

Appendix 2 - Financial Analysis of Options

Full Year Savings Effect

	Note	Two Stream Recycling		Co-mingled Recycling	
		180 litre bin	240 litre bin	180 litre bin	240 litre bin
		Additional cost/(saving) ) £000	Additional cost/(saving) ) £000	Additional cost/(saving) ) £000	Additional cost/(saving) ) £000
<b>Capital Costs</b>					
Bin Purchase		2,240	2,470	2,240	400
Green Bin Purchase (Borrowing Costs funded by Subscription Charge)		600	600	600	600
<b>Total Capital Costs</b>		<b>2,840</b>	<b>3,070</b>	<b>2,840</b>	<b>1,000</b>
<b>Revenue Costs</b>					
Bins	1	280	310	280	50
Vehicles	2	(470)	(470)	(470)	(470)
Staffing	3	(120)	(120)	(120)	(120)
Additional cost of extending garden waste collection from 7 to 12 months		100	100	100	100
Estimated income from garden waste	4	(840)	(840)	(840)	(840)
Reduced Garden Waste Fees		(280)	(280)	(280)	(280)
Reduced Residual Waste Fees		(220)	(220)	(240)	(240)
Increased Other Gate Fees		310	310	310	310
Kerbside Recycling Gate Fees	5	570	570	1,370	1,370
Waste Transfer Station Operational Costs		150	150	150	150
Waste Transfer Station PB Costs		60	60	60	60
Additional Disposal Costs (240 litre bin)	6		90		90
Recycling income		(210)	(210)	0	0
Additional cost of transport		120	120	210	210
<b>Overall (saving)/cost compared to cost of current service</b>		<b>(550)</b>	<b>(430)</b>	<b>530</b>	<b>390</b>
Annual Budget Savings Requirement (2019/20 onwards)		<b>(1,383)</b>	<b>(1,383)</b>	<b>(1,383)</b>	<b>(1,383)</b>
Additional Earmarked Council Tax Income (1%)		<b>965</b>	<b>965</b>	<b>965</b>	<b>965</b>
<b>Net Budget Savings Requirement</b>		<b>(418)</b>	<b>(418)</b>	<b>(418)</b>	<b>(418)</b>
<b>Overall (saving)/cost compared to Budget Savings Requirement</b>		<b>(132)</b>	<b>(12)</b>	<b>948</b>	<b>808</b>

Notes

- 1 The revenue costs are based on prudential borrowing for the purchase of new bins. The capital cost of the recommended option is £2.84m, with the cost of the garden bins being covered as part of the subscription charge
- 2 The revenue savings are based on a plan to purchase vehicles outright to replace long term hired vehicles and also to review the lease period for vehicles which are leased. The estimated capital cost of new vehicles is £2.7m and will be funded by prudential borrowing
- 3 This includes a reduction in temporary staff and introduction of a new model of working. This will be subject to consultation.
- 4 The proposed charge for garden waste collection is £39 and the implications above are based on an assumed 25% take up of the service. On commencement of the service the £39 charge will cover a period up to January 2020. This charge has been calculated to ensure that it recovers all council costs and will be reviewed annually as part of setting the Council's Fees and Charges for subsequent years.
- 5 The increase in the cost for the co-mingled options is due to the fact that all recyclates would be collected in one bin, which results in paper and card recyclates having a negative value rather than generating income as they need to be separated before they become a usable commodity, and lowers material quality.
- 6 The increased cost of disposal for two-stream recycling and a gradual move to a smaller residual waste bin includes an estimated £90k for disposal based on an assumption that whilst capacity allows there will be more waste in the general bin. This figure will reduce over a period of years as the new smaller bins are gradually rolled out. The current contract for the recycling of kerbside collected household recyclables/transfer station provision is due to end on 31st July 2018. This contract can be extended on two further occasions by six months at a time and the advice from the Procurement Manager is to extend the current contract by six months and commence a new procurement exercise for the provision of disposal services with the inclusion of plastics in the recycling waste stream. A longer term solution is then required. This could be:
  - Supply of a transfer station facility as part of re-procured disposal contracts
  - Let a specific contract for a transfer station facility
  - Build a council transfer station