

FINANCIAL IMPLICATIONS

Table 1 - Revenue Implications

	Baseline 2018/19	Option 1	Option 2a	Option 2b	Option 3	Option 4a	Option 4b	Option 5a	Option 5b	Option 6a	Option 6b
Modelled Collection cost	£3,931,525	£3,825,834	£3,667,345	N/A	£4,068,848	£4,366,911	£4,074,112	£3,999,396	£4,066,517	£3,562,846	£3,629,967
Ubico costed option	£4,269,670	£4,309,835	£4,260,698	£4,717,313	£5,255,747	£4,963,426	£4,864,225	£4,133,800	£4,200,921	£3,698,866	£3,629,968
Garden waste subscriptions	£-709,350	£-709,350	£-638,400	£-638,400	£-638,400	£-709,350	£-638,400	£-709,350	£-638,400	£-709,350	£-638,400
Dry recycling gate fee / income	£-122,396	£-128,307	£-128,307	£-128,307	£-147,980	£-302,988	£-302,988	£65,635	£65,635	£569,592	£569,592
Total CDC cost	£3,437,924	£3,472,178	£3,493,991	£3,950,606	£4,469,367	£3,951,088	£3,922,837	£3,490,086	£3,628,156	£3,559,108	£3,561,160
Variance to 2017/18	N/A	£34,254	£56,067	£512,682	£1,031,443	£513,164	£484,913	£52,162	£190,232	£121,184	£123,236
Potential impact on Recycling credits*	£470,000	£470,000	£470,000	£470,000	£541,000	£470,000	£470,000	£526,000	£526,000	£535,000	£535,000

*Income not guaranteed, so not included in net variance position as GCC could cease these payments.

Table 2 - Estimated Maximum One-off Revenue costs for mobilisation, procurement & service launch

Description	Duration/timing (All 2019/20)	Cost Options 1,2,3 or 4	Cost Options 5 or 6
Communications	£45,000 (existing budget of £12,000)	£33,000	£33,000
Customer services increase in resources	From start of new container delivery (approx. 8 weeks before launch) until approx. 2 months after launch, reducing over time (4 months). Could reduce due to Transformation (see main report)	£37,000	£37,000
Container delivery cost	Approx 2 months before service launch until two months after launch (4 months)	£30,000	£48,000
Ubico resilience during service launch - increased staffing and vehicles to ensure any problems can be swiftly managed during transition with impact on customers minimised	Options 1, 2, 3 & 4 - additional support or 13 weeks (Oct-Dec Inclusive): Additional Support Supervisor; Hire of RCV to support additional recyclate presented; fuel, driver and loader for vehicle. Hire of 3.5t Caged Vehicle to support with additional recyclate (textiles), fuel and driver for vehicle. Options 5 & 6 - similar to above but more resources and for a longer period due to more significant service changes.	£48,200	£103,000
12 Months additional JWT Waste Management resource	1 st April 2019 – November 2019 Procurement & Mobilisation; November – December Launch; Jan – March 2020 refine efficiencies and performance.	£32,000	£32,000
Total		£180,200	£254,000

(END)

Table 3 - Capital Costs

	Number of new vehicles required	Vehicle costs	Container costs	Cost of borrowing	Total Capital costs
Option 1	30	£ 4,380,000.00	N/A	£296,271	£4,676,271
Option 2a	29	£ 3,960,000.00	£160,000	£278,684	£4,398,684
Option 2b	33	£ 4,600,000.00	£160,000	£321,975	£5,081,975
Option 5a	24	£ 3,630,000.00	£645,000	£289,169	£4,564,169

Note:

Option 1 replicates existing service so there is no change in containers.

Option 2 includes for additional larger food caddies and for a new sack for cardboard

Option 5 includes for wheeled bins for recycling

Cost of borrowing based on Public Works Loan Board rate (1.77%) over 7 years

(END)

Table 4 – Options to Mitigate Revenue implications

Possible Licence fee	Discount	Income	Increase in income from Baseline
£30	£15	£700,800	Baseline
£36	£18	£840,960	£113,160
£36	No discount	£872,172	£99,372
£40	£20	£934,400	£163,600
£40	No discount	£969,080	£268,280
£46	£23	£1,074,560	£281,760

Currently 22493 customers pay for a full price £30 licence and 1734 customers receive a licence at the discounted rate of £15 as they are on relevant means tested benefits or are for Village halls.

Whilst some customers may be lost as a result of price increases, it is unlikely to result in a significant reduction. The options in the table include for a reduction in customers which increase as prices increase, options which offer no discount include a far higher reduction in customers currently receiving a discount. The Council has never increased charges since the service was introduced in 2007.

Benchmarking shows that a charge of around £40 for a fortnightly service is commonplace and most authorities do not offer a discounted rate.

The Council has committed to freeze the current charges until 2020.

(END)