

REPORT TO CABINET

22 January, 2013

Cabinet Member: Councillor W Gareth Roberts

Subject: Waste Management – Matters arising from the Second Quarter Budget Review

Contact Officer: Gwyn Morris Jones, Head of Highways and Municipal

The Decision Sought/Purpose of the Report

To consider what is recommended in order to address predicted over and under expenditure on waste budget headings, Highways and Municipal Department.

Local Members View

Not Applicable.

1 Waste Disposal (over expenditure £165k)

The Department produces a forecast (before the start of the financial year) of what is expected as the tonnage of municipal waste to be landfilled for the year. This is for the purpose of ensuring that the Council keeps within its Landfill Allowance and in order to estimate the total Landfill Tax due for the year.

On monitoring the first 6 months of the year, more is being landfilled than predicted which increases costs by £121k. This is likely to be due to:

- delay in introducing the new weekly collection of food service due to fleet procurement requirements
- delay in getting residents to familiarize/utilise the new service.

The forecast over expenditure could change with any increase in recycling, reuse and composting during the remaining 6 months of the year. The Council will have to decide which option to implement in terms of restricting the use of the residual bin (green) early in the new year in order to reduce landfill.

£44k of additional costs relate to disposal of timber. The cost of timber disposal was under control this year with an arrangement in-place for its use by a biomass company. Unfortunately, guidance received from the Welsh Government confirmed that disposal of waste by means of biomass technology does not count towards the recycling targets and figures. We have therefore changed this arrangement (since 1st October) to a more costly arrangement whereby the timber is recycled.

2 Disposal Sites (over expenditure £223k)

Significantly higher environmental requirements have caused an increase in the costs of operating landfill sites. Despite the Llwyn Isaf landfill site being closed earlier than programmed, the costs of treating the site's leachate continues and has proved to be very high this year due to the extreme wet weather.

All of the County's residual waste to be landfilled, is sent to the Ffridd Rasmus site at Harlech, and the cost of operating the site has increased as a consequence.

Efforts are being made to reduce labour and fleet costs at the site. The Cabinet is aware of the measures being considered in terms of the future of this landfill site (re: Report to the Informal Cabinet dated 28 November, 2012).

3 Waste Management (under expenditure £141k)

The delay in opening the GwyriAD facility for the treatment of food waste is mainly responsible for this under expenditure. GwyriAD is now on programme to be operational September, 2013.

4 Civic Amenity Sites (under expenditure £100k)

The delay in opening the new Blaenau Ffestiniog site is mainly the cause of this under expenditure. The Blaenau Ffestiniog site became operational in July, 2012.

5 Waste and Recycling Collection (under expenditure £34k)

A delay in introducing part of this new service is the main cause of this under expenditure.

6 Commercial Waste Collection (over expenditure £152k)

This service is undergoing a major transformation with the introduction of the collection of recyclates and food waste in addition to glass and residual waste. It was intended for this service to be closer to being self-financing at the end of this financial year, before changing to a situation whereby £50k of savings would be achieved in order to contribute to the Council's Savings Strategy.

The main reason for this over expenditure is due for the loss of £90k of expected income this year, due to businesses ceasing to trade (due to the economic situation) and that some businesses have gone to other providers of the service.

Due to the delay in introducing the new service (due to fleet procurement requirements), and because traders are slow in adapting to the change, there is more being landfilled than programmed (£76k of higher costs).

A Task Team exists and is responsible for leading on the transition to this service. Significant efforts are being made to reduce the forecasted over expenditure this year e.g.

- reduction in labour costs – a reduction of 8 N^o posts in the service
- reduction in fleet costs – rationalization of collection routes
- campaigns to increase what is collected in terms of food waste and recyclates – in order to reduce landfill costs (recycling this year has increased from 11% to 25.11% in the first 6 months of the year)
- maintaining clients.

A business case has been developed in order to substantially reduce or even abolish the over expenditure and to achieve the savings required for the Savings Strategy next year. It is mainly aimed at reducing disposal costs and increasing recycling. It is proposed that differential fees be introduced in 2013/14 for the purpose of increasing recycling/composting of commercial waste and in order to reduce what is landfilled.

Officer's Views

The Chief Executive:

‘The Cabinet, no doubt, will need confirmation from the Head of Service that the elements of over expenditure while continuing, will, as expected every year, be rationalized in terms of the Budget by the end of the financial year. There will also be a need to consider whether the problems this year can be solved or will there be a recurrence next year.’

Monitoring Officer:

‘The report was requested by the Cabinet on 20 November, 2012 in order for members to be able to be satisfied with the financial situation facing waste management in general. I have no comment regarding propriety’.

Head of Finance:

‘As reported to the Cabinet in November, there is significant over expenditure of £540k in matters relating to waste this year, which is marginally offset by various slippages to schemes this year, for various reasons, and which gives an overall net position of £265k.

There appears to be solutions to the overspend for some of the elements – depending on decisions already taken/further decisions to be taken. However, it is likely that a proportion of the over expenditure will remain for a period and into next year at least.

The Highways and Municipal Department has several reasonable strategies to tackle the issue, some of them long term. It will be expected of the Department to finance the over expenditure from other services’ underspend, or from other sources, in order to keep within budget by the end of the 2012/13 financial year.

It is anticipated that a proportion of the over expenditure will remain for a period in 2013/14 and this will help reduce the over expenditure noted this year. It will be necessary to monitor the development of any measures taken to ensure the Highways and Municipal Department keeps within its budget next financial year.’

Attachments