

**Resources and Performance
Scrutiny Board
Briefing Note**



**DISTRICT COUNCIL
NORTH OXFORDSHIRE**

Subject: Partnership Scrutiny – Oxfordshire Waste Partnership (OWP)

**Head of Service /
Officer Responsible** Ed Potter, Head of Environmental Services

<p>Reason for Briefing Note and Background</p>	<p>To receive an update on the Oxfordshire Waste Partnership.</p> <p>In 2010/11 the Board scrutinised the Council’s partnership with Oxfordshire Rural Community Council. All of the Board’s recommendations were accepted by the Executive in April 2010.</p> <p>The Board agreed to retain the item on the work programme to monitor.</p> <p>The financial arrangements of the Partnership are included on the Council’s Risk Register which is reported to the Executive and Accounts, Audit and Risk Committee for monitoring purposes. The Oxfordshire Waste Partnership has been rated as “amber” (net rating) in Quarters 2 and 3. Financial arrangements exist to regulate funds flowing between the collection authorities in Oxfordshire and the disposal authority (Oxfordshire County Council). These are legally binding, however Oxfordshire County Council has indicated that it is not prepared to continue all of the payments in the future which could threaten the partnership.</p> <p>Discussions regarding the financial arrangements have commenced involving strategic directors and finance officers. The Board requested that an update be provided to Members in due course.</p>
<p>Head of Service Comments</p>	<p>The financial arrangements that exist in the OWP were developed to encourage collection authorities to invest in collection systems to reduce the amount of waste having to go to landfill.</p> <p>At the time the financial arrangements were developed a Landfill Allowance Trading System (LATS) existed. This national system set targets for waste diversion from landfill. Under LATS, for every tonne of waste going to landfill, beyond a target, a fine of £150/tonne would have to be paid. With Oxfordshire County Council not having alternative waste facilities to landfill, the critical LATS target year of 2013 would not be achieved without a step change in collection authority performance.</p> <p>Consequently a financial mechanism was devised to reward collection authorities for outperforming landfill targets and to penalise collection authorities for underperforming.</p> <p>The attached from the last OWP meeting shows the targets and payments for authorities for 2011/12.</p>

The targets for diversion for the financial model were based on a 40% recycling rate in 2010, 45% in 2015 and 55% in 2020.

In 2011/12 all collection surpassed the 45% target of 2015 and all bar Oxford City passed the 55% target of 2020. Hence the financial reward system has been successful in encouraging collection authorities to invest in new collection systems with all Oxfordshire authorities collecting food waste.

The payments by the County Council to the collection authorities have been around £1m/year. These payments are less than if the collection authorities had not invested and the County Council had had to pay for more waste to go to landfill.

The County Council have stated that they would like to reduce these payments from April 2013.

The Oxfordshire waste strategy is up for review in summer 2012. To continue with the current targets of 45% for 2015 and 55% for 2020 when more than 60% is already being achieved would not be a sensible approach. However if the targets are increased for instance to 65% in 2015 and 70% in 2020 the amount paid in rewards would be substantially reduced.

The other change since the last strategy document in 2007 is that LATS no longer exists.

Hence it is likely that the current reward and penalty system in the financial system is out of date.

The issue has been considered by the OWP and no immediate solution has been found.

The issue has been passed to the Oxfordshire Treasurers Association since any change may affect the medium term finances of partner councils.

A paper on the issue is being taken forward to the Chief Executives in mid- July before going forward to the Leaders group. It is expected that the issue will come back to the Oxfordshire Waste Partnership after responses from the Chief Executives and Leaders have been considered.

**Documents
Attached**

The financial arrangements for 2011/12

Completed by: Ed Potter, Head of Environmental Services

Date: 29 June 2012

Presented to: Resources and Performance Scrutiny Board

Date: 10 July 2012