


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">5 SEPTEMBER 2016</p>	
<p>METHOD FOR SHARING WRWA COSTS 2017-18 to 2025-26</p>	
<p>Report of the Cabinet Member for Environment, Transport and Residents Services – Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Sue Harris, Director for Cleaner, Greener, and Cultural Services</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report sets out the rationale for recommending that the Council continues with the current charging methodology for household waste disposal until 2025/26. This method was previously agreed by the WRWA constituent boroughs and ends in 2017. Should this not be agreed, the default mechanism will come into force, which is potentially less advantageous. The detail is set out in the briefing note at Appendix A.
- 1.2. On 18 January 2016 the Cabinet Member informally agreed to the continuation of the charging agreement. Formal agreement through Cabinet is now sought.

2. RECOMMENDATIONS

- 2.1. That the Council continues with the current methodology for charging waste disposal costs to Councils, using actual tonnages in the current year. This is to enable the Council to benefit immediately from reductions in waste, to avoid cross subsidy, and to avoid WRWA having to increase charges because it would bear the risk of tonnages increasing.

3. REASONS FOR DECISION

- 3.1 If the agreement is not renewed then there is a statutory method that will apply by default (see Annexe B to Appendix A). This is that the cost of waste disposal in a particular year will be charged to boroughs in proportion to the tonnages delivered to the Waste Authority in the previous complete year. There would be some consequences if the Council reverted to the statutory default methodology:
- The risk of tonnages being higher than in the previous complete year, and the consequential costs of disposing of that extra waste (through the contract with Cory) would rest with WRWA. As a result, and to ensure that risk was covered, WRWA would charge an estimated extra 2.2% to constituent boroughs.
 - The benefits from a council reducing its waste would not be felt immediately as a financial benefit.
- 3.2 A council increasing its waste in year would be subsidised by the other councils until the next year, or potentially the year after that.
- 3.3 A report to the WRWA meeting on 3 February by the WRWA Treasurer said *'Discussions are already underway with the Boroughs and verbal confirmation has been received to maintain the existing charging mechanism for a further eight years in line with the existing eight year term. These discussions and formal agreement will be progressed and reported back to the Authority in June 2016.'*

4. PROPOSAL AND ISSUES

- 4.1. An estimate of the financial implications of the statutory basis is set out in Annexe C to Appendix A. This examines the financial impact if the statutory basis had been used in 2015/16. For LBHF an additional cost of £182,000 is identified, due to the additional 2.2% charge made by WRWA for the risk it would be taking that tonnages might increase.
- 4.2 If tonnages did not increase across all four constituent boroughs then potentially WRWA would be in a position to make a refund of the 2.2% to the boroughs.
- 4.3 A revised draft of the existing agreement is attached as Appendix B. The proposed changes are minimal:
- The dates have been amended.
 - The references to business refuse have been removed as s1 of the RDA 1978 has been repealed.
 - The Clinical Waste definition has been updated to reflect the Controlled Waste Regulations.
 - References to LATS have been removed as the scheme has now ceased.
 - A couple of minor typos have been corrected.

- 4.4 WRWA can already charge for commercial and industrial waste on this basis (i.e. the current method of charging by tonnage) via S52(9) EPA 1990. The agreement is therefore for the constituent councils to pay for their Household Waste in this way rather than by the default method.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. These are set out above and in the briefing note attached as Appendix A.

6. CONSULTATION

- 6.1. Internal consultation with relevant departments has taken place, and comments inserted below. The Cabinet Member for Environment, Transport, and Residents' Services agreed the recommendation at the Cabinet Member Board meeting on 18 January 2016.

7. EQUALITY IMPLICATIONS

- 7.1. This proposal applies to all household waste disposed of on behalf of the borough by WRWA and so there are no equalities implications.

8. LEGAL IMPLICATIONS

- 8.1. The Joint Waste Disposal Authorities (Levies) (England) Regulations 2006 provides for the WRWA to impose levy on its constituent boroughs for its financial affairs. Such levy can either be mutually agreed by the constituent boroughs or failing which it will be as per the prescribed method. The prescribed method permits WRWA to levy the cost for waste disposal in proportion to the cost of WRWA for disposal of waste in relation to tonnage of waste delivered by the borough. The mutually agreed costs sharing method by the constituent boroughs is advantageous as brought out in the body of the report.
- 8.2. The proposed agreement for apportionment of waste disposal costs as appended, subject to any minor amendments, would suffice to record the proposed cost sharing arrangements for the next eight financial years.
- 8.3. Implications completed by: Babul Mukherjee, Senior Solicitor, Shared Legal Services, 02073613410

9. FINANCIAL IMPLICATIONS

- 9.1. The financial implications are all contained within the body of the report.
- 9.2. Implications verified/completed by: Mark Jones, Director for Finance Environmental services, x6700

10. IMPLICATIONS FOR BUSINESS

- 10.1 Not applicable.

11. RISK MANAGEMENT

- 11.1. The report recommendations seek to mitigate the risk of additional costs, a burden that would impact not only on the council but also the residents located in the borough. Not addressing this issue may impact negatively on budgets and failure to deliver the best possible services at best possible cost to the local taxpayer.

Risk Management implications verified by Michael Sloniowski, Shared Services Risk Manager, telephone 020 8753 2587.

12. PROCUREMENT IMPLICATIONS

- 12.1. There are no procurement related issues as the recommendations contained in this report relate to the current charging methodology for household waste disposal.

- 12.2. Implications completed by: Joanna Angelides, Procurement Consultant, 0208 753 2586

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES:

- Appendix A* - Method for Sharing WRWA Costs – Briefing
Appendix B - Agreement relating to the apportionment of Waste Disposal Costs