

**CORPORATE RISKS RELATING TO THE PROPOSAL
WILTSHIRE COUNCIL RISK ACTION PLAN**

Risk Ref: CR001	Risk: Delivery of a successful Waste management and landfill strategy				Date of Action Plan Update: August 2010										
Current Risk Rating: I = 4 L = 4 Current Score = 16 High	Target Risk Rating: I = 4 L = 2 Target Score = 8 Medium		Progress on Risk Action Plan: RAG = Amber												
Comment on Current Status of Risk (for use in risk management update reports)															
<p>Waste Strategy approved 2006. Significant action has been taken to improve waste reduction and recycling, and increase waste diversion from landfill. Waste reduction has been assisted by the economic slowdown, plus national and local action. LAA targets for waste reduction (NI 191) are being reached. However, economic recovery or changes to collection services (planned for 2011) could lead to renewed waste growth (see risk CR027). Recycling / composting has been increased to pass the 40% target for 2010/11 (NI 192). Significant additional investment will be needed to achieve the 50% target for 2020/21. Waste and recycling collection changes proposed for 2011 (subject to council decision following consultation) are forecast to increase recycling significantly (see risk CR027) . One contract for the further diversion of waste from landfill has been commenced (Hills /Lakeside), securing enough capacity to avoid LATS fines to about 2014 and reduce the landfill tax bill. A second contract (Hills / Entsorga MBT project) is under negotiation and close to completion (Sept 2010). Planning permission has been granted for construction of the Mechanical Biological Treatment (MBT) plant at Westbury. Environmental permits have been issued. If this contract is signed, the Council would have sufficient diversion capacity to about 2019, on current forecasts. Therefore, the second contract would reduce the likelihood of this risk. The council would also meet the Corporate Plan 2010-14 target for reducing waste to landfill (25% by 2014 : NI 193). The proposed changes to waste and recycling collections (see above) will provide further scope to reduce landfill. The MBT procurement process is being overseen by senior officers. Advice is being taken from consultants on key legal, financial and technical aspects.</p> <p>Whilst the above measures will reduce pressures on the Council, it is certain that the costs of waste management will still increase significantly (see Scope of Risk). The following additional control measures are in place</p> <ol style="list-style-type: none"> (1) Consideration for control of waste management as part of Medium Term Financial Plan and budget planning cycles (2) the Waste Service is currently reviewing longer term issues and will formally review the council's waste management strategy during 2011. (3) action by Head of Waste Management, working with the Head of Waste Collection, to increase recycling and other diversion performance within budget allocations (see above for performance). Also wood waste has been diverted from landfill to energy from waste production since Dec. 2008. (4) monitoring of the Landfill Allowances Trading Scheme (LATS) for availability and cost of allowances. <p>The target risk rating is dependent upon funding being made available to support the mitigation measures. In March 2010 the required funding was forecast to increase the council's budget for waste management, as follows:</p> <table border="1"> <tr> <td>2010/11</td> <td>2011/12</td> <td>2012/13</td> <td>2013/14</td> <td>2014/15</td> </tr> <tr> <td>£21.4 m</td> <td>£21.7 m</td> <td>£24.3 m</td> <td>£27.1 m</td> <td>£27.7 m</td> </tr> </table> <p>These forecasts will need to be regularly updated, to reflect such variables as contract price inflation and RPI, Landfill Tax and LATS, waste tonnage, progress with recycling, the effects of harmonisation of waste and recycling collections (2011) and progress with other diversion contracts. The two major step increases in cost shown in the forecast are related primarily to the net effects of the proposed MBT project, and are therefore dependent upon this. It is apparent that costs will rise by more than £1 million. If these costs are not covered in the Council's MTFs and successive annual budgets, the target likelihood rating of the risk will need to be increased to a 4 as these costs will be incurred. The above cost forecasts do not yet include the forecast effects of the proposed changes to waste and recycling collections, which will increase both waste management and waste collection budgets in the shorter term, and require significant capital investment during the start-up period.</p>						2010/11	2011/12	2012/13	2013/14	2014/15	£21.4 m	£21.7 m	£24.3 m	£27.1 m	£27.7 m
2010/11	2011/12	2012/13	2013/14	2014/15											
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Action Plan			
Risk Owner	Mark Boden	Key Officer/s	Tracy Carter / Andy Conn
Scope / Background to Risk			
(Insert information about the risk that explains it further including any history, cause of risk and potential impact and likelihood evaluation information)			
Cause:	<p>The EU Landfill Directive requires a major change in waste management, with much more emphasis on waste reduction, re-use and recycling, or production of energy from waste, and much less disposal to landfill. The UK government has created two powerful financial incentives to reduce landfill. (1) The Landfill Allowances Trading Scheme has a reducing landfill allowance for each waste disposal authority to 2020. This applies to biodegradable waste (about 68% of Municipal Solid Waste). Fines for exceeding the allowance have been set at £150 per tonne of biodegradable waste, although trading, banking and borrowing can be used as short term measures in most years. (2) Landfill Tax has risen significantly and is set to rise from the 2010/11 rate of £48 per tonne, by £8 increments to £80 per tonne in 2014/15. There is also increasing public support for recycling and waste minimisation.</p>		
Impact:	<p>Diversion from landfill by means of recycling and energy from waste projects is relatively expensive in the short term. Benefits realisation assessments of EfW projects and the current proposal to harmonise waste and recycling collections show initial outlay leading to major cost avoidance in a few years' time. Markets and prices for recyclables are unpredictable. These factors combine to create a risk of failure to manage the overall costs of waste management. The major identified additional risks for the service and budget are:- (1) from 2006/07 – payment of increased landfill tax per tonne (certain) and purchase of LATs allowances (possible), subject to waste reduction and landfill diversion achieved (2) from 2009/10 – payment for diversion contracts. (Hills / Lakeside EfW commenced June 2009). (3) from 2016 - a new payment regime for waste management services, including a large recycling operation, following the conclusion of the current contract. (4) Risk of further penalties associated with the LATS scheme in certain "scheme" years, as a pro rata share of any EU penalty charged to the UK. (5) The LATS and Landfill Tax schemes or the definition of council waste management responsibilities may be changed by government, affecting the Council's financial assessments (6) Possible additional government measures to further restrict use of landfill. The previous government consulted on possible measures, including landfill bans, during Spring 2010. An additional area of risk, currently more limited, is the increased scope of Landfill Tax. In Autumn 2009, the government announced that the low rate of landfill tax (£2.50 per tonne) would be extended to (inter alia) all material used as landfill cover (previously exempt). The Council now pays LFT on this tonnage. (7) the government review of waste policy during 2011 may result in pressure to revert to weekly waste collections, increasing both collection and disposal costs, the latter due to increased waste disposal to landfill and payment of LFT.</p>		
Controls in place to manage risk			
1.	Waste minimisation programme - joint venture Recycle for Wiltshire work with Wiltshire Wildlife Trust and subsidised sale of food waste digesters to Wiltshire residents		
2.	<p>Actions to increase recycling and composting -</p> <p>The heads of waste management and waste collection are working to increase opportunities for recycling and composting, within budget allocations (see above for performance)</p>		

The council consulted on proposed changes to harmonise waste and recycling collections during June-August 2010. If the proposal is agreed following consultation, significant additional diversion of waste to recycling and composting is forecast to result.

A new recycling centre is under construction at Marlborough and is due to open Autumn 2010.

A project is underway to increase access to kerbside recycling services by residents of flats in north and west Wiltshire (completed elsewhere).

3. Actions to divert additional waste from landfill, to energy from waste production -

The Lakeside contract commenced June 2009 (50,000 TPA)

The Westbury MBT contract is approaching completion of negotiations (see above)

Household wood waste delivered to recycling centres (about 8000 TPA) is being sent to energy from waste production under the existing waste management contract.

4. Consideration for control of waste management as part of Medium Term Financial Plan and budget planning cycles

5. Monitoring of the Landfill Allowances Trading Scheme (LATS) for availability and cost of allowances and reporting accurate data on waste tonnages to the national (statutory) Waste Data Flow system

Actions to take to improve the management of this risk OR Contingency Arrangements	Responsibility for action	Date for completion	Progress / Status Report for Improvement Actions
<p>1. The waste service is currently reviewing longer term issues and will formally review the council's waste management strategy during 2011, to update forecasts, targets and priorities from 2011 onwards. Strategic Environmental Assessment / Sustainability Appraisal of the revised strategy will be required. This will require consultancy support, the cost of which may exceed the current budget allocation. Cabinet approval of the revised strategy will be required.</p>	<p>1. Andy Conn</p>	<p>1. 31/12/2011</p>	<p>Action 1 - the waste service is carrying out vision / blueprint work during the Summer and Autumn of 2010. Work on the strategy review is programmed for 2011. Staff capacity is expected to be limited, due to the demands of the planned harmonisation of waste and recycling collection services.</p>
<p>2. The waste service will also be preparing for the continued operation of contracted out services as the FOCSA west Wiltshire collection contract (2014) and the Hills waste disposal and recycling contract (2016) expire. Options for future service delivery and costs will be investigated. Again, significant consultancy support may be required. A Cabinet decision on preferred options will be required.</p>	<p>2. Tracy Carter</p>	<p>2. Various from 2011 onwards</p>	<p>Action 2 - to follow the early stages of Action 1</p>
<p>3. Use of project management techniques within the waste service, to improve operation of service improvement projects</p>	<p>3. John Geary</p>	<p>3. Ongoing</p>	<p>Action 3 has commenced and is being applied to work required to implement the proposed collection service changes.</p>

<p>4. Improve collection and management of waste data in the newly formed waste service</p>	<p>4. Andy Conn and Martin Litherland</p>	<p>4. 31/03/11</p>	<p>Actions 4 and 5 have commenced. A relatively long time scale will be needed, due to the time required for finalisation of the waste collection service staff structure, resolution of pay and terms / conditions harmonisation issues (departmental and 4 area services) and recruitment to vacancies in the waste management service</p>
<p>5. Increase co-ordination of staff resources across the newly formed waste service to help deliver the Recycle for Wiltshire joint venture, encouraging residents to minimise and recycle more waste</p>	<p>5. Andy conn and Martin Litherland</p>	<p>5. 31/03/11</p>	<p>Actions 4 and 5 have commenced. A relatively long time scale will be needed, due to the time required for finalisation of the waste collection service staff structure, resolution of pay and terms / conditions harmonisation issues (corporate and 4 area services) and recruitment to vacancies in the waste management service</p>

WILTSHIRE COUNCIL RISK ACTION PLAN

Risk Ref: CR027	Risk: Delivery of a transformed Waste Collection Service	Date of Action Plan Update: August 2010
Current Risk Rating: I = 4 L = 3 Current Score = 12 High	Target Risk Rating: I = 1 L = 3 Target Score = 3 Low	Progress on Risk Action Plan: RAG = Amber
Comment on Current Status of Risk (for use in risk management update reports)		
<p>Resolution of role remodelling issues is key to the future of the service. (1.) The waste directorate's management team will work closely with the Pay Harmonisation Team (see risk CR023) to minimise risks of the pay harmonisation process creating poor industrial relations in this service or disrupting waste collections. A project has commenced to remodel the waste collection service. Information is being shared and verified with the pay harmonisation team and HR. (2.) The Management Team has also recognised the ongoing work on transformation of collection services and the need for timely and effective consultation on service options. The consultation timetable was "on hold" until after the general election, to avoid any waste of public funds consulting on options that may become the subject of national government policy. The consultation period has now ended and a decision on the implementation of the proposed new services should be made by Cabinet at its meeting in October.</p> <p>Progress with waste and recycling collection changes following consultation on the harmonisation proposal (June to August 2010) could be affected by (a) significant reductions in central government funding to local authorities during the period 2010 - 2014 and (b) the government announcement that national waste strategy will be reviewed during 2011. It is likely that one of the key topics for review will be the frequency of waste collections.</p>		
Action Plan		
Risk Owner	Mark Boden	Key Officer/s Tracy Carter / Martin Litherland
Scope / Background to Risk (Insert information about the risk that explains it further including any history, cause of risk and potential impact and likelihood evaluation information)		
<p>Cause: 1) Failure to implement harmonisation of pay and conditions exposing the Council to possible legal challenge. 2) Failure to transform the four current waste collection systems into a single, consistent service covering the whole council area. 3) The government review of waste policy during 2011 may result in pressure to revert to weekly waste collections, increasing both collection and disposal costs, the latter due to increased waste disposal to landfill and payment of LFT. 4) Lack of space in existing network of depots to accommodate vehicles and staff for new services.</p> <p>Impact: 1) Could seriously damage and undermine the pay harmonisation process across the council as a whole and failure to achieve a negotiated collective agreement with the unions could lead to poor industrial relations in the longer term and disruption of a key service used by every resident;</p>		

2) Public complaints about inequality and discrimination due to different collection systems remaining in place, possible multiple ombudsman cases, criticism and low assessment by central government and to some boycotting of recycling by residents, leading to failure to hit landfill diversion targets, and to budget pressures.

3) Increases in both collection and disposal costs, the latter due to increased waste disposal to landfill and payment of LFT.

4) May not be possible to deliver services if staff and vehicles cannot be accommodated.

Controls in place to manage risk

1. The council consulted on proposed changes to harmonise waste and recycling collections during June-August 2010. If the proposal is agreed following consultation, significant additional diversion of waste to recycling and composting is forecast to result.
2. Project teams have been established to progress various workstreams.
3. Regular meetings take place with union representatives and staff representatives have been consulted on JEQs for new roles within the waste collection service.

Actions to take to improve the management of this risk OR Contingency Arrangements	Responsibility for action	Date for completion	Progress / Status Report for Improvement Actions
1. Use of project management techniques within the waste service, to improve operation of service improvement projects	1. John Geary	1. Ongoing	These actions have all commenced and are regularly reviewed. Project teams are meeting as frequently as necessary to progress the work on both role remodelling and waste collection service projects.
2. Alternatives to using Wiltshire Council depots for delivery of new services are being explored	2. Martin Litherland	2. October 2010	These actions have all commenced and are regularly reviewed. Project teams are meeting as frequently as necessary to progress the work on both role remodelling and waste collection service projects.
3. Communications strategy is being developed to ensure that all staff are kept informed of proposed changes.	3. Martin Litherland	3. September 2010	These actions have all commenced and are regularly reviewed. Project teams are meeting as frequently as necessary to progress the work on both role remodelling and waste collection service projects.