



# Fife Resource Solutions LLP – Fife Council's Resource Management ALEO

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Chief Operating Officer

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- Who we are
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## What?

- Fife Council owned ALEO
  - Fife Resource Solutions LLP
  - Resource Efficient Solutions LLP
- Employ 200 people
- Turnover: £32 million
  - £14 million annual Mgt Fee from Council
  - £18 million third party revenue

# What?

- 3 Main Divisions:
  - C & I Waste Collection & Waste Transfer
  - Resource Recovery
  - Consultancy

## Waste Collection & Transfer

- 3,000 trade waste customers
  - £1k/yr to £250k/yr
  - Mostly Fife based but expanding outwith
- Skip, Hooklift and Bulk Haulage
- 2 Waste Transfer Stations
- Annual Turnover: £10 million

# Waste Collection & Transfer



# Resource Recovery

- 2 major waste treatment & disposal sites
  - Landfill
  - Anaerobic Digestion
  - Refuse Derived Fuel
  - Green Waste Composting
  - Wood Biomass
  - Renewable power and heat
- 11 Recycling Centres
- Turnover £21 million



resource  
efficient  
solutions

a Fife Council Company





# Consultancy

- Zero Waste
- Climate Change
- Energy Strategy
- Renewables
- District Heating
- Turnover: £1 million

# Consultancy



# Public Sector Customers



Midlothian



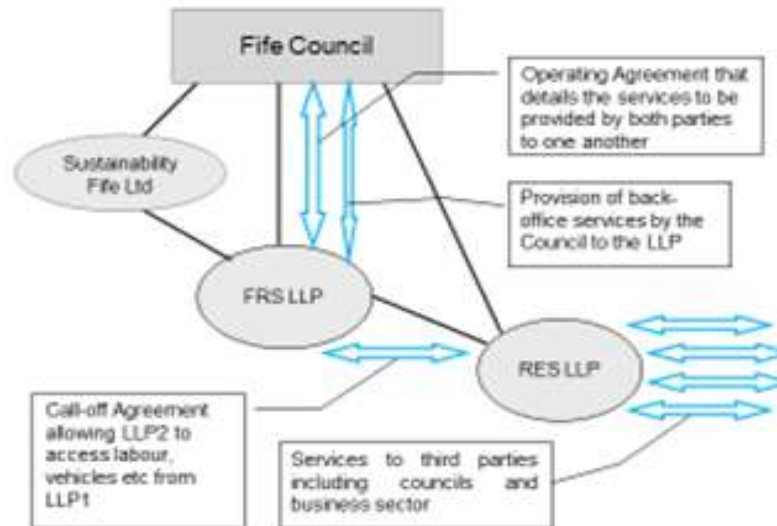
# Why

- Revenue budget reductions
  - Cut activities & jobs or generate income
- Significant assets
  - Income generating potential
  - Opportunity for community benefits
- Track record of savings and innovation
  - Renewable power
  - AD Plant
  - Wood biomass
  - Zero Waste & Recycling

# How

- 3 Organisations
  - Nominee Company, LLP that provides services to Fife Council, LLP that trades
- Board of Directors appointed by Shareholder
  - 3 elected members
  - Council accountant and solicitor
  - 3 external members
- Contract with Council that sets out:
  - Services provided by FRS
  - Services provided by Council to FRS
- Formal meetings between COO and Council Link Officer

# Limited Liability Partnership ALEO



## How

- Operational from April 2014
- Employees transferred under TUPE
- Decision to retain Council policies, procedures and systems
- Admitted body status to local government pension scheme
- Key support services provided by Fife Council – IT, HR, Finance, Fleet
- Payment by Council for services provided to it via reducing annual Management Fee

# Aspirations at Set Up

- Less bureaucracy
- More freedom of action
- Development of commercial culture
- Development of commercial partnerships
- Increasing external sales revenue
- Significant new revenue from wind turbine developments
- Employee protection and development
- Community benefits
- Ability for medium term business planning



# Experience

- Third party income increasing
- Budgets met
- Commercial partnerships are taking place but not in areas that were initially expected
- New employees from private sector making a difference
- No Trade Union resistance
- Some key employees are relishing the change
- Employee retention
- External Auditors satisfied with governance, processes etc.

# Experience

- Limited increased flexibility
- Varying levels of understanding in Council
- No escape from budget reduction process
  - Higher than average budget cuts
- Business planning constrained by short term cuts
- Business development constrained by reliance on Council services
- Move to commercial culture difficult for many
- Significantly increased scrutiny
- Wind turbine revenues stymied by reduction in FiTs

# To Be or Not to Be

- Decide what it is that you want to achieve
- Decide on the most appropriate structure
- If it's an ALEO:
  - Don't underestimate the time or resources you'll need to establish it
  - Provide for set up costs and increased operational costs
  - Senior managers will be more busy than they currently are
  - Prepare for more scrutiny
  - Don't expect to be free of public sector bureaucracy or culture
  - Good relationship with client essential
  - Keep pushing at the boundaries