



**Policy, Finance and  
Development  
Committee**

**Tuesday, 30 April  
2024**

**Matter for  
Information**

**Report Title: Waste Transformation Implementation - Budget Update**

**Report Author(s): Ben Wilson (Corporate Project, System & IT Manager)**

<b>Purpose of Update:</b>	This report provides an update on the expected project expenditure and income for the Waste Transformation implementation of alternate weekly collections.
<b>Update Summary:</b>	The report explains expenditure relating to project implementation costs, bin purchasing, bin swaps, associated staffing costs and applicable contingency.
<b>Recommendation(s):</b>	<p><b>A. That Members note the additional information supplied about the budget required to implement this service transformation. The monies will be from the 'Flexible use of capital receipts' as approved within the Full Council report, appendix 6 of the 2024 Revenue, MTFP, and Capital Programme and Appendix 6 of the Treasury Management Policy and Strategies provides the Flexible Use of Capital Receipt Strategy.</b></p> <p><b>B. That Members note that all expenditure and income relating to the waste receptacles is based on an assumed 30% of household take up of the larger bin scheme and numbers could decrease/increase dependant on actual uptake throughout the project.</b></p>

## **1. Background**

- 1.1 This report provides supplementary information to the Waste Transformation Implementation Report. Projects of this nature are carried out with expenditure coming from a capital budget. In this case, from monies from the 'Flexible use of capital receipts' as approved within the Full Council report, appendix 6 of the 2024 Revenue, MTFP, and Capital Programme and Appendix 6 of the Treasury Management Policy and Strategies provides the Flexible Use of Capital Receipt Strategy.
- 1.2 As fully detailed in this report, all expected income and expenditure for this service transformation is listed. This includes project implementation expenditure and the expected income relating to the charge for households to swap their 140 litre bin to a larger 240 litre bin.
- 1.3 Members are to note the full details of the project and the new waste service provision, including the policy, timeline, full budget costs, options and officer recommendations are included in the 'Waste Implementation' report presented at the same Policy, Finance and Development committee.

## **2. Income**

(Continued overleaf)

<b>Type</b>	<b>Information</b>	<b>Charge:</b>	<b>Total Income:</b>
<b>INCOME – Option A</b>	Assumption of 30% take up @ 7,200 households @ £38 each	£38	<b>£273,600 income</b>
<b>INCOME – Option B</b>	Assumption of 30% take up @ 7,200 households @ £50 each	£50	<b>£360,000 income</b>

2.1 These amounts are based on a 30% take up of households of the larger waste collection service (which allows for a household to use a 240 litre bin instead of their current 140 Litre bin) – approximately 7,200 households.

2.2 Please note the two charges and their expected income.

2.3 This income will be used to offset the project implementation costs only.

### **3. Expenditure**

3.1 To successfully implement the new service provision and realise the benefit of saving circa £250,000 per year on its waste service, the Council will need to spend to implement this transformation. The estimated expenditure is detailed below. It is advisable with a project of this size to have a contingency budget which has been sent at 5% of total costs, this of course may not be needed. The other thing to note is the capitalisation of salaries, this is not additional costs as these staff are already employed within the authority, we are using the flexible use of capital receipts to support the revenue budget.

3.2 All other expenditure is listed in the 'Waste Transformation Implementation' report and appendix and included in below table at paragraph 6.

### **4. Overview of Options**

4.1 Option A: If the Council charges £38 for the larger bin per household, the project would need an estimated capital budget of **£166,670** – household take up dependent.

4.2 Option B: If the Council charges £50 for the larger bin per household, the project would need an estimated capital budget of **£80,270.** – household take up dependant.

### **5. Savings**

5.1 Following the transition to the new waste service provision, the council will save circa £250,000 per year. Over a 10-year period this equates to over a £2.5million reduction in the Councils expenditure/revenue costs that supports the long-term financial sustainability of the Council.

### **6. Financial Information**

6.1 Please see below table that includes expenditure, possible income and the net cost of the implementation:

(Continue overleaf)

Waste Project Budget				
Key expenditure	Details	Individual cost	Budget required	Cost Type
External communications	- Letters to all households advising of initial service change and larger bin purchase in May 2024. - A further letter for bin collection day change notification. - Budget for smaller physical communications item – likely to be a calendar or bin hanger.	Each letter is quoted at £16,000.  physical items £5,000.	£37,000	<i>Additional cost</i>
Purchasing 240 litre bins	Price per 240L bin is £22 with delivery to the Depot in bulk. Assumption of 30% take up @ 7,200 households.	£22 per bin	£158,400	<i>Cost offset with income</i>
Delivering new bin & collecting old & disposal	Delivery is £6 per bin - Admin Fee: £5 - Disposal Cost £5 per bin Assumption @ 30% take up @ 7,200 households.	Totals £16 per bin	£115,200	<i>Cost offset with income</i>
Route optimisation	'Integrated Skills' to be awarded work due to most cost effective	One time fee	£14,850	<i>Additional cost</i>
Customer Service Staff	2 x Customer services/project support staff to deal with the additional customer demand throughout such a significant waste change to residents. Temporary roles for duration of project only (May to October)	£15,975 per employee	£31,950	<i>Additional cost</i>
Misc - Contingency	+ 5% contingency for matters of low value that may be required throughout project that are outside of the control of the Council		£17,870	<i>Additional cost</i>
Capitalisation of Salaries	Staff time, whereby they are supporting the implementation of the project, will be paid for through the Capital program (and not the revenue budget).	8 staff @ 1 day per week	£65,000	<i>Currently employed staff working on project</i>
	<b>Overall Project Expenditure:</b>		<b>£440,270</b>	
<b>INCOME – Option A</b>	<b>Assumption of 30% take up @ 7,200 households @ £38 each</b>	<b>£38 charge</b>	<b>£273,600 income</b>	Covers the cost of purchasing the bins and swapping them only.
<b>INCOME – Option B</b>	<b>Assumption of 30% take up @ 7,200 households @ £50 each</b>	<b>£50 charge</b>	<b>£360,000 income</b>	Covers the above and offsetting project costs
<b>Net Project Costs – Option A (£38 charge):</b>	Gross cost of project: £440,270  Expenditure – Option A = 440,270 – 273,600 =	<u>£38 charge</u>	<b>£166,670 – Capital budget required</b>	<i>To be funded from flexible use of capital receipts</i>
<b>Net Project Costs – Option B (£50 charge):</b>	Gross cost of project: £440,270  Expenditure – Option B = 440,270 – 360,000 =	<u>£50 charge</u>	<b>£80,270 – Capital budget required</b>	<i>To be funded from flexible use of capital receipts</i>

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