closer and as support through working in partnership with other organisations develops. Appendix V provides further details of the key activities the council are focussing on in the next six months.

5. How does the decision contribute to the Corporate Priorities?

5.1. As detailed in the Cabinet Report 18th December 2018.

6. What will it cost and how will it affect other services?

As a result of an internal audit recommendation, the Council now have two financial modelling scenarios that project the revenue costs of the new waste operating model. Scenario 1 is the WRAP KAT model. At the time of the Cabinet decision, Scenario 1 projected a revenue benefit of £807K. The latest revenue position has improved slightly to £833k. Scenario 2 is a version based on updated DCC operational costs, applied to the KAT model (£549K). The revenue savings of both

scenarios still satisfy the requirements of the Cabinet decision of 18th December 2019, delivering a revenue benefit of over £500K in the first seven years. In both scenarios, the cost of the new service after seven years (when the new recycling fleet would need to be replaced), will still be less than the forecasted revenue cost of our current service from April 2020. Further details of the financial modelling scenarios and revenue forecasts are detailed in Appendix VI.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. As detailed in the Cabinet Report 18th December 2018. The Welsh Audit Office are in the process of reviewing the way DCC have applied the 5 ways of working to the delivery of the New Waste Operating Model. Their findings and recommendations were not available at the time of writing this report. However, it is intended that the WIA will be updated as a result of the workshops and findings of this process. In particular the Service have identified the need to produce a “Benefits Realisation Plan” that qualifies (and in some cases quantifies) the benefits of the model and tracks the benefits post implementation. It is proposed that the draft Benefits Realisation Plan is reviewed and endorsed at a future Communities Scrutiny Committee. The plan will cover several areas such as environmental, financial, employee and customer benefits.

8. What consultations have been carried out with Scrutiny and others?

- 8.1. In addition to those groups consulted up to and included in the 18 December 2018 Cabinet report, updates have been provided to the following:
CET (previously a monthly agenda item); AMG (March 2019); SIG (25th June 2019) to update on overall cost / revenue / saving position following review of depot costs; Denbigh MAG (standing item since March 2019); Cabinet update (July 2019) / SLT update (September 2019).

9. Chief Finance Officer Statement

10. The considerable amount of work that has been undertaken to ensure the business case is as robust as possible is most welcome. The impact on the revenue budget currently means that a saving of around £277k can be expected in future years to contribute to the overall waste pressure of £900k included in the Medium Term Financial Plan (MTFP) for 2020/21 (although this amount is currently under review as the Waste Service is currently projected to use £1.2m of reserves in 2019/20 in order to cover the in-year overspend). In addition, the current proposal removes the requirement for an additional pressure of £280k, related to dry mixed recycling contract rates, to be added to the MTFP. The total financial benefit forecast in the current business case is therefore £549k, although obviously this contains a number of estimates, assumptions and projections which need to be monitored closely.

11. What risks are there and is there anything we can do to reduce them?

- 10.1. A comprehensive risk register is maintained on the Council’s Verto system. The latest version of the risk register is available by contacting Peter Clayton (peter.clayton@denbighshire.gov.uk).

