
Report To:	Inverclyde Council	Date:	1 December 2011
Report By:	Chief Executive	Report No:	CE007/11/IM/JWM
Contact Officer:	Ian Moffat	Contact No:	01475 715910
Subject:	Clyde Valley – Progress on Waste Treatment and Disposal Business Case		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Council of the progress made by the Clyde Valley Working Group in the development of a business case for the formation of a new entity that will manage waste disposal and treatment on behalf of the participating authorities
- 1.2 To seek further approval for Inverclyde Council to continue to participate in the scheme to support the further work that is required to develop the detailed business case that will allow each participating authority to validate and compare costs against existing and future year budgets on a like for like basis.

2.0 SUMMARY

- 2.1 In a previous report to Inverclyde Council on 29 September 2011, it was agreed that the Council would continue to participate in the further development of the Clyde Valley Business Case including the potential creation of a new entity for the treatment and disposal of waste, and contribute to the development of a joint residual waste procurement process for this purpose.
- 2.2 A further report was planned to be submitted to the Council on 1 December 2011 for consideration of the fully reworked Financial Model and Detailed Business Case taking into account the actual number of Councils proposing to participate and to ascertain if a viable business case still exists to progress the proposals further. In addition the report was to explore the most appropriate new entity for the delivery of the project.
- 2.3 To facilitate effective due diligence, and to validate the data and assumptions made, Councils, including Inverclyde, requested that updated management information using the 2010/11 actual figures along with known future year contract rates should be factored in to provide a more detailed and accurate model.
- 2.4 In June 2011, details of Inverclyde Council's new Waste Contracts along with updated management information were sent to AE Consultants representing the Clyde Valley Working Group to allow them to rework the finance model and business plan.
- 2.5 During the round of presentations by the Clyde Valley Working Group to each Authority in August 2011, it was highlighted that the figures used to calculate the cost avoidance savings were based on 2009/10 outturn tonnages and because the 2010/11 outturn figures had become available, it was considered appropriate to recalculate to Financial Model using the latest data.
- 2.6 The reworked information required has just been received this week and therefore there has been insufficient time to carefully consider the new data to permit an informed decision to be taken on continued participation or otherwise.
- 2.7 At a meeting of the Clyde Valley Steering Group on 23 November it was agreed that in light of the delays in issuing the essential documentation, the deadlines set for a full sign up or otherwise would be extended, to give Councils the opportunity to fully evaluate the proposals and report back to their Council meetings in January/ February 2012.

- 2.8 The Clyde Valley Working Group in conjunction with the appointed consultants, SLR Group, have committed to providing a full detailed business case, which will include the reworked financial model, to each Council by no later than the first week in December.
- 2.9 On the basis that the updated documentation will be received as promised, officers have agreed to conduct further analysis and evaluations of the business case, and provide feedback of any substantive issues to the Clyde Valley Working Group by the end of December.
- 2.10 It is essential for those Councils which have indicated their wish to continue to participate in the development of Shared Service for treatment and disposal of waste, that this evaluation is undertaken to ascertain if a viable business case still exists to progress proposals and continue in the scheme.
- 2.11 Therefore in conclusion, officers believe that with the work that has been put into this project so far, it is appropriate for the Council to invest more time to fully evaluate the business case presented and continue to participate in the project to come to a conclusion on the merits of Inverclyde Council continuing to participate beyond our next Council meeting in February.

3.0 RECOMMENDATIONS

The Council is asked to:-

- 3.1 Note the delay in progress by the Clyde Valley Working Group in submitting a detailed business case and revised financial model.
- 3.2 Agree to continue to participate in the further development of the Clyde Valley Business Case including the potential creation of a new entity for the treatment and disposal of waste, which will allow officers to evaluate the business case fully.
- 3.3 Continue to participate in the preparation for the joint procurement process for residual waste subject to a further report to Council in February 2012.
- 3.4 Note that a further report will be submitted to the Council on 23 February 2012 for further consideration when:-
- Officers have fully evaluated the updated business case including the financial model and
 - The necessary development work for establishing a new entity and joint procurement process is at a more advanced stage.

John W Mundell
Chief Executive

4.0 IMPLICATIONS

Legal

- 4.1 Further work has been commissioned by the Clyde Valley team to establish the most appropriate governance options for these proposals. Some Councils prefer proportionate representation and others, a “one Council - one vote” approach. This work will be reviewed by senior legal representatives from the participating Councils. The CMT would not recommend participation unless the “one Council - one vote” rule applied and this should be deemed an essential requirement.

Financial

- 4.2 As no firm decisions are being sought from the Council at this point in time, there are no immediate financial implications.

Human Resources

- 4.3 As no firm decisions are being sought from the Council at this point in time, there are no immediate human resource implications.

Equalities

- 4.4 The Business Case in relation to Waste Treatment and Disposal has not yet been subject to an equalities impact assessment and this will need to be undertaken as part of the next phase of implementation. The new organisation will need to give consideration to the different terms and conditions and rates of pay resulting from TUPE transfers of staff from the Clyde Valley Councils.