

ITEM 18 – APPENDIX M

WAVERLEY BOROUGH COUNCIL EXECUTIVE – 1ST OCTOBER 2013

Title:

SURREY WASTE PARTNERSHIP – PROPOSALS FOR SUSTAINABLE FUNDING
[Portfolio Holder: Cllr Brian Adams]
[Wards Affected: All]

Summary and purpose:

To present and seek approval for proposals to ensure the ongoing sustainable funding of the Surrey Waste Partnership for 2014/15.

How this report relates to the Council's Corporate Priorities:

This report relates to the Council's **Value for Money** priority, as the Surrey Waste Partnership provides the capacity to explore and develop innovative new ways of delivering waste services and reducing costs across the county; many of which this Council has benefited from over recent years. It also relates to the **Environment** priority, as many of the recent improvements to the waste and recycling service in Waverley can be directly attributed to the support (both financial and non financial) afforded by the Partnership.

Financial Implications:

This report sets out proposals for the Council to make a contribution of £18,000 in 2014/15 to the Surrey Waste Partnership to allow the partnership to continue delivering schemes which promote recycling and create savings. This will be funded by accepting a 1% increase in recycling credits in 2014/15 and foregoing the remaining 2% increase and building this into the base for future years.

Legal Implications:

Recycling Credits were introduced in the Environmental Protection Act 1990 as a means to pass on to a recycler the savings in the disposal cost, which result from recycling household waste. The scheme was introduced before many other policy levers designed to encourage recycling were put into place and needed reform to bring it into line.

Consequently, a review was carried out in 2004 and subsequent changes were introduced in the Clean Neighbourhoods & Environment Act 2005. These changes increased flexibility of payment from Waste Disposal Authorities to Waste Collection Authorities by giving authorities the option to agree alternative arrangements. The proposals contained within this report represent a change to the historic arrangements for the distribution of recycling credits and require the agreement of each partner.

Introduction

1. In 2009, this Council agreed with all other Surrey districts and the County Council to pool half of their share of a Reward from a Local Public Service Agreement (LPSA) with Government, which concerned work to increase the recycling of glass in Surrey. The achievement of the stretch target for the LPSA meant a reward of £2m in total was received. The individual contributors, including this Council paid £87,308 into a joint Surrey Waste Partnership (SWP) fund, and this pooled funding has enabled the Partnership to carry out its work since that time without further calls for funds.
2. As the unexpended unallocated balance on the Partnership account is now only some £50,000, the SWP Funding Board, following a recent review of funding, expressed the need for urgency in creating a more sustainable mechanism for funding the Partnership into the future. Longer term proposals to achieve this aim will emerge through a wider review of the funding of waste management in Surrey, which has been commissioned for January 2014. However, in the interim, it is felt appropriate to introduce a mechanism that at least supports the Partnership from April 2014.

Funding Board Proposals

3. Currently, recycling credits are £53.88 per tonne for the 2013/14 financial year. These would ordinarily rise to £55.50 per tonne in the 2014/15 financial year because of the 3% annual increment. The Funding Board proposal is that for this coming financial year (2014/15), the increase is only 1%, resulting instead in a payment of £54.42 per tonne.
4. Forgoing 2% of this 3% annual rise in recycling credits in 2014/15 is estimated to yield £220,000 across the county, which, together with a contribution from Surrey CC equivalent to the average district amount, would become £240,000 per annum. If built-in to our base budgets, this would represent a reduction in the increase in payments to the Council. Subsequent years' payments would continue to increase by 3% on the reduced base, and the new base would allow equivalent payments into the partnership 'pot' to be made in subsequent years. However, in light of the aforementioned wider review into funding, and recognising the need to ensure each member authority still enjoys some discretion over its contribution to and membership of the SWP it is felt that contributing authorities should formally consider and agree these pooled payments each year.
5. Such an annual amount would be sufficient to create a pooled budget, enabling the Partnership to continue to progress its work associated with waste prevention, increased capture of recyclable material, joint buying and selling, increased operational efficiencies, commercial waste capture and Surrey sorting and re-processing facilities.

6. Approximately one-third of the pooled amount would be sufficient to defray costs associated with the Partnership Office, Partnership Manager, all the various Meetings of the Partnership, and all associated costs including travel.
7. The remaining two-thirds of this pooled amount would be available to the Partnership to cover costs of projects and initiatives associated with the common benefit of Partnership authorities. Without such a pooled budget, recent joint projects such as the introduction of a new, improved County-wide Waste Data Management system have had to be covered by local contributions, with others such as the county-wide Waste Composition Analysis being 50% funded by the County Council. If agreed, this proposal will allow similar costs to be contained centrally in the future.
8. Clearly, this proposal needs individual approval from the constituent Partnership authorities including this Council; and consequently a similar Report to this is being considered by other Surrey Waste Authorities, ensuring a parallel consideration.

Local consequences

9. For this Council this proposal would mean that the increase in recycling credit payments for the 2014/15 financial year would be approximately £9,000 (1%) and that approximately £18,000 (2%) would be pooled as Partnership funding. With a new base for recycling credit payments, this mechanism would enable each Council to continue the annual contribution to the Partnership at this rate, while continuing to receive 3% increases on the new base into the future. As described above however, this continuation of the annual contribution would be subject to an individual annual decision by the constituent authorities, rather than an open-ended commitment.
10. The impending SWP Financial Review may or may not wish to consider varying this recommendation from the Funding Board. But at least in the short term, this mechanism allows the productive work of the Waste Partnership to continue.

Benefits of Partnership Working

11. For this Council, the Partnership has provided, and continues to provide an effective advantage, as can be demonstrated by the following non-exhaustive schedule of cashable and non-cashable benefits enjoyed by Waverley, as a direct consequence of the work of the SWP over the past four years:
 - i. A detailed SWP data sharing exercise in 2010 revealed disparities in the sale value of materials between member authorities. As a consequence, Waverley Officers were able to renegotiate, from a strong position, the Council's bring site contracts for the sale of cardboard, cans and plastics. This resulted in additional income for the Council, between April 2010 and the start of the renegotiated Waste Management Contract with Veolia, of over **£55,000**.

- ii. A SWP-sponsored exercise to procure a county-wide Framework Contract for the composting of garden waste which was concluded in May 2010 resulted in a net reduction in cost for Waverley of approximately £5,400 per annum. By the end of the current financial year, the total value of this ongoing saving will have exceeded **£20,000**.
- iii. A more recent joint procurement, resourced and sponsored by the SWP for the sale of textiles has resulted in a doubling of the sale value of the material collected. Waverley will shortly be moving to this new arrangement, as a result of which an additional income of over **£15,000** per annum can be expected based on current tonnages. Furthermore, this additional income will enable a robust business case to be made for the introduction of kerbside collection of textiles in Waverley for consideration in the forthcoming budget setting process. This would result in an improved recycling rate, an improved service to the customer and further increases in income.
- iv. The proposals for an improved and more cost-effective garden waste service in Waverley, which are to be implemented with effect from April 2014 were developed using detailed county-wide analysis of customer behaviour and feedback, sensitivity analyses and service modelling which was financed by the SWP. In addition, the mobilisation of the new service is being part-funded by a **£31,000** grant from the SWP 'New Initiatives Fund'
- v. The redesigned and improved kerbside recycling service which was introduced in Waverley in April 2012 has resulted in a much improved recycling rate, improved levels of customer satisfaction and savings of approximately £800,000 per annum. The decision to renegotiate and redesign the service was based on a substantial evidence base, including recent waste composition analyses, studies into food waste collection models, research into material values, etc, all of which had been financed by the SWP.

12. Looking to the future, the Partnership promises to deliver yet more benefits to all partners who chose to participate. Over the coming years it will be focusing in particular on a range of projects looking at realising the benefits of closer joint working on the buying of services and goods, and the sale of dry recycling. It has been calculated that, by working together to achieve operational efficiencies and economies of scale, by increasing the capture rates of the dry recycling materials we collect, and by getting best consideration for those materials in the market place, it could be possible, in time to reduce the waste budget across Surrey by over £10M per year.

Conclusion

The SWP has delivered, and continues to deliver a wide range of tangible benefits to Waverley, both through enabling the achievement of operational cost reductions and increased income-generation opportunities, and also through the development and

provision of important pieces of research and the sponsoring of projects to bring about improvements to waste and recycling services across the county.

In order to ensure its ongoing sustainable funding, the SWP has agreed in principle that each of the 11 district Partners agree to consider to pool 2% of their 3% annual rise in recycling credits from April 2014, together with an amount from Surrey County Council equivalent to the average district contribution. This would result in an estimated pooled amount of £240,000 per annum which can be used to engage the necessary capacities to continue to drive forward the work of the Partnership, including significant cost reductions and enhanced income streams, service improvements and management efficiencies.

Recommendation

That the Executive:

1. agrees to pool the equivalent of 2% of its annual 3% rise in recycling credits in the financial year 2014/15;
2. notes a new base level of recycling credit payments as a consequence of this reduction, thereby allowing a similar contribution to be made in subsequent years, subject always to annual approval; and
3. anticipate a 3% increase in this new base for recycling credits from April 2015, and in other subsequent years.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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