

CAPITAL INVESTMENT BUSINESS CASE

Waste and Recycling Container Requirement



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.

This project aims to meet the corporate commitments and priorities in a clean and tidy City and continuing to achieve a green sustainable city that cares about the environment in sending household waste for recycling, reuse or composting. This business case covers the requirements for the next 3 years for the domestic waste, cleansing street bins and commercial waste bins.

Currently there are on average 340 new requests per week by householders for all types of wheelie bins. An increase was observed in 2021 with the decision to remove charges for container deliveries. A further Executive Decision was made on 13 January 2023 to reintroduce a container delivery charge and this will be put in place imminently. This charge is likely to lead to a reduction in demand.

The continual ambition to increase recycling and reach the target of 50% by 2034 is slow in its progression to date. The current trend shows that requests for brown residual waste bins have a 69.3% higher request level than recycling bins.

With the global economy under increased pressure, manufacturers of containers have also had to significantly increase their charges to cover cost. The increase from the last capital container provision programme in 2018 is 25% cost increase on all 140 litre bins and a 15% increase on 240 litre bins

We also have a number of street bins and their respective housing units that will need replacing over the next 3 years due to wear and tear.

Current revenue budgets in Street Scene & Waste services are not able to sustain the significant increase in the procurement of containers required to fulfil the demands of the residents of the city + there are increased pressures within the SSW budget to supply.

In addition to the above Commercial Waste Services is a fast growing service supplying bins to the businesses of Plymouth. There is a need for both new bins for new customers and also replacement bins for when existing bins break. However, in commercial waste services a rental charge is made to the customers on the bin.

In addition there has been an overspend for 2022/23 of £53,050 for container provision. There is also a requirement for 22/23 for a small amount of bins for commercial waste services totalling £26k.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£1,661,333	Contingency (show as £ and % of project value)	Not required
Programme	Street Service and Waste Container Provision	Directorate	Place - SS
Portfolio Holder	Cllr. Bill Wakeham	Service Director	Philip Robinson

Senior Responsible Officer (client)	Michael Georgiou, Operations Manager (Waste)	Project Manager	Sarah Easton, Head of Commercial
Address and Post Code	City wide project	Ward	Citywide

Current Situation: *(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)*

This proposal covers the ongoing need to purchase bins for Street Services and Waste. The three Departments that this covers are the Domestic Waste Operations, Cleansing Operations and Commercial Waste Operations. There are varying requirements for each of these departments with the household waste requiring the significant proportion of the overall bins. The business case is covering for 3 years of capital requirements.

Domestic Waste Operations

This is a statutory service which the local authority has a duty by law to provide under the Environmental Protection Act 1990.

With the removal of charges for containers and deliveries, there has been a significant increase of requests by residents for additional containers. Householders have free access to request bins at no additional cost to them, except in the circumstances of a new build development. We currently receive an average of 340 new requests per week for all types of wheelie bins, both 140ltr and 240ltr. This equates to a requirement of 17,680 bins per year.

The current trends shows that previous efforts to encourage residents to recycle have not been as successful as predicted due to the quantities of bins that we are seeing being requested. Residual waste bins (Brown 240ltr) have a 69.3% higher request level than recycling (Green 240ltr). We no longer have a resource within the Service that visits households and provides the educational support that the service would need in order to more proactively encourage recycling.

The cost of the manufacture and supply of containers has also increased due to the global economy pressures. The costs have significantly increased over the last 12 months and compared to the prices of containers in the last capital container provision programme, 240 litre bins have increased by 15% and 140 litre bins have seen an increase of 25%. These costs are likely to continue to rise throughout the coming years.

Current revenue budgets in Street Scene & Waste services are not able to sustain the significant increase in the procurement of containers required to fulfil the demands of the residents of the city + there are increased pressures within the SSV budget to supply. Further budgetary pressure will be placed on the service by Plymouth's increasing population which is set to increase to over 300,000 over the next 20 years, with the number of households expected to exceed 132,000.

Purchasing of the required containers through the capital programme, utilising service borrowing is estimated for the next 3 years to be £1,064,045 for household bins only. There is also an over spend from this year's capital budget of £53,050. Total capital requirement is therefore £1,117,095.

Commercial Waste Services

The Commercial Waste Service has increased its customer base since 2020 and is currently continuing to grow with a number of opportunities to further increase revenue. A range of plastic bins are given to customers, 140 litre, 240 litre, 360 litre, 660 litre and 1100 litre. There is a bin requirement for both new customers but also existing customers where bin replacements are required if the bin can't be repaired.

The estimated annual requirements of these bins are 525 based on last year. However with growth over the coming years this is anticipated to rise to a requirement for 2025-2026 of 2,185.

Commercial bin contracts are sold including a rental charge, which in most cases covers the cost of the bin throughout its life cycle so the service does receive a rental revenue to fund the borrowing.

The cost of bins has increased, much the same as the domestic bins due to the global markets. However, commercial bins are fitted with locks which generally get fitted externally from the manufacturer which increases our costs. This is a necessity for most customers to prevent other businesses and the general public from using their bins for their waste and recycling.

The predicted capital that would be required for the next 3 years is estimated to be £274,448 based on predicted growth and cost increase estimates. There is also a requirement for a small amount of bins (1100 and 660 litre) for 22/23 with 100 of each being required. The cost of these bins is £26,000. The total therefore required is £300,448.

Cleansing Service

Currently there are 1,095 public street bins across the City. There are no plans to further increase street bins in any areas over the coming 3 years. Therefore the only capital required for the container provision is for replacements due to damage.

It is estimated each year that 44 bin housings are damaged and would require replacing and 51 internal bins would also need replacing. The current cost of a combined general waste and recycling bin housing unit is £1,500 (£750 each). A 240 litre bin currently is £18.76.

Allowing for an increase in price of 10% year on year for the next 3 years the capital that would be required for the next 3 years is £243,790. (£240,306 housings, £3,484 bins)

Combined Service Borrowing

The total service borrowing cost for the next 3 years for the combined 3 departments of domestic, cleansing and commercial waste totals £1,661,333 (including £26,000 required in 22/23 for commercial bins) and £53,050 over spend from 2022/23. This will be funded from existing revenue budgets and income generated by the charge to commercial clients.

Proposal: *(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?)*

Domestic Waste Operation

The supply of bins to households is a statutory function and as such the City Council have no option not to purchase bins for the general and recycling waste streams. The garden waste service isn't statutory however, with the new scheme recently introduced where residents pay a nominal fee for the collection of their garden waste from predominantly bins, again we do need to provide them with a container. This is likely to only be replacements for broken ones which we anticipate to have a stock of with the recent decision to charge for the service we will have a stock of bins so there are no plans to order any garden waste bins for some time. There is no other option than to purchase general and recycling bins due to our legal obligations.

Commercial Waste Operation

This service is a profit making operation. In order to continue the growth of the service we do need to purchase more bins both for new customers and to replace old and broken bins from our existing customer base. There is a rental charged on the bins to commercial customers which is charged to cover the cost of the average life expectancy of a plastic bin. Not purchasing bins is not an option as we would be unable to continue to service our existing customers and we wouldn't grow the business any further.

Cleansing Service

There are existing public bins across the City that do need to be maintained and replaced when they become broken. There are no plans currently to increase the number of public bins across the City but we do need to ensure that any existing bins that become damaged are replaced to avoid littering on the streets and provide the public with appropriately located waste disposal bins.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
N/A	N/A	March 2026

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: 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).

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Lack of containers – Supplier will not be able to provide the amount and type of bins within the timescale we require	Low	Medium	Low
Mitigation	Engagement has been made with procurement who will at the commencement of the project contact the suppliers and find out their timescales for delivery and the staggering of container deliveries to reduce the implications for storage	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£N/A			
Risk	Potential Impact of current economic climate	Medium	Medium	Medium
Mitigation	Estimated costs for the containers have been calculated at the high end of potential costs of plastic increasing over the next few years due to increasing oil costs.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£N/A			

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: **Non-financial outcomes and benefits:**

Additional revenue generation from commercial waste service from continuing upwards growth trajectory	Ensuring that both businesses and householders dispose of their waste responsibly and in accordance with regulations. Continual increase in City's household recycling rate, target of 50% by 2034, currently operating at 36.7%. A reduction in littering
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Low Carbon	
What is the anticipated impact of the proposal on carbon emissions	There are CO2 emissions from the manufacture of the plastic bins.
How does it contribute to the Council becoming Carbon neutral by 2030	Encouraging recycling and therefore less extraction of raw materials and a reduction in energy consumption
Have you engaged with Procurement Service?	Yes
Procurement route options considered for goods, services or works	The procurement of the bins will go through an ESPO Framework, all suppliers listed on the framework have been assessed during a procurement process for their financial stability, track record, experience and professional ability. There is the ability to use any of these suppliers on the framework depending on a variety of factors such as cost and timescales of supply.
Procurements Recommended route.	ESPO Framework
Who is your Procurement Lead?	Sharon Black
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'	N/A
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Cllr. Bill Wakeham (Portfolio Holder for Street Services and Waste)

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
	£	£	£	£	£	£	£	£
Domestic Bins		53,050	308,419	354,682	400,944			1,117,095
Street Bins			73,652	81,018	89,120			243,790

Commercial Bins		26,000	71,094	89,740	113,614			300,448
Total capital spend		79,050	453,165	525,440	603,678			1,661,333

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
	£	£	£	£	£	£	£	£
Service Borrowing		79,050	453,165	525,440	603,678			1,661,333
Total funding		79,050	453,165	525,440	603,678			1,661,333

Which external funding sources been explored	
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	
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	N/A
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	Michael Georgiou, Sarah Easton, Marie Quinn

Ongoing Revenue Implications for Service Area – N/A

	Prev. Yr.	22/23	23/24	24/25	25/26	26/27	Future Yrs. 27/28 – 32/33
	£	£	£	£	£	£	£
Service area revenue cost							

Other (eg: maintenance, utilities, etc)									
Loan repayment (terms agreed with Treasury Management)					10,237	68,924	136,971	215,150	1,720,218
Total Revenue Cost (A)									
Service area revenue benefits/savings									
Annual revenue income (eg: rents, etc)					(68,041)	(70,763)	(73,594)	(76,537)	(527,977)
Total Revenue Income (B)					(68,041)	(70,763)	(73,594)	(76,537)	(527,977)
Service area net (benefit) cost (B-A)					(57,804)	(1,839)	63,377	138,613	1,192,241
Has the revenue cost been budgeted for or would this make a revenue pressure			The revenue cost will be budgeted as it only affects future years.						
Which cost centre would the revenue pressure be shown			0955 (Domestic), 0962 (Commercial), 6026 (Cleansing)		Has this been reviewed by the budget manager		Y/N		
Name of budget manager			Michael Georgiou, Marie Quinn, Sarah Easton						
Loan value	£1,661,333	Interest Rate	5%	Term Years	10	Annual Repayment	£215,150		
Revenue code for annual repayments			0955 (Domestic), 0962 (Commercial), 6026 (Cleansing)						
Service area or corporate borrowing			Service borrowing						
Revenue implications reviewed by			Charlie Green						

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
Sarah Easton	30/01/2023	v 1.0	Lynn Walter	20/02/2023

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

<ul style="list-style-type: none">• Approves the Business Case• Allocates £1,661,333 for the project into the Capital Programme funded by service borrowing• Authorises the procurement process• Delegates the award of the contract to Service Director for Street Services, where they do not already have authority to do so	
Leader of the Council, Councillor Richard Bingley	
Either email dated:	
 Signed:	Signed:
Date: 14/03/2023	Date:
	Service Director
	Philip Robinson, Service Director for Street Services
	Either email dated: date
	Signed: 
	Date: 21/03/2023