

Advanced Material

This Advanced Material contains a pre-seen case study provided to students prior to the exam date. Students should familiarise themselves with the Advanced Material before they sit the exam. The Advanced Material provides key information and forms the basis of the requirements set out in the exam day materials. Students should carry out research into the sector and apply learning from the workbooks.

Exam: Developing Strategy and

Data Analysis

Exam Sitting: September 2025

Your role: You are a qualified CIPFA accountant working in the Finance Department of Rifiuta City Council (RCC). You have been seconded to help provide analysis to a multi-disciplinary strategic project board, set up to review and make recommendations on the strategic direction of the council's waste management trading company, Scarti Waste.

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Exhibit 1 – Bidonia and Rifiuta: key information

Bidonia

Bidonia is a medium-sized country in Europe, with English as its primary spoken language. Its population is around 30 million, and its currency is the Bidonia pound (£). With a temperate climate, Bidonia is made up of woodland, farms and mountains. It has several large and medium-sized cities, and is bordered on the west side by 100 miles of coastline.

Bidonia's economy was historically dominated by the farming, fishing and manufacturing industries. However, the last 40 years has seen the rapid growth of high technology and innovation, within a large area in the south of the country now nicknamed 'Microchip Hills'. The area includes several of Bidonia's larger cities, including Rifiuta.

Currently, Bidonia is experiencing rising inflation, resulting in a cost-of-living crisis. Salaries are generally not keeping pace with inflation, and more people are turning to food banks and other charitable provisions to cope with the financial pressures. The Central Bank of Bidonia sets interest rates to attempt to counteract inflation, and these have been at a high rate of 6% for the last 18 months.

Rifiuta

Rifiuta is a medium-sized city located on the west coast of Bidonia, on the edge of Microchip Hills. The Rifiuta area has a population of around 1.8 million people, of which around half live in the city itself, and the remainder live in the surrounding towns and villages, including some of Microchip Hills. The Rifiuta area has a mixed economy, made up of large technology companies in industrial developments, a significant proportion of farmland, and retail in the city centre. Tourism provides a

significant proportion of the area's income, as people are attracted by the coastline and pretty, rural areas. There are also woodlands to the east of the Rifiuta area, which are part of Bidonia's largest national park and conservation area.

Rifiuta has an ageing population, with around 35% of the population over the age of 65. People within this older demographic tend to live in the wealthier suburbs of Rifiuta city and in the prettier surrounding villages, while city centre living is more popular with the younger demographic. While there is significant wealth in some areas of Rifiuta, there are also poorer communities in certain parts of the city and surrounding towns and villages, where health and social outcomes are generally not being met.

Rifiuta City Council

Rifiuta City Council (RCC) is a unitary authority serving the Rifiuta area's 1.8 million population. RCC is funded by a mix of local taxation, central government funding, and fees and charges. Its Strategic Plan (2021-2025) lists four strategic priorities, of which the final one is:

- Manage and **improve our environmental impact**, striving for Net Zero by 2050 through energy production improvements, and targeting and reducing blight on the natural environment caused by suboptimal waste disposal methods and antisocial behaviour such as fly-tipping.

RCC has a tension at the heart of its strategy making, between serving the needs of the generally wealthier ageing population whilst also meeting the needs of the more deprived areas under its control. The wealthier members of Rifiuta society are more likely to create community groups and lobby on issues that concern them, while the

residents from more deprived backgrounds may be politically quieter, so it can take RCC longer to get to the heart of their (often pressing) needs.

At the same time, RCC is facing funding cuts and austerity measures being passed down from central government, making its financial resources particularly strained. There is significant pressure to find ways to increase income, cut budgets, improve efficiency and analyse RCC's activities and environment holistically to find further savings.

Exhibit 2 – RCC’s Environment Directorate and Scarti Waste

RCC’s Environment Directorate is responsible for the following services for Rifiuta, which includes the towns and villages in the surrounding area:

- Provision of bins to households for various types of waste
- Waste collection and disposal, via recycling, composting, landfill and other means
- Environmental health
- Street cleaning
- Building control
- Maintenance of public spaces such as play parks and beauty spots
- Capital projects linked to environmental strategy

Derived from RCC’s strategic priority around environmental impact, the Environment Directorate’s stated strategic priorities are:

- Managing the quality of Rifiuta’s local environment
- Maximising reduction, reuse and recycling of waste to minimise landfill and other less environmentally sustainable disposal methods
- Generating additional income from recycling and waste services
- Enhancing the natural and built environments of Rifiuta

Scarti Waste

Many of the Environment Directorate’s priorities are delivered on by RCC’s wholly-owned subsidiary, a local authority trading company called Scarti Waste (SW). SW’s overall mission is to be responsible for household waste collections (including separate collections for recyclables), waste disposal, running household waste

recycling centres, and investigating and clearing up fly-tipped waste in the Rifiuta area.

At present, households sort their waste into general waste and recyclable waste: food waste, glass, plastics, metals and paper/card. SW collects all types of household waste from residential addresses.

At its household waste recycling centres, SW accepts a wide range of other recyclable categories, such as garden waste, electronics and bulky items (e.g. large furniture). For some categories, residents incur an additional fee for processing their waste at the recycling centres.

In its budget-setting process, the Environment Directorate assigns financial resources to SW in line with complex formulae based on numbers of addresses requiring waste collections, amounts of waste to be processed, and multiple other variables.

SW has the freedom to develop its own strategy, in line with its overall mission set by RCC, and to formulate its own policies and procedures for effective achievement of its strategy. SW was set up to be surplus-making and to contribute positively to RCC's overall financial position. It has the freedom to charge fees for discretionary services and to generate revenue from selling waste to third parties.

Issues facing SW

Since it was set up five years ago, SW has had serious problems which have hampered its ability to deliver a good service to RCC and Rifiuta's residents:

- When it set up SW, RCC purchased a fleet of waste collection and other vehicles from an overseas supplier, as the vehicles were cheaper to purchase

than comparable vehicles from Bidonia's leading supplier. However, within six months of SW commencing operations, the supplier ceased trading, and the vehicles were found to be unreliable and have recurring mechanical faults.

The ongoing repairs required to maintain the fleet have proved both expensive and disruptive, as vehicles must regularly be taken off waste collection routes to be fixed.

- As a result of the vehicle issues, routes often cannot be completed on the scheduled day, and completion sometimes only happens several days later. This is especially true of the rural parts of the Rifiuta area, outside the main city. Residents complain that they never know when the waste will be collected, or whether it will be collected at all.
- Because of delayed collections, waste sits outside uncollected, sometimes for days, particularly in the city centre and in the prettier rural locations. A recent tourism survey identified that, while tourists enjoy the attractions in Rifiuta and the surrounding area, they found many parts dirty and unsanitary, and this may deter them from making repeat visits.
- Prior to 2025 and because of the ongoing costs of servicing the fleet of vehicles, all SW staff had not had a pay rise in three years. At the end of 2024, this caused the waste collection operatives to go on strike for four weeks. There was a huge build-up of household waste outside domestic properties, which became a national news item that damaged Rifiuta's reputation as a national beauty spot. SW eventually agreed to a 2% pay rise for all waste collection operatives from January 2025, though this was less than they wanted, and has caused bad feeling among SW's office staff who are still on a pay freeze.

- SW experiences competition from waste companies in the private sector, which provide many discretionary services to residents and businesses within Rifiuta. Often these companies make use of innovative technologies for waste collection and disposal, and therefore benefit from central government innovation grants and target-based waste funding that SW is not currently eligible for.

Recycling target

Bidonia's central government has set a target for local authorities such as RCC to recycle a minimum of 50% of household waste by 2027. Currently RCC is recycling less than 40%. The main reasons for this are as follows:

- Compared to similar-sized authorities in Bidonia, RCC does not collect as many categories of waste from households. Many other authorities have a garden waste collection service and a bulky item collection service (often both as a discretionary, paid-for service), and also collect small electronics, batteries, textiles and other specialist categories. While it is possible to recycle these items at SW recycling centres, many residents do not make the journeys required and instead dispose of these items in their household general waste, or by fly-tipping.
- Due to the problems it has faced with staffing and vehicle maintenance, SW's management team has often been focused on 'firefighting' pressing problems, rather than focusing on innovation and looking for new ways to deliver the mission. As a result, it is lagging behind similar organisations in its options for recycling, reuse or disposal of waste collected.

- The same is true for the introduction of discretionary services; while SW's management is keen to look at revenue generation through offering additional services, there has been no dedicated human or intellectual capital resource to research options for these.
- RCC is lagging well behind on collection and appropriate disposal of 'e-waste', which is old or obsolete hi-tech equipment, and it has been criticised by the national media for this, given its location near Microchip Hills.

Exhibit 3 – Extracts from minutes of Scarti Waste Strategic Project Board meeting

Date: 1 August 2025

Present: Mike Maypole (MM), Managing Director, Scarti Waste (SW)
Jenna Shah (JS), Head of Waste Management, Environment Directorate, Rifiuta City Council (RCC)
Diana Green (DG), Head of Finance and Resources, SW

1) Terms of reference, Strategic Project Board

The Strategic Project Board is tasked with:

- analysing the layers of SW's external environment,
- considering SW's strategic position and its human and other resources,
- identifying ways in which SW can improve its value chain,
- analysing how SW can embed innovation and automation in its service strategy,
- recommending a brand strategy for SW.

2) Innovation

2.1 MM confirmed that SW is recruiting for a new post, Head of Innovation.

This post will have a remit to look at innovation in terms of both services and processes: new services we could provide to the market, as well as new processes for delivering our existing services, and streamlining and improving our activities.

2.2 DG asked what the new role would focus on initially and expressed a need for SW to offer more discretionary services, such as bulky waste collection or skip hire, to generate surpluses and keep pace with private competition.

2.3 JS stressed that, from RCC's perspective, any innovation should focus on processes for getting more waste recycled in order to meet national

targets, though admitted surpluses would also be beneficial because RCC's budget to fund SW is subject to strict limits.

2.4 DG mentioned that SW employees, particularly office staff, feel overworked and underpaid. She argued that SW should be looking at how competitors take the pressure off staff by automating their processes using artificial intelligence (AI) and other technologies.

2.5 JS said that there are similar local authority trading companies running waste services for neighbouring councils, and that SW should look more closely at the activities of these comparable companies to identify best practice, then implement it at SW. In particular, SW should look at automation, including Deloitte's four main approaches to automation: Relieve, Split up, Replace and Augment.

3) Residents' survey

3.1 MM presented the results of RCC's recent residents' survey on waste services. Key data from the survey was as follows:

- a. Response rates were good from the wealthier districts of RCC's area and older respondents, but less good from poorer districts, inner city areas and younger respondents.
- b. Overall satisfaction with waste collection services is the lowest it has ever been, with 61% of respondents ticking "Dissatisfied" or "Extremely dissatisfied".
- c. The majority of respondents were negative about RCC/SW communications on waste management, stating in comments that it was not clear what to do if a collection was missed, where to take

certain kinds of waste for recycling, or what discretionary services are available.

d. Residents also had difficulties contacting SW when experiencing issues such as bins going missing or breaking and needing replacing.

3.2 MM stated that SW needs to overhaul its marketing communication with residents and other potential customers about services, and ensure that information is more readily and accurately available, as well as contacts from the public being more swiftly and comprehensively acted upon.

3.3 It was noted that, in order to achieve improvements, updates needed to be made to the contact portal on the SW website, as often key details of reported issues were not adequately captured and passed to the service teams.

3.4 As an additional point of stakeholder feedback, JS raised that a local environmental pressure group, Rifiuta Green Spaces, was in the process of organising a rally in the city centre to protest the fouling of local beauty spots by fly-tipping, and RCC's failure to act effectively to prevent this.

3.5 MM emphasised that the Project Board needed to look at SW's marketing by stating: "It's clear we need to work on SW's brand strategy, we need to promote our services better and we need to communicate with residents better".

Exhibit 4: Email regarding Electronic Waste (e-waste)

From: Jenna Shah, Head of Waste Management, Environment Directorate, RCC

To: Mike Maypole, Managing Director, Scarti Waste

Date: 4 August 2025

Subject: Dealing with Electronic Waste (e-waste)

Hi Mike,

As discussed at the recent SW Project Board meeting, we are coming under fire from interest groups and the media about not dealing better with e-waste. Below are some key facts from a WHO factsheet about e-waste and the problems it poses – we need to think about how we address these issues in Rifiuta.

Thanks,

Jenna

Key facts on e-waste (WHO factsheet)

- E-waste is one of the fastest growing solid waste streams in the world.
- In 2022, an estimated 62 million tonnes of e-waste were produced globally. Only 22.3% was documented as formally collected and recycled.
- Lead is a common substance released into the environment when e-waste is recycled, stored or dumped using informal activities, including open burning.
- Informal e-waste recycling activities may have several adverse health effects. Children and pregnant women are particularly vulnerable.
- WHO estimates that millions of women and child labourers working in the informal recycling sector globally may be at risk from hazardous e-waste exposures.

Overview

Common items in e-waste streams include computers, mobile phones, large household appliances, and medical equipment. Millions of tonnes of e-waste are

recycled using unsound activities, as well as being stored in homes and warehouses, dumped or illegally exported. When e-waste is recycled using unsound activities, it can release up to 1,000 different chemical substances into the environment, including known neurotoxins such as lead. Pregnant women and children are particularly vulnerable due to their pathways of exposure and developmental status.

Exposure to e-waste

Electrical and electronic items contain many different toxic substances. Users are unlikely to have contact with these substances while the items are functional. When they become waste, these toxins can be released into the environment if the devices are managed using environmentally-unsound practices and activities. Many unsound practices have been observed at e-waste sites including:

- scavenging
- dumping waste, including e-waste, on land or in water bodies
- landfilling along with regular waste
- open burning or heating
- acid baths or acid leaching
- stripping and shredding plastic coatings
- manual disassembly of equipment.

These activities are considered hazardous to the environment and health as they release toxic pollutants, contaminating the air, soil, dust and water at recycling sites and in neighbouring communities. Open burning and heating are considered the most hazardous activities due to the toxic fumes created. Once in the environment, these toxic pollutants can travel significant distances from the point of pollution, exposing people in faraway areas to hazardous substances.

Prevention and management

National and international actions are essential to protect communities from unsound e-waste recycling activities. Actions that can be taken include:

- adopting and enforcing high-level international agreements;
- developing and implementing national e-waste management legislation that protects public health;
- incorporating health protection measures into national legislation;
- monitoring e-waste sites and surrounding communities;
- implementing and monitoring interventions that improve informal e-waste recycling activities, protect public health and ensure vital sources of community revenue;
- educating health workers across all levels on e-waste-related child health issues;
- eliminating child labour.