

CAPITAL INVESTMENT BUSINESS CASE

Reinstatement of Charges at HWRC



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

The proposal being put forward is to reinstate charging for non-household waste at the Household Waste Recycling Centres (HWRC).

In January 2021 charges for disposing of plasterboard, soil and rubble and asbestos were introduced at Chelson Meadow HWRC.

The scheme operated successfully for 5 months and during that period a total of £56,000 was recovered in charges to offset disposal costs. The scheme did not operate for a long enough period to be able to gain meaningful data on the impact on waste volumes.

Charges were subsequently withdrawn in June 2021 following a change in political administration.

Against a backdrop of the unprecedented financial pressures the Council are facing and a proposal has been put forward to follow the example of our neighbouring Local Authority's and charge for the disposal of certain types of waste at the Chelson Meadow HWRC. Items which arise from DIY, construction and demolition works to a home are not legally classed as domestic waste and therefore a charge can be levied. The materials in scope are soil and rubble, plasterboard and asbestos. The Council currently accepts all these materials without charge but faces significant onward disposal costs, and therefore currently subsidises household construction projects indirectly. It is proposed that charges will initially be set to be in line with the highest of our neighbours to avoid any incentive for cross boarder waste disposal.

From the experience of Devon County Council, who introduced these charges in 2011, it is hoped that Plymouth will observe a significant shift in resident behaviour, as charges will incentivise the reduction and reuse as much of this type of waste as possible within project design. This will help reduce the environmental impact of the disposal of this type of waste.

A risk associated with charging for waste is a potential increase in flytipping incidents, albeit it is acknowledged that it is a significant step for residents to commit criminal activity simply to avoid charges. Evidence from Devon County Council shows a downward trend in flytipping incidents over the 5 years following the implementation of charges, however the business case sets out a series of proposals for improving the management of flytipping.

The implementation of charges will have a twofold financial benefit. Firstly, any reduction in the volume of waste will reduce the disposal charges the Council pay, and secondly, any remaining waste will then generate income from the charges levied. This helps create sustainable income and savings which can be then reinvested in the delivery of valued services which help to keep the city clean and tidy.

SECTION 1: PROJECT DETAIL			
Project Value (indicate capital or revenue)	£177,000	Contingency (show as £ and % of project value)	
Programme		Directorate	Place - SP&I
Portfolio Holder	Bill Wakeham	Service Director	Anthony Payne
Senior Responsible Officer (client)	Philip Robinson	Project Manager	Phil Rudin
Address and Post Code		Ward	Citywide
Current Situation: <i>(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)</i>			
<p>In January 2021 charges for disposing of plasterboard, soil and rubble and asbestos were introduced at Chelson Meadow HWRC.</p> <p>The scheme operated successfully for 5 months and during that period a total of £56,000 was recovered in charges to offset disposal costs. The scheme did not operate for a long enough period to be able to gain meaningful data on the impact on waste volumes. Charges were subsequently withdrawn in June 2021 following a change in political administration.</p>			
Proposal: <i>(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)</i>			
<p>The proposal is to reinstate charging for non-household waste at the Household Waste Recycling Centres. It is estimated that charging for non-household waste would result in a saving of £177k per year to the service. The actual savings would depend on how much of these waste types continue disposed of at the site and the extent of waste reduction and diversion that occurs. The infrastructure remains in place to allow charging to be reinstated so there is no capital investment required.</p>			

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS					
Risk Register: <i>The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).</i>					
Potential Risks Identified			Likelihood	Impact	Overall Rating
Risk	Increase in illegal disposal of waste, flytipping		Medium	Low	Medium
Mitigation	As outlined in the risk section of the proposal section of the business case		Medium	Low	Medium
Calculated risk value in £ (Extent of financial risk)	Not calculated	Risk Owner	Service Manager		

Risk	Potential that increased volumes of non household waste will be placed into domestic wheelie bins to avoid charges.	Medium	Medium	Medium
Mitigation	A proportional increase in disposal fees has been included within the revised disposal cost scenarios.	Medium	Low	Low
Calculated risk value in £ (Extent of financial risk)	Offset by income / savings	Risk Owner	Service Manager	
Risk	Risk of queuing at site resulting in tailbacks onto the Highway	Medium	Medium	Medium
Mitigation	Operational plan devised to direct customers with chargeable waste away from reception point so as not to impact on general flow.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Project Manager	

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:

Reduced disposal costs for materials
New income streams for non household waste

Non-financial outcomes and benefits:

Greater reuse of materials thus reducing environmental impact of disposal process.
Staff development and training.
Better data intelligence on customer waste disposal.

Low Carbon

What is the anticipated impact of the proposal on carbon emissions	The amount of waste presented for disposal is likely to be reduced which will result in a reduction of carbon emissions		
How does it contribute to the Council becoming Carbon neutral by 2030	It will reduce the overall carbon emissions by reducing the amount of waste the Council is responsible for.		
Have you engaged with Procurement Service?			Yes
Procurement route options considered for goods, services or works	N/A		
Procurements Recommended route.			
Who is your Procurement Lead?			
Is this business case a purchase of a commercial property			No
If yes then provide evidence to show that it is not 'primarily for yield'			
Which Members have you engaged with and how have they been consulted (including	The Portfolio Holder has been consulted on the proposal		

the Leader, Portfolio Holders and Ward Members)

SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT: *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £	Total £
Total capital spend								

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £	Total £
As above								
Total funding								

Which external funding sources been explored	N/A
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	N/A
Tax and VAT implications	
Tax and VAT reviewed by	

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	N/A
Revenue cost code for the development costs	

Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria						Y/N	
Budget Managers Name							
Ongoing Revenue Implications							
	Prev. Yr.	19/20 £	20/21 £	21/22 £	22/23 £	23/24 £	Future Yrs.
Revenue cost							
Staffing					29,000	29,000	29,000
Total Revenue Cost (A)					29,000	29,000	29,000
Service area revenue benefits/savings							
Annual revenue savings (reduced disposal costs)					(54,000)	(54,000)	(54,000)
Annual revenue savings (increased HWRC revenue)					(146,000)	(146,000)	(146,000)
Annual revenue savings (increased Commercial Weighbridge revenue)					(6,000)	(6,000)	(6,000)
Total Revenue Savings (B)					(206,000)	(206,000)	(206,000)
Service area net (benefit) cost (B-A)					(177,000)	(177,000)	(177,000)
Has the revenue cost been budgeted for or would this make a revenue pressure	Revenue costs are captured within this proposal and offset by forecast income & savings.						
Which cost centre would the revenue pressure be shown	n/a	Has this been reviewed by the budget manager				Y	
Name of budget manager	Phil Rudin						
Loan value		Interest Rate		Term Years		Annual Repayment	
Revenue code for annual repayments							
Service area or corporate borrowing	Service						
Revenue implications reviewed by							

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
	00/00/2022	v 1.0		00/00/2022
	00/00/2022	v 2.0		00/00/2022

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case

Cllr Bill Wakeham, Environment and Street Scene		Service Director	
Either email dated:	09/11/22	Either email dated:	date
Or signed:		Signed:	
Date:		Date:	
		Service Director	
		Philip Robinson	
		Either email dated:	Date: 8 November 2022
		Signed:	
		Date:	