

OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE

20 January 2012

Financial Arrangements update

1 Purpose of Report

- 1.1 To provide an update on financial arrangements payments for the year to date and to set out an estimated value for the year-end adjustment to payments.

2 Background

- 2.1 The OWP financial arrangements comprise the payment of a recycling credit for every tonne recycled & composted, plus an incentive or penalty payment set at 50% of the recycling credit value for each tonne of residual waste below or above a set allowance. Payments for 2011/12 are £43.07 per tonne and £21.54 per tonne respectively. Financial arrangement payments to district councils from April 2011 to November 2011 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 42%. This is translated into a tonnage based residual waste allowance for each district council by estimating total waste arisings for 2011/12 and dividing this up between districts, based on the number of households in each. This gives each district council the same landfill allowance per household (which for 2011/12 was set at 0.50 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. Appendix 2 sets out the forecast year-end adjustment, based on the latest available waste tonnages.
- 2.4 From appendix 2 it can be seen that the forecast amount of waste for this year is now slightly lower than the forecast on which 2011/12 allowances were originally set. This means that district council residual waste allowances reduce by a commensurate amount. The revised tonnage forecast is currently 0.89% lower than the original. It seems that whilst the pattern of declining overall waste tonnages continues this year, the rate of decline is lower; running at an approximate 2% reduction, as opposed to the 4% annual reductions experienced in recent years.

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 £717,230 have been credited so far, with each district council receiving income through the scheme. Payments for the equivalent period last year (April – November 2010) were £509,944, showing that district council residual waste tonnages have been reduced further this year.
- 3.2 Due to lower overall waste arisings so far this year, it is likely that a lower tonnage will need to be diverted in order to meet the 2011/12 target of 42% diversion from landfill. This means that district councils' residual waste allowances under the financial arrangements also reduce accordingly. A lower residual waste allowance will result in lower bonuses and

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increased penalty payments compared to the original forecast. The variance between current actual tonnages and the original forecast is currently 0.89% The estimated financial impact is set out in appendix 2 and is at present lower than adjustments made in previous years.

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 new 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 N/a

7 Recommendations

7.1 That the financial arrangements payments set out in appendix 1 and the forecast year end adjustment figures set out in appendix 2 are noted.

8 Reasons for Recommendations

8.1 To develop the best overall waste management outcomes for Oxfordshire taxpayers and to develop incentivisation arrangements that help achieve this.

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Background Papers: