

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

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	£813,960	£113,160
£36	No discount	£800,172	£99,372
£40	£20	£864,400	£163,600
£40	No discount	£969,080	£268,280
£46	£23	£982,560	£281,760

Currently 22,493 customers pay for a full price £30 licence and 1,734 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 common-place and most authorities do not offer a discounted rate.

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

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