

OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE

25 January 2013

Financial Arrangements update

1 Purpose of Report

- 1.1 To provide an update on financial arrangements payments for the year to date and to report on changes to the payment system recently agreed by Council Leaders.

2 Background

- 2.1 The OWP financial arrangements currently include the payment of a statutory recycling credit for every tonne recycled & composted, plus a discretionary incentive or penalty payment set at 50% of the recycling credit value for each tonne of residual waste below or above target. Payments for 2012/13 are £44.77 per tonne and £22.19 per tonne respectively. The discretionary financial arrangement payments to district councils for the April 2012 to October 2012 period are set out in appendix 1.
- 2.2 The landfill diversion rate required to meet the 2011/12 Joint Municipal Waste Management Strategy target is 43%. This is translated into a tonnage based residual waste target for each district council by estimating total waste arisings for 2012/13 and dividing this up between them based on the number of households in each district. This gives each district council the same landfill allowance per household (which for 2012/13 is set at 0.49 tonnes per household).
- 2.3 Because the landfill allowance is set using a forecast of annual waste arisings there is a requirement for a year end adjustment of payments to account for any difference between the forecast and actual total waste arisings for the year. Waste arisings have increased so far this year, reversing the trend of waste reduction experienced over the last three years.
- 2.4 Recent discussions between Leaders of OWP Partner Councils on changes to the financial arrangements have concluded. The current financial arrangements will finish at the end of this year, with phase down payments put in place until 2018/19. The following changes have been agreed.
- a. With effect from 1 April 2013 the discretionary financial arrangement payments will no longer be linked to waste tonnages and landfill diversion performance.
 - b. Instead an annual payment will be made by the County Council to each District Council from 2013/14 until 2018/19. This payment reduces over time. Agreed payment levels are set out in appendix 2. There will be no inflationary adjustments.
 - c. The maximum payment to any District Council is capped each year. The capping levels being £200,000 in 2013/14; £150,000 in 2014/15; £100,000 in 2015/16 and £50,000 in 2016/17.
 - d. Payments for 2017/18 and 2018/19 will be the same as the 2016/17 payments.

The statutory recycling credits system remains unchanged.

3 Financial, Risk and Staff Implications

- 3.1 The financial impact for each Partner Council for the first seven months of this year is set out in appendix 1. Total payments of £548,778 have been credited so far, with each district council receiving income through the scheme. Payments for the equivalent period last year (April – October 2011) were £634,353. The lower payments this year are due to a lower

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residual waste allowance (the landfill diversion target increases each year) and also because of higher residual waste arisings.

- 3.2 Appendix 2 sets out annual payments to be made to District Councils from 2013/14 to 2018/19. The % reduction from payments forecast under the current arrangements is also shown.

4 Areas Affected

- 4.1 All Partner Authorities are affected by the matters within this report.

5 Effect on Strategic Policies

- 5.1 The Financial Arrangements Agreement forms part of the OWP Constitution. The arrangements have been designed to help meet many of the policies within the Joint Municipal Waste Management Strategy that relate to waste reduction, increased recycling & composting and landfill diversion. The financial arrangements specifically support policy 14, which states that "The Oxfordshire Waste Partnership will develop methods of working together to improve the level of service through effective and efficient use of resources within Oxfordshire".

6 Options or Alternatives

- 6.1 Revisions to the current financial arrangements have been agreed by Leaders. These are set out in section 2.4 and appendix 2 of this report. OWP members are asked to consider these changes.

7 Recommendations

- 7.1 That:
- I. The financial arrangements payments for the year to date are noted;
 - II. The changes to the current payment system agreed by Leaders are noted;
 - III. The OWP Constitution is amended to reflect the agreed changes to the current system and,
 - IV. A Deed of Variation is signed by each Partner Council ahead of the next OWP meeting on 22nd March 2013.

8 Reasons for Recommendations

- 8.1 To develop the best overall waste management outcomes for Oxfordshire taxpayers.

9 Contact Officer

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Background Papers:

Appendix 1 – OWP Financial Arrangements monthly performance tracking

Monthly Weighting (average contribution to annual residual waste total)

	April	May	June	July	August	September	October	November	December	January	February	March
Average	1.04	1.07	1.11	1.07	1.03	1.06	1.00	0.94	0.86	0.98	0.84	1.00
	8.69%	8.94%	9.22%	8.93%	8.60%	8.82%	8.30%	7.82%	7.17%	8.15%	7.00%	8.37%

Monthly performance tracker

		By month												
Cherwell		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Residual waste	Target	28,914	2,512.57	2,584.84	2,666.91	2,680.83	2,485.68	2,548.82	2,399.06	2,261.50	2,073.70	2,356.68	2,024.97	2,418.69
	Actual	14,584	1,868.55	2,259.99	1,995.17	2,017.06	2,304.16	1,974.29	2,164.81	-	-	-	-	-
	Variance	14,330	644.02	324.85	671.74	563.77	181.52	574.53	234.25	2,261.50	2,073.70	2,356.68	2,024.97	2,418.69
Reward/penalty per tonne		£ 22.18	£ 14,284	£ 7,205	£ 14,899	£ 12,504	£ 4,026	£ 12,743	£ 5,196					
Oxford City		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Overall residual waste	Target	28,699	2,493.91	2,565.64	2,647.11	2,561.66	2,467.22	2,529.89	2,381.24	2,244.70	2,058.30	2,339.17	2,009.93	2,400.72
	Actual	14,688	1,860.68	2,307.32	2,102.27	2,169.49	2,208.11	1,896.44	2,144.09	-	-	-	-	-
	Variance	14,011	633.23	258.32	544.84	392.17	259.11	633.45	237.15	2,244.70	2,058.30	2,339.17	2,009.93	2,400.72
Reward/penalty per tonne		£ 22.18	£ 14,045	£ 5,730	£ 12,085	£ 8,698	£ 5,747	£ 14,050	£ 5,260					
South Oxfordshire		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Overall residual waste	Target	27,723	2,409.08	2,478.37	2,557.07	2,474.53	2,383.30	2,443.83	2,300.25	2,168.35	1,988.29	2,259.61	1,941.56	2,319.06
	Actual	9,586	1,190.99	1,336.77	1,239.69	1,496.41	1,531.74	1,414.76	1,375.49	-	-	-	-	-
	Variance	18,137	1,218.09	1,141.61	1,317.38	978.12	851.56	1,029.07	924.76	2,168.35	1,988.29	2,259.61	1,941.56	2,319.06
Reward/penalty per tonne		£ 22.18	£ 27,017	£ 25,321	£ 29,219	£ 21,695	£ 18,888	£ 22,825	£ 20,511					
Vale of White Horse		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Overall residual waste	Target	25,053	2,177.08	2,239.70	2,310.82	2,236.23	2,153.78	2,208.49	2,078.73	1,959.53	1,796.81	2,042.00	1,754.58	2,095.73
	Actual	7,939	1,059.75	1,262.76	1,126.39	1,073.79	993.19	1,069.78	1,353.04	-	-	-	-	-
	Variance	17,115	1,117.33	976.94	1,184.43	1,162.43	1,160.59	1,138.71	725.69	1,959.53	1,796.81	2,042.00	1,754.58	2,095.73
Reward/penalty per tonne		£ 22.18	£ 24,782	£ 21,669	£ 26,271	£ 25,783	£ 25,742	£ 25,257	£ 16,096					
West Oxfordshire		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Overall residual waste	Target	22,408	1,947.20	2,003.21	2,066.81	2,000.10	1,926.36	1,975.29	1,859.23	1,752.62	1,607.08	1,826.38	1,569.31	1,874.44
	Actual	10,111	1,342.93	1,506.11	1,391.15	1,424.21	1,480.47	1,415.77	1,550.85	-	-	-	-	-
	Variance	12,297	604.27	497.09	675.66	575.89	445.89	559.52	308.38	1,752.62	1,607.08	1,826.38	1,569.31	1,874.44
Reward/penalty per tonne		£ 22.18	£ 13,403	£ 11,026	£ 14,986	£ 12,773	£ 9,890	£ 12,410	£ 6,840					
Totals for All WCAs		2012-13	April	May	June	July	August	September	October	November	December	January	February	March
Overall residual waste	Target	132,799	11,539.84	11,871.02	12,247.95	11,852.60	11,415.63	11,705.58	11,017.83	10,386.06	9,523.59	10,823.17	9,299.77	11,107.95
	Actual	56,908	7,322.90	8,672.95	7,854.67	8,180.95	8,517.66	7,771.04	8,588.28	-	-	-	-	-
	Variance	75,890	4,216.94	3,198.07	4,393.28	3,671.65	2,897.97	3,934.54	2,429.55	10,386.06	9,523.59	10,823.17	9,299.77	11,107.95
Reward/penalty per tonne		£ 22.18	£ 93,532	£ 70,933	£ 97,443	£ 81,437	£ 64,277	£ 87,268	£ 53,888					

Appendix 2 Phased reduction in non-statutory financial arrangements payments

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cherwell D.C							
Phased reduction payment	-	£ 178,800	£ 132,600	£ 80,650	£ 36,325	£ 36,325	£ 36,325
Oxford City							
Phased reduction payment	-	£ 110,700	£ 83,400	£ 49,600	£ 21,500	£ 21,500	£ 21,500
South Oxfordshire D.C							
Phased reduction payment	-	£ 200,000	£ 150,000	£ 100,000	£ 50,000	£ 50,000	£ 50,000
Vale of White Horse D.C							
Phased reduction payment	-	£ 200,000	£ 150,000	£ 100,000	£ 50,000	£ 50,000	£ 50,000
West Oxfordshire D.C							
Phased reduction payment	-	£ 162,500.00	£ 119,700.00	£ 73,150.00	£ 32,775.00	£ 32,775.00	£ 32,775.00
Total payments							
Phased reduction payment		£ 852,000	£ 635,700	£ 403,400	£ 190,600	£ 190,600	£ 190,600
% reduction from payments forecast under current scheme	-	0%	25%	50%	75%	-	-

Minutes

OF A MEETING OF THE



Listening Learning Leading

Oxfordshire Waste Partnership

HELD AT 11.00 AM ON FRIDAY, 25 JANUARY 2013

COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, CROWMARSH
GIFFORD

Present

Voting members

Councillor D Dodds (Chairman)	South Oxfordshire District Council
Councillor D Harvey	West Oxfordshire District Council
Councillor H Hibbert-Biles	Oxfordshire County Council
Councillor N Morris	Cherwell District Council
Councillor J Tanner	Oxford City Council
Councillor R Waite	Vale of White Horse District Council

Officers attending for the whole of the meeting

Mr W Lewis	Oxfordshire Waste Partnership
Mr P Mocroft	Oxfordshire Waste Partnership
Mr Ed Potter	Cherwell District Council
Mr J Copley	Oxford City Council
Ms R Burns	Oxfordshire County Council
Mr N King	Oxfordshire County Council
Mr T Flanagan	Oxfordshire County Council
Ms S Ohlenschlager	Oxfordshire County Council
Ms F Upton	Oxfordshire County Council
Ms C Kingston	South Oxfordshire and Vale of White Horse district councils
Mrs J Thompson	South Oxfordshire and Vale of White Horse district councils
Mr R Young	West Oxfordshire District Council
Ms C Locke	West Oxfordshire District Council
Mr G Browne	Environment Agency

Apologies

Ms L Watson, Oxfordshire Rural Community Council, gave her apologies.

27 Addresses and questions to the partnership

There were no addresses or questions from members of the public to the partnership.

28 Minutes of the previous meeting

The minutes of the meeting of the Oxfordshire Waste Partnership held on 26 October 2012 were approved, and signed as such by the chairman.

29 Residual waste treatment and bulking and haulage project updates

Ms F Upton, Oxfordshire County Council Waste Project Manager, gave a presentation on the construction of the energy from waste plant at Ardley and updated the partnership on progress.

The partnership noted the progress made on this project.

30 Financial arrangements update

The partnership considered a report providing an update on the financial arrangements payments for the year to date and reporting changes to the payment system for future years agreed by Council Leaders.

The partnership noted the success of the arrangements in encouraging district councils to increase their recycling rates by off-setting the increased collection costs.

The Oxfordshire Waste Partnership Coordinator reported that Oxfordshire County Council officers would draft the required deed of variation.

The Oxfordshire Waste Partnership unanimously:

1. noted the financial arrangements payments for the year to date;
2. noted the changes to the current payment system agreed by Council Leaders;
3. agreed that the Oxfordshire Waste Partnership constitution be amended to reflect the agreed changes; and
4. noted that each partner council should sign a Deed of Variation ahead of the next OWP meeting on 22 March 2013.

31 Joint Municipal Waste Management Strategy five year review

The partnership considered the revised draft Joint Municipal Waste Strategy and the findings from the further public consultation about this.

The partnership noted and welcomed the findings from additional public consultation carried out. Minor typographical corrections to the strategy were noted.

The Oxfordshire Waste Partnership unanimously:

1. agreed the Joint Municipal Waste Strategy as set out in the report to the meeting with minor typographical corrections and the amendment of Policy 3 to read '...ensure zero growth or better of municipal waste....'; and
2. agreed to recommend to partner councils that the revised strategy be adopted and replace the current document agreed in 2006/07.