

# OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE

16 JANUARY 2008

## NEW FINANCIAL ARRANGEMENTS - TESTING

### ITEM 9

#### 1 Purpose of Report

- 1.1 To update on the testing of the new financial arrangements ahead of their launch in April 2009.

#### 2 Background

- 2.1 The new financial arrangements were agreed by the partnership on 29<sup>th</sup> Feb 2008. The arrangements are based on 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 target. OWP agreed to test the new arrangements during 2008/09.
- 2.2 In order to test the new arrangements, each partner council supplied waste tonnage forecasts for the year. A landfill diversion target of 38% was set (this is the Local Area Agreement recycling target for 08/09). From this a total residual waste tonnage allowance was apportioned to each Waste Collection Authority (WCA). The residual waste tonnage allowance was then divided up into a monthly allowance so that monthly incentive/penalty payments could be calculated (recycling credits are currently paid monthly).
- 2.3 The residual waste tonnage allowance has been divided up into monthly allowances in two ways:
- i. The annual target has been divided by 12 to give the same tonnage allowance for each month of the year. This has been termed the "linear profile".
  - ii. The annual target has been divided by 12 and then multiplied by a weighting factor that reflects the % of the annual waste total that typically falls within each month of the year. The weighting factor was arrived at by taking an average from the last 10 years of Oxfordshire's waste data. This has been termed the "monthly profile".
- 2.4 Appendix 1 summarises the incentive and penalty payments that would have been made for the first six months of 2008/09 (April – October). These are over and above the normal recycling credit payments. Payments under both the linear and monthly profiling are included. Payment is based on £19.71 per tonne, which is 50% of the present value of a recycling credit.
- 2.5 The annual payment will be the same under both the linear and monthly profile. The difference between the two is that the monthly payments vary. As the monthly profile better reflects patterns of waste generation it should have the benefit of requiring a lower end of year balancing payment.

#### 3 Financial, Risk and Staff Implications

- 3.1 From appendix 1 it can be seen that over the first six months of the year, four of the five Waste Collection Authorities (WCAs) have bettered the residual waste target and would

## OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE

have so far earned bonus payments of up to £76,616. On this basis, the higher performing WCAs might expect an annual return in the region of £120,000. As expected, West Oxfordshire D.C has not so far met the residual waste target and from April to October 08 would have incurred penalties of between £57,578 and £70,886 (depending on the monthly forecasting method employed). This is likely to equate to an annual deficit of around £120,000.

- 3.2 At the last meeting of the OWP (24<sup>th</sup> October 2008) Oxfordshire County Council was asked to reconsider transitional or dampening arrangements for West Oxfordshire until new contract arrangements are introduced within the district in 2010. This matter was considered at a meeting of the OWP Officer Strategy Group on 19<sup>th</sup> December 2008. The Strategy Group concluded, and recommends to the Joint Committee, that the financial arrangements remain unchanged (i.e. that no transitional or dampening arrangements be introduced), but that West Oxfordshire D.C bid to the New Initiatives Fund (NIF) for project funding that will allow them to reduce the amount of waste landfilled over the next two years. West Oxfordshire D.C is currently developing a NIF bid, which will reduce waste landfilled and thus reduce liabilities under the new financial arrangements.

### **4 Areas Affected**

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

### **5 Effect on Strategic Policies**

- 5.1 The new financial 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 Two forms of monthly profiling have been set out. The joint committee has agreed to select a preferred method at its March 2009 meeting.

### **7 Recommendations**

- 7.1 That:
- i. the results of the first six months of the testing phase are noted;
  - ii. a further update report is provided in March 2009;
  - iii. partner councils support West Oxfordshire D.C in the development of a suitable NIF bid to reduce their early years liabilities under the new financial arrangements.

### **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.

## OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE

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Background Papers:

## LINEAR Profiling

<b>Cherwell</b>		<b>2008-09</b>
Residual waste	Target	34,632
	Actual	29,300
	Variance	5,332
		£ 19.71

<b>Oxford City</b>		<b>2009/10</b>
Overall residual waste	Target	33,776
	Actual	30,000
	Variance	3,776
		£ 19.71

<b>South Oxfordshire</b>		<b>2009/10</b>
Overall residual waste	Target	33,523
	Actual	30,600
	Variance	2,923
		£ 19.71

## By month

April	May	June	July	August	September	October
2,885.96	2,885.96	2,885.96	2,885.96	2,885.96	2,885.96	2,885.96
2,580.18	2,528.04	2,297.40	2,546.10	2,308.62	2,470.11	2,551.04
305.78	357.92	588.57	339.86	577.34	415.85	334.92
£ 6,027.83	£ 7,055.66	£ 11,602.39	£ 6,699.70	£ 11,381.13	£ 8,197.68	£ 6,602.30

April	May	June	July	August	September	October
2,814.66	2,814.66	2,814.66	2,814.66	2,814.66	2,814.66	2,814.66
2,341.51	2,305.82	2,482.15	2,723.20	2,323.96	2,167.21	2,338.96
473.15	508.84	332.52	91.46	490.70	647.45	475.70
£ 9,327.27	£ 10,030.73	£ 6,554.90	£ 1,802.99	£ 9,673.23	£ 12,763.24	£ 9,377.53

April	May	June	July	August	September	October
2,793.57	2,793.57	2,793.57	2,793.57	2,793.57	2,793.57	2,793.57
2,466.75	2,559.84	2,198.77	2,453.74	2,361.03	2,330.74	2,361.07
326.82	233.73	594.80	339.83	432.54	462.83	432.50
£ 6,442.62	£ 4,607.51	£ 11,725.24	£ 6,699.12	£ 8,526.63	£ 9,123.74	£ 8,525.84

**OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE**

<b>Vale of White Horse</b>		<b>2009/10</b>
Overall residual waste	Target	29,679
	Actual	28,856
	Variance	823
		£ 19.71

April	May	June	July	August	September	October
2,473.27	2,473.27	2,473.27	2,473.27	2,473.27	2,473.27	2,473.27
2,273.66	2,311.38	2,127.71	2,296.44	2,130.00	2,192.31	2,226.20
199.61	161.89	345.56	176.82	343.27	280.96	247.07
£ 3,934.87	£ 3,191.30	£ 6,812.00	£ 3,485.70	£ 6,766.81	£ 5,538.50	£ 4,870.42

<b>West Oxfordshire</b>		<b>2009/10</b>
Overall residual waste	Target	26,305
	Actual	29,371
	Variance	- 3,066
		£ 19.71

April	May	June	July	August	September	October
2,192.06	2,192.06	2,192.06	2,192.06	2,192.06	2,192.06	2,192.06
2,627.78	2,955.14	2,638.34	2,794.35	2,597.93	2,670.68	2,656.08
- 435.72	- 763.08	- 446.29	- 602.30	- 405.87	- 478.62	- 464.02
-£ 8,589.34	-£ 15,042.65	-£ 8,797.66	-£ 11,873.08	-£ 8,000.99	-£ 9,435.11	-£ 9,147.30

<b>Totals for All WCAs</b>		<b>2009/10</b>
Overall residual waste	Target	157,914
	Actual	148,127
	Variance	9,787
		£ 19.71

April	May	June	July	August	September	October
13,159.52	13,159.52	13,159.52	13,159.52	13,159.52	13,159.52	13,159.52
12,289.87	12,660.22	11,744.36	12,813.83	11,721.54	11,831.05	12,133.35
869.64	499.29	1,415.15	345.68	1,437.98	1,328.47	1,026.17
£ 17,143.25	£ 9,842.55	£ 27,896.86	£ 6,814.43	£ 28,346.80	£ 26,188.03	£ 20,228.79

**OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE**

**MONTHLY Profiling**

**By  
month**

<b>Cherwell</b>										
		<b>2008-09</b>		April	May	June	July	August	September	October
Residual waste	Target	34,632	Target	3,008.45	3,057.36	3,187.34	3,073.95	2,935.36	3,028.22	2,799.78
	Actual	29,300	Actual	2,580.18	2,528.04	2,297.40	2,546.10	2,308.62	2,470.11	2,551.04
	Variance	5,332	Diff	428.27	529.32	889.95	527.85	626.74	558.11	248.74
		19.71		£ 8,442.50	£ 10,434.42	£ 17,543.53	£ 10,405.60	£ 12,354.91	£ 11,002.00	£ 4,903.41
<b>Oxford City</b>										
		<b>2009/10</b>		April	May	June	July	August	September	October
Overall residual waste	Target	33,776	Target	2,934.13	2,981.83	3,108.60	2,998.01	2,862.84	2,953.41	2,730.61
	Actual	30,000	Actual	2,341.51	2,305.82	2,482.15	2,723.20	2,323.96	2,167.21	2,338.96
	Variance	3,776	Diff	592.62	676.00	626.45	274.81	538.88	786.20	391.65
		19.71		£ 11,682.29	£ 13,326.01	£ 12,349.27	£ 5,417.32	£ 10,622.95	£ 15,498.29	£ 7,720.61
<b>South Oxfordshire</b>										
		<b>2009/10</b>		April	May	June	July	August	September	October
Overall residual waste	Target	33,523	Target	2,912.14	2,959.48	3,085.30	2,975.54	2,841.38	2,931.27	2,710.15
	Actual	30,600	Actual	2,466.75	2,559.84	2,198.77	2,453.74	2,361.03	2,330.74	2,361.07
	Variance	2,923	Diff	445.39	399.64	886.53	521.81	480.35	600.53	349.08
		19.71		£ 8,779.99	£ 7,878.09	£ 17,476.18	£ 10,286.36	£ 9,469.23	£ 11,838.29	£ 6,881.34

**OXFORDSHIRE WASTE PARTNERSHIP JOINT COMMITTEE**

<b>Vale of White Horse</b>										
		<b>2009/10</b>		April	May	June	July	August	September	October
Overall residual waste	Target	29,679	Target	2,578.24	2,620.15	2,731.55	2,634.38	2,515.60	2,595.18	2,399.41
	Actual	28,856	Actual	2,273.66	2,311.38	2,127.71	2,296.44	2,130.00	2,192.31	2,226.20
	Variance	823	Diff	304.58	308.78	603.84	337.93	385.60	402.87	173.21
		19.71		£ 6,004.24	£ 6,086.89	£ 11,903.56	£ 6,661.65	£ 7,601.34	£ 7,941.81	£ 3,414.48
<b>West Oxfordshire</b>										
		<b>2009/10</b>		April	May	June	July	August	September	October
Overall residual waste	Target	26,305	Target	2,285.10	2,322.24	2,420.97	2,334.85	2,229.58	2,300.11	2,126.60
	Actual	29,371	Actual	2,627.78	2,955.14	2,638.34	2,794.35	2,597.93	2,670.68	2,656.08
	Variance	- 3,066	Diff	342.68	632.90	217.37	459.51	368.35	- 370.57	529.48
		19.71		-£ 6,755.25	-£ 12,476.29	-£ 4,285.01	-£ 9,058.24	-£ 7,261.35	-£ 7,305.06	-£ 10,437.71
<b>Totals for All WCAs</b>										
		<b>2009/10</b>		April	May	June	July	August	September	October
Overall residual waste	Target	157,914	Target	13,718.06	13,941.06	14,533.77	14,016.73	13,384.76	13,808.19	12,766.54
	Actual	148,127	Actual	12,289.87	12,660.22	11,744.36	12,813.83	11,721.54	11,831.05	12,133.35
	Variance	9,787	Diff	1,428.18	1,280.84	2,789.40	1,202.90	1,663.22	1,977.14	633.19
		19.71		£ 28,153.78	£ 25,249.11	£ 54,987.53	£ 23,712.70	£ 32,787.08	£ 38,975.32	£ 12,482.12