

<b>Subject:</b>	Waste Management Cost Sharing Agreement	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	28 November 2012
<b>Report of:</b>	Director of Customers and Communities	<b>Portfolio Holder:</b>	Operational Services and Development Control
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required: No	Attached:	No
<b>Biodiversity Impact Assessment</b>	Required: No	Attached:	No
<b>Contact Officer:</b>	<b>Fiona Meechan</b>	<b>Telephone:</b>	<b>01706 252491</b>
<b>Email:</b>	<b>fionameechan@rossendalebc.gov.uk</b>		

1.	<b>RECOMMENDATION(S)</b>
1.1	That Cabinet accepts the 5 year extension of financial support through the revised cost sharing agreement and approves the report.
1.2	That Cabinet adopts the financial model which best suits The Council's medium term financial strategy (MTFS).

## 2. PURPOSE OF REPORT

- 2.1 To inform Cabinet of the revised cost sharing agreement proposed by Lancashire County Council and to obtain Cabinet approval.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A Clean and Green Rossendale** – creating a better environment for all, this priority focuses on clean streets and well managed open spaces.
  - **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 Not accepting the reduced offer from LCC would necessitate RBC moving to the use of recycling credits. This option has been explored and would generate a further reduction in income which would put further pressure on The Council's MTFS.

## 5. BACKGROUND AND OPTIONS

- 5.1 The Property Based Payment Mechanism agreement ('Cost Sharing Agreement') commenced in 2004 for a 10 year term and expires at the end of March 2014. The agreement has provided financial support for the delivery of waste services across Lancashire and the implementation and continuation of the doorstep collection services that have been put in place over the last 10 years.
- 5.2 In return for providing a 3 stream doorstep recycling service (the separate collection of

green waste, dry recyclables and residual waste on alternate weeks to at least 90% of dwellings), the County Council makes an annual payment to the Districts for each dwelling which receives the service. The payments are index linked to RPIX and have risen from around £14.00 to the current level of £19.05 per property. In Rossendale it equates to income of £586,931 in this financial year.

- 5.3 Due to the need to make financial cuts, Lancashire County Council is seeking to generate savings from cost sharing.
- 5.4 As there was uncertainty around the level of cuts proposed and growing concerns from the Districts about the effect on services, it was agreed at the last meeting of the Lancashire Waste Partnership that the County Council should provide options for a revised cost sharing agreement that would meet the County's budget requirements and also attempt to mitigate the financial impacts on the Districts and the delivery of services.
- 5.5 The offer is based upon a **fixed** level of support over a 5 year period. Year 1 of the agreement would be 2013/14 replacing the final year of the existing agreement. The total value of support over the 5 years from 1<sup>st</sup> April, 2013 is £2,758,575.
- 5.6 This offer reduces the amount of income received from Lancashire County Council by £612,155 over the 5 year period, equating to a cut of an average of £122,431 (18%) per annum.
- 5.7 The reduced level of financial support is offered in various ways. Each option equates to the same amount of support over the 5 year period:

Option 1 – 5 equal annual payments

Option 2 – 1 front loaded payment followed by 4 reducing annual payments

Option 3 – 1 front loaded payment with balance paid equally over remaining 4 years

	<b>Year 1 2013/14 £</b>	<b>Year 2 2014/15 £</b>	<b>Year 3 2015/16 £</b>	<b>Year 4 2016/17 £</b>	<b>Year 5 2017/18 £</b>	<b>Total Over 5 Years £</b>
Option 1	551,715	551,715	551,715	551,715	551,715	<b>2,758,575</b>
Option 2	575,192	563,453	551,715	539,976	528,237	<b>2,758,573</b>
Option 3	586,931	542,911	542,911	542,900	542,900	<b>2,758,573</b>

- 5.8 The offer is made on the terms and conditions of the existing agreement subject to the following changes :-

- Payment will no longer be made on a 'per property basis' but the requirement to

- maintain a 3 stream collection to at least 90% of dwellings remains;
- There is no requirement for separate collections of food waste;
- The collection of residual waste (green bin) less than fortnightly would not be acceptable.

5.9 The existing agreement is due to expire in March 2014 and whilst both the Districts and Lancashire County Council agree on the benefits and have the desire to continue with it, in the current economic climate the County have indicated that it is not sustainable to extend the agreement beyond 2014 on the existing terms.

5.10 Lancashire County Council have indicated that the offer cannot be improved upon.

## 6. COMMENTS FROM STATUTORY OFFICERS:

### 6.1 SECTION 151 OFFICER

6.2 Financial matters are noted above in the body of the report.

6.3 Option 2 has marginally a more beneficial cash flow, however for accounting purposes the income credit will be spread evenly over the 5 year period.

### 7. MONITORING OFFICER

7.1 No additional legal comments.

### 8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

8.1 No direct impact on staffing has been identified.

### 9. CONSULTATION CARRIED OUT

9.1 LCC consulted with officers via the Lancashire Officer Implementation Group. Consultation internal to RBC has been with the Portfolio Holder, Chief Executive and Head of Finance.

### 10. CONCLUSION

10.1 The reduced cost-share offer by Lancashire County Council will result in an average reduction in income to RBC of £122,431 per annum; a total reduction of £612,155 over the term of the 5 year agreement.

10.2 Given that Lancashire County Council have stated that there is no room for negotiation on this, it is recommended that this offer be accepted.