

# OSMB Presentation for Business Plan 2023/2024

# Highlights from the last 12 months



Opened Hartcliffe Way HRRC & brilliant new Reuse Shop.

Successfully implemented a new HRRC booking system, receiving lots of positive feedback



Quality of Life Survey scores saw a 5% increase in resident satisfaction for the recycling service (up from 68% to 73%) and household waste service (up from 71% to 73%).



- Successfully launched Students on the Move, improving the street scene during the move out period.
- Achieved £540k (annualised) of new commercial waste sales.



- Delivered waste services to 1,500 additional properties with no additional funding.
- Delivered savings of £3.1m (totalling £12m in efficiencies over the last six years).



- Introduced improved recycling to flats, with 158 blocks now having food recycling, and nearly 28k properties receiving increased recycling.
- Reduced Waste to landfill to an average of 2%.



- Improved recycling and saw a reduction of 13% in household waste. Bristol has the lowest household waste rates and the highest recycling percentage of all the English core cities.

- Implemented the "Village Approach" to street cleansing, increasing satisfaction.
- Reduced complaints by 20%; 2099 complaints received in 2021 compared to 1674 in 2022.



# Highlights from Workplace Services



- Reduced management overheads by £200k.



- Increased our commercial revenues seven-fold
- Achieved National Security Inspectorate (NSI) accreditation for Guarding and Cash



- Colleague survey had a 74.5% response rate, strong improved scores with move to BWC, and 69% of staff felt there has been an improvement in training.

- Reduced sickness down from 9.2% to 6%
- Enhanced regulatory, health and safety and compliance requirements in place.



# Corporate governance and stewardship improvements

- Bar one, a complete change of both the company's non-executive and senior leadership team. Fresh leadership has enabled changes to be made, including beginning a cultural change process
- Introduced new board committees, ARAC and REPCO, to enhance scrutiny.
- Launched our new Equality, Diversity and Inclusion Strategy and delivered training to 92% of workforce.
- Reviewed and revised our Trade Union Agreement.
- Started work on modernising company processes, delegations and internal controls.
- Substantial changes to our People function with the recruitment and launch of new HR business partner approach. There is planned continual development in how we support, develop and manage our people.
- Our journey to modernise processes and enhance our position as a leading waste company will continue in the next financial year, particularly looking at working practices.

# Overcoming economic challenges

Like many organisations, we are currently experiencing economic challenges.

- Rising inflation, fuel, wage and consumable costs and labour market shortages have all had an impact. Our client and shareholder, Bristol City Council are also managing tightened public spending and have challenged us to 'live within our means' as they are unable to increase our contract in line with inflation.
- This has led to some difficult decisions and a significant impact on our plans for the business.
- In every decision our aim has been to limit the impact on the core services we deliver, on our staff and on the environment.



## Why we have a one-year plan

- Bristol Waste produced a five-year plan which was submitted on 23 Dec 2022. The requirements of the council changed, requiring substantial amendments.
- Since then there have been numerous iterations of the financial plan and extensive dialogue with the Strategic Client.
- We are satisfied that this proposed plan aligns with the BCC Budget Plan. We understand the challenge of “living within our means” and have gone above and beyond to deliver it.
- The plan is extremely challenging and there are risks to achievement. The tough economic climate has forced us to make some difficult decisions. This has led to an agreed approach for 2023-2024 - further discussions will be needed for future years.
- Bristol Waste and BCC have agreed to discuss budget vs service requirements beyond 2023-2024 with discussions starting in May 2023.
- In light of all of these challenges, we were asked to provide a one-year plan only.

# Our plan for the next financial year

## Municipal Waste

- Work with the council to ensure introduction of new charges is achievable from 1 April 23 and delivers what is assumed in the Council's budget report.
- Invest in new facilities at Avonmouth to drive additional income/business.
- Trialling on street recycling bins.
- Trialling new approach to non-standard residential locations .
- Delivering and building on the success of Students on the Move.
- Complete flats recycling programme.
- Reduced but still beneficial Big Tidy programme

## Workplace

- Ensure BCC & Bristol Waste have an effective contractual arrangement.
- Grow commercial revenue by <150%.
- Continue to deliver savings to BWC of £650k to remain within the current contract financial envelope.
- Discussions are taking place outside of the Business Plan regarding Waking Watch.

## Commercial Waste

- Targeting £450k of new business.
- Grow the business in a controlled and sustained profitable manner.



# Other changes taking place

Changes agreed with the council:

- Waste fees and charges (such as garden waste, DIY waste, replacement boxes and bins)
- Changes to all three HRRCs with opening hours reducing to five days a week, instead of seven  
The reduction in opening hours will have minimal impact on the city as the schedules will be designed around the times we see highest demand. On average the HRRC usage is around 35%
- Remodel our street cleansing services with a focus on maintaining core services for the city. This has been a hard decision to make and will lead to a reduction in the cleansing frequency of semi-urban, residential and industrial areas of the city.
- Graffiti and fly-tip removal resources will also be reduced
- Productivity and efficiency improvements in key areas across workplace services.

# Other areas of the business

All areas of the business are being reviewed for cost savings and efficiencies. As well as the proposed service changes we also plan to:

- provide leaner, more agile support services
- rationalise our systems and processes
- make better use of technology
- reduce our reliance on agency and overtime
- review contracts, profitability and increasing business in our commercial division
- continue to mine recyclate from waste stream to avoid landfill and reduce costs in this area
- develop shredding, baling, and sorting facilities in Avonmouth, increasing resilience and revenue potential
- explore the possibility of a pop-up city centre reuse shop
- charge developers for waste & recycling facilities
- adjust our depreciation policy increasing the useful life of assets and reflecting that in our financial assumptions
- review procurement opportunities across the business focussing on those that have the potential to generate the greatest gains
- exploit the commercial opportunities of Workplace Services
- improve sickness management process to reduce agency cost
- review fleet management arrangement to deliver efficiencies
- deliver fuel efficiencies.

# 2023-2024 Company Position

Company	2023-24 Business Plan		22-23 Forecast			23-24 (22-23 Business Plan)		
	£k	% of income	£k	£k	%	£k	£k	%
<b>Revenue</b>								
Contract Revenue - Fixed	43,434	70%	40,631	2,802	7%	41,246	2,188	5%
Contract Revenue - Variable	-	-	50	(50)	(100)%	-	-	-
FM Contract Revenue	5,808	9%	6,451	(643)	(10)%	6,938	(1,130)	(16)%
Recyclables Revenue	3,425	6%	4,394	(969)	(22)%	3,433	(8)	(0)%
BCC Recovery	-	-	-	-	-	-	-	-
Other Income	9,295	15%	6,899	2,396	35%	5,937	3,358	57%
Interest Income	-	-	0	(0)	(100)%	-	-	-
<b>Total Revenue</b>	<b>61,961</b>	<b>100%</b>	<b>58,425</b>	<b>3,536</b>	<b>6%</b>	<b>57,554</b>	<b>3,278</b>	<b>6%</b>
<b>Cost of Sales</b>								
Labour	32,887	53%	31,967	(921)	3%	29,821	3,066	(10)%
Waste Disposal	15,030	24%	14,783	(247)	2%	16,101	(1,071)	7%
Premises	1,805	3%	1,525	(281)	18%	1,389	417	(30)%
Vehicle and Fleet	5,085	8%	4,825	(260)	5%	4,810	275	(6)%
Fuel	2,624	4%	2,374	(250)	11%	1,673	951	(57)%
Equipment and Materials	1,571	3%	1,234	(336)	27%	1,137	434	(38)%
<b>Total cost of sales</b>	<b>59,003</b>	<b>95%</b>	<b>56,708</b>	<b>2,295</b>	<b>4%</b>	<b>54,930</b>	<b>4,073</b>	<b>7%</b>
Overheads	1,827	3%	1,142	(685)	60%	710	1,117	157%
Projects	-	-	347	347	(100)%	-	-	-
Finance and depreciation	698	1%	264	(434)	164%	677	21	3%
Overheads and Central	2,525	4%	1,753	(772)	44%	1,387	1,138	82%
<b>Surplus / (deficit) (pre paymech)</b>	<b>433</b>	<b>0.7%</b>	<b>(36)</b>	<b>469</b>	<b>(1301)%</b>	<b>1,236</b>	<b>(803)</b>	<b>(65)%</b>
Paymech	-		300			-		
<b>Surplus after paymech</b>	<b>433</b>		<b>264</b>			<b>1,236</b>		

## Commentary

The table shows our company wide financial assumptions for next year compared to our forecast for the current year and what we said in last years' BP.

Our BP shows an overall surplus for the year of £433k but this requires us to deliver ambitious growth in our commercial waste and FM services.

# Municipal Waste 23-24

Municipal	23-24 Business Plan		22-23 Forecast			23-24 (21-22 Business Plan)		
	£k	% of income	Variance			Variance		
Revenue			£k	£k	%	£k	£k	%
Contract Revenue - Fixed	43,434	91%	40,631	2,802	7%	41,246	2,188	5%
Contract Revenue - Variable	-	-	50	(50)	(100)%	-	-	-
Recyclables Revenue	3,425	7%	4,394	(969)	(22)%	3,433	(8)	(0)%
BCC Recovery	-	-	-	-	-	-	-	-
Other Income	1,078	2%	1,011	67	7%	587	491	84%
<b>Total Revenue</b>	<b>47,937</b>	<b>100%</b>	<b>46,086</b>	<b>1,850</b>	<b>4%</b>	<b>45,266</b>	<b>2,670</b>	<b>6%</b>
<b>Cost of Sales</b>								
Labour	25,231	53%	24,607	624	(3)%	23,374	1,857	(8)%
Waste Disposal	11,362	24%	11,820	(458)	4%	13,008	(1,646)	13%
Premises	1,742	4%	1,406	336	(24)%	1,118	623	(56)%
Vehicle and Fleet	4,634	10%	4,389	244	(6)%	4,280	354	(8)%
Fuel	2,373	5%	2,143	229	(11)%	1,487	885	(60)%
Equipment and Materials	1,080	2%	827	253	(31)%	618	462	(75)%
<b>Total cost of sales</b>	<b>46,421</b>	<b>97%</b>	<b>45,192</b>	<b>1,228</b>	<b>3%</b>	<b>43,886</b>	<b>2,535</b>	<b>6%</b>
Overheads	1,072	2%	832	240	(29)%	453	619	(137)%
Projects	-	-	277	(277)	100%	-	-	-
Finance and depreciation	694	1%	222	472	(213)%	674	21	(3)%
Total overheads	1,766	4%	1,331	435	(33)%	1,126	640	(57)%
<b>Surplus / (deficit) (pre paymech)</b>	<b>(250)</b>	<b>(1%)</b>	<b>(437)</b>	<b>187</b>	<b>(43)%</b>	<b>254</b>	<b>(504)</b>	<b>(198)%</b>
Paymech - due from BCC	-	-	300	-	-	-	-	-
Surplus after paymech	(250)	-	(137)	-	-	254	-	-

## Commentary – Municipal Waste

- This table summarises our municipal waste core contract budget, comparing against forecast outturn for this year and what we said last year.
- It includes the full year running costs of Hartcliffe HRRC absorbed without any uplift to the contract.
- Despite delivery of over £2m additional efficiencies it shows a net loss of £250k for the year due to costs inflation being significantly in excess of the uplift in our contract with the council – with fuel costs alone running at £800k more than we budgeted for this year.
- Our efficiencies must be delivered from April.
- We need to agree a way ahead for 2024-2025 and beyond otherwise losses against this contract will continue to grow.

# Commercial Waste 23-24

Commercial	23-24 Business Plan		22-23 Forecast			22-23 (21-22 Business Plan)		
	£k	% of income	Variance			Variance		
£k			£k	%	£k	£k	%	
Revenue								
Other Income	6,811	100%	5,371	1,440	27%	5,288	1,523	100%
<b>Total Revenue</b>	<b>6,811</b>	<b>100%</b>	<b>5,371</b>	<b>1,440</b>	<b>27%</b>	<b>5,288</b>	<b>1,523</b>	<b>29%</b>
<b>Cost of Sales</b>								
Labour	1,807	27%	1,395	412	(30)%	1,354	452	(33)%
Waste Disposal	3,615	53%	2,811	804	(29)%	2,934	681	(23)%
Premises	31	0%	82	(51)	63%	129	(98)	76%
Vehicle and Fleet	326	5%	323	4	(1)%	250	76	(30)%
Fuel	168	2%	152	16	(10)%	104	64	(62)%
Equipment and Materials	104	2%	38	66	(172)%	83	20	(24)%
<b>Total cost of sales</b>	<b>6,051</b>	<b>89%</b>	<b>4,801</b>	<b>1,250</b>	<b>26%</b>	<b>4,855</b>	<b>1,196</b>	<b>25%</b>
Overheads	167	2%	128	39	(31)%	116	51	44%
Projects	-	-	-	-	-	-	-	-
Finance and depreciation	3	0%	39	(35)	91%	3	-	-
Total overheads	170	3%	167	4	(2)%	119	51	43%
<b>Surplus / (deficit)</b>	<b>590</b>	<b>9%</b>	<b>404</b>	<b>186</b>	<b>46%</b>	<b>314</b>	<b>276</b>	<b>88%</b>

## Commentary – Commercial Waste

- 23-24 position assumes delivery of a 29% improvement on commercial turnover from what was assumed in last year's plan.
- We are aiming to deliver overall margins of over 8% - which will primarily be achieved through improved commercial processing – this requires investment in additional capacity.
- We will review our commercial operations as collections only generate relatively low margins and operate in a highly competitive market.

# Workplace Services 23-24

(includes BCC FM and commercial FM)

FM	23-24 Business Plan		22-23 Forecast			22-23 (21-22 Business Plan)		
	£k	% of income	£k	£k	%	£k	£k	%
<b>Revenue</b>								
FM Contract Revenue	5,808	81%	6,451	(643)	(10)%	6,938	(1,130)	(16)%
Other Income	1,406	19%	517	889	172%	62	1,344	2183%
<b>Total Revenue</b>	<b>7,214</b>	<b>100%</b>	<b>6,968</b>	<b>246</b>	<b>4%</b>	<b>6,999</b>	<b>214</b>	<b>3%</b>
<b>Cost of Sales</b>								
Labour	5,850	81%	5,965	(115)	2%	5,092	757	15%
Waste Disposal	54	1%	153	(99)	65%	159	(105)	(66)%
Premises	33	0%	37	(4)	11%	142	(109)	(77)%
Vehicle and Fleet	125	2%	113	12	(10)%	280	(155)	(55)%
Fuel	83	1%	78	5	(7)%	82	1	2%
Equipment and Materials	387	5%	370	17	(5)%	435	(48)	(11)%
<b>Total cost of sales</b>	<b>6,532</b>	<b>91%</b>	<b>6,715</b>	<b>(183)</b>	<b>(3)%</b>	<b>6,190</b>	<b>342</b>	<b>6%</b>
Overheads	588	8%	182	406	(223)%	142	447	315%
Projects	-	-	70	(70)	100%	-	-	-
Finance and depreciation	-	-	3	(3)	100%	-	-	-
<b>Total overheads</b>	<b>588</b>	<b>1%</b>	<b>255</b>	<b>333</b>	<b>(130)%</b>	<b>142</b>	<b>447</b>	<b>315%</b>
<b>Surplus / (deficit)</b>	<b>93</b>	<b>1%</b>	<b>(3)</b>	<b>97</b>	<b>3132%</b>	<b>668</b>	<b>(574)</b>	<b>(86%)</b>

## Commentary – Workplace Services

- 23-24 position assumes delivery of a small surplus from the growth in our commercial activities.
- Our core contract with BCC requires significant efficiencies and there is very little inflation uplift in the contract.
- The Business Plan assumes a stretch target of £600k related to third party income.
- We have assumed delivery of some £650k efficiency savings (11% of turnover), from 1 April 23.
- Our commercial FM work is doing well and we have ambitious growth targets for 2023-24.

# Reserves

High level cash flow £k	Budget 2023-24
Operating profit	433
Depreciation	2,745
Cash from operations	3,178
Capital purchases	5,900
Funding	2,950
<b>Net cash generated in year</b>	<b>228</b>
Estimated opening cash balance	5,500
<b>Closing year bank balance</b>	<b>5,728</b>
Proposed fleet replacement 2027-28 (extended one year)	
	<b>5,728</b>

## Commentary – Reserves

- We have reviewed our medium-term cash flows taking account of the need to utilise cash reserves to part finance Avonmouth and the shredder. Consideration will be given over the next 12 months on the replacement of the main refuse and recycling fleet, needed in 5 years' time, to ensure affordability.
- This table demonstrates that despite the challenges outlined in this presentation, Bristol Waste is financially resilient, and will remain so as long as we are able to agree the changes required for 2024/25 and beyond.

**Any questions?**