

MINUTES of the meeting of the **ENVIRONMENT AND INFRASTRUCTURE SELECT COMMITTEE** held at 10.30 am on 5 October 2017 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 11 October 2017.

Elected Members:

(* = present)

- * Mr Bob Gardner (Chairman)
- * Mr Wyatt Ramsdale (Vice-Chairman)
- * Mrs Mary Angell
- * Mr Bill Chapman
- * Mr Stephen Cooksey
- * Mr Paul Deach
- * Mr Jonathan Essex
- * Mr Matt Furniss
- * Mr Eber A Kington
- * Mrs Bernie Muir
- * Mr John O'Reilly
- Mr Stephen Spence
- * Mrs Lesley Steeds
- * Mr Richard Walsh
- * Mr Richard Wilson

16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies had been received from Stephen Spence. There were no substitutions.

17 MINUTES OF THE PREVIOUS MEETING: 7 SEPTEMBER 2017 [Item 2]

1. The Committee amended the minutes to show that Hazel Watson had acted as substitute for Stephen Cooksey. A Member requested that item 7, point 12 was amended to state:

“Some Members expressed the view that the two proposals put forward were not satisfactory, and that there were missed opportunities on other options, this included improving recycling rates which officers confirmed would save £4,000 in costs.”

2. The Committee agreed these minutes as an accurate record of the meeting.

18 DECLARATIONS OF INTEREST [Item 3]

Matthew Furniss declared he was Vice-Chairman of the Surrey Waste Partnership.

19 QUESTIONS AND PETITIONS [Item 4]

None received.

20 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

The Committee agreed to defer consideration of this response to 11 October 2017, as the decision had been called in and would be reviewed at this meeting.

21 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Declarations of interest:

None.

Witnesses:

None.

Key points raised during the discussion:

1. The Chairman informed the Committee that he, the Vice-Chairman and Cabinet Members would be meeting on 14 November 2017 to consider priorities for the 2018 forward plan. Members highlighted that they wished to engage in consultation on the new Local Waste Plan, and review the impact of cuts on local highway funding. It was agreed these would be included in the plan.

Recommendations:

None.

22 PROPOSALS TO CHANGE FINANCIAL ARRANGEMENTS FOR WASTE MANAGEMENT IN 2018/19 [Item 7]

Declarations of interest:

None.

Witnesses:

Helen Trew, Waste Development Team Manager
Trevor Pugh, Strategic Director for Environment and Infrastructure

Key points raised during the discussion:

1. An additional paper was tabled at the request of Eber Kington. A copy is attached in the minutes.
2. Officers informed the Committee that the Surrey Waste Partnership had created a significant opportunities to work better with district and borough councils, and improve the cost to Surrey tax payers. It was

noted that the Council could no longer sustain the level of funding it provided for waste management, and that discussions through the partnership had looked to minimise the impact of any changes on district and boroughs.

3. The Committee was informed that the proposals had been reviewed by a working group consisting of 7 different authorities, and the current proposals to Cabinet were based on their recommendations. Officers commented that this task group was reviewing the principles by which the funding was divided across the Surrey Waste Partnership.
4. Officers outlined the statutory responsibilities to pay recycling credits, as set out in the Environmental Protection Act 1990. It was noted that this was not a requirement where the Council took the decision to directly manage the materials, or if there was an agreement with partners to deliver these duties through an alternative mechanism. It was highlighted that an alternative mechanism was in place for food waste, where district and borough collections were supported through an ongoing revenue lump sum arrangement. It was also noted that garden waste was already consolidated in order to achieve better economies of scale.
5. The officers outlined that the proposal to Cabinet would enable the Council to directly manage collected recyclable material, and improve value for money through engagement with the market. It was highlighted that this would also unlock new financial transfer mechanisms, and enable the council to fund partners more equitably. The Committee was informed that there was a fixed core payment to district and boroughs, and this would be reducing by £4 million over the next three years. In addition, a variable mechanism was being proposed that would enable any savings made as a result of the changed arrangements were shared across the Surrey Waste Partnership. It was noted that the elements of this mechanism, such as the baseline and per household costs, were still under review by the task group.
6. The Committee was informed that district and boroughs had been engaged through chief executive and leader groups. It was commented that there were concerns regarding the impact of the proposals, though it was recognised that the Council needed to review this in light of the financial pressures it faced.
7. The Committee queried how the principles and aims of the Surrey Waste Partnership were formed, and how district and boroughs would be assessed on their delivery in this respect. Concern was raised that there was a lack of clarity about what sanctions were available if individual districts and boroughs operated in contravention of these aims. Officers highlighted that the Surrey Waste Partnership was bound by a memorandum of understanding, and that any decision in that respect was a matter for the collective body. There was a discussion regarding the long term objectives and governance of the partnership, and some Members commented that they felt unaware of the Cabinet's position with respect to becoming a single waste authority. It was noted that four of the district and boroughs were in a

joint waste contract, and this would be a factor in any future considerations.

8. Officers commented that the proposed arrangements were based on a principle of not trying to disadvantage Surrey tax payers, and also not seeking to disrupt existing favourable contract arrangements for some districts and boroughs. This meant that where individual contract arrangements had competitive prices, or there was a breakage fee in place, district and boroughs would be supported around transitional arrangements. This included some balancing payments back to the individual councils. Members of the committee highlighted a few areas where this was the case, and sought clarity about whether transitional arrangements would apply in such instances.
9. The Committee queried whether there was a risk of impact on recycling rates. There was some discussion as to the individual arrangements in place to encourage greater recycling. This included regular compositional analysis to see what was being disposed of. It was also highlighted that Surrey Waste Partnership funded a dedicated team for site specific interventions, such as on multi-occupancy flats. It was noted that this resource was available to all district and borough councils. Members expressed the view that there was an ongoing need for investment to incentivise recycling, though also highlighted that smaller, incremental shifts were likely rather than significant changes in resident behaviour.

Recommendations:

The Committee notes the report and recommends:

- That the Cabinet ensures clarity in regard to strategy aims, including achieving recycling targets, and variable payments and, in particular, the thresholds included within those aims, how progress against them is measured and agreed and the level of payment and loss of payments associated with delivery and non-delivery.
- That the Cabinet makes a clear statement in regard to its position on a single co-owned approach.
- That the Committee receives an update once the financial arrangements are in place.

23 REVIEW OF THE SURREY WASTE LOCAL PLAN: RECONVENING OF THE MEMBER REFERENCE GROUP [Item 8]

Declarations of interest:

None.

Witnesses:

Kate Symington, Principal Planning Policy Officer
Paul Sanderson, Minerals & Waste Policy Team Manager

Key points raised during the discussion:

1. The committee reviewed the proposed terms of reference for the Member Reference Group. It was informed that the group membership would be asked to contribute until May 2018, as part of developing the pre-submission plan. Members commented that the wording to better reflect how they could act in a critical friend role to the development to the plan.

Recommendations:

The Committee recommends:

- That the Member reference group is established
- That the reference to acting as a champion for the Surrey Waste Local Plan is deleted and “critical friend” substituted
- That the following Members are assigned to the MRG –
 - Wyatt Ramsdale (Chairman)
 - Jonathan Essex
 - Richard Wilson
 - Matthew Furniss

24 ANNUAL PROGRESS REPORT ON THE COUNCILS ENVIRONMENTAL SUSTAINABILITY [Item 9]

Declarations of interest:

None.

Witnesses:

Lesley Harding, Head of Place Development
Paul Hasley, Energy Manager
Jo Stanworth, Environment Policy Officer

Key points raised during the discussion:

1. The Committee reviewed the Key Performance Indicators, and expressed concern that there were not clear targets in place. Officers highlighted that a review was underway, and that this would help clarify how progress against the priorities were measured.
2. Members commented that more should be done to bring office recycling rates in line with the county target, and that KPI five should be adjusted to reflect this. The Committee also highlighted that it would like to see a greater emphasis on air quality. It was acknowledged that this was also a priority for the Cabinet Member, and that the review of KPIs would see additional data being recorded.
3. Members queried how priority one would be taken forward. It was highlighted that officers would seek to pilot an approach with individual services requiring a Cabinet decision, identifying possible areas through the forward plan. This would help ensure guidance was fit for purpose before promoting more widely to other services.
4. Officers discussed actions related to priority three, and commented that most energy efficiency measures had a payback over 3-4 years

from the initial investment. It was highlighted that budget constraints had seen investment suspended in this area.

5. The Committee queried how local authority and academy schools were supported to make their buildings more energy efficient. Officers commented that advice was provided to maintained schools, and that the service supported schools that wished to participate in the national eco-schools programme. Officers had also assisted schools in applying for the Ashden award, an energy sustainability charity, and other sustainability funding. It was highlighted that current regulations specified that windows requiring replacement were substituted with more energy efficient alternatives, though it was noted that this replacement programme was not as extensive as required due to resource constrictions.
6. The Committee discussed initiatives to improve electric car usage across the county, including expanding the location of charge points and improved methods of payment. It was highlighted that additional investment had been put in place to replace Guildford's park and ride fleet with electric buses. The Committee commented that a wide range of these initiatives could be subject of a Member development seminar, or for future consideration for a future task group.

Recommendations:

The Committee notes the report and recommends:

- That officers report on the outputs of the KPI review once complete;
- That an air quality KPI is added in consultation with district and boroughs;
- That county wide targets related to recycling rates are applied to council workspaces as well;
- That the action plan expands to promote recycling across the managed council estate, including all educational establishments

25 DATE OF THE NEXT MEETING: 29 NOVEMBER 2017 [Item 10]

The Committee noted that its next meeting of the Environment and Infrastructure Select Committee was the Call in meeting on 11 October 2017 at 9am.

A further meeting would be held on Wednesday 29 November 2017 at 10.30am in the Ashcombe Suite, County Hall, Kingston upon Thames.

Meeting ended at: Time Not Specified

Chairman

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New ways of working in waste

New financial mechanisms – update for Surrey Leaders

September 2017

1. Introduction

- 1.1. There have been some major changes to waste management services since waste was last discussed at the Surrey Leaders' Group a year ago. Four authorities now manage their waste services jointly and have commissioned a joint collection contract, which has since been rolled out in Elmbridge and Woking, with Surrey Heath and Mole Valley to follow. A number of other authorities have also made big changes to their waste collection arrangements.
- 1.2. This changing landscape has prompted the authorities to look in detail at how they work together in order to deliver maximum benefit to the taxpayer. To this end, a series of one-to-one meetings took place earlier this year, between Surrey Waste Partnership (SWP) representatives and the leadership of each partner authority, to assess the extent to which partners wish to deliver services in a more joined up way going forwards.
- 1.3. The one-to-one meetings showed that appetites for joint service delivery varied quite significantly across the partners, ranging from delivering the majority of services locally to delivering services as part of a single county-wide body. Work streams have now been setup to establish new ways of working that cater for this wide range of appetites. The two key work streams are **finance** and **governance**.
- 1.4. This report focuses on the **finance** work stream, which is the more urgent of the two, because new financial arrangements are needed for 2018/19 and urgent clarity is needed for the budget setting process.
- 1.5. The finance work stream involves creating new mechanisms to transfer money from Surrey CC to the district and borough councils in a way that will provide a stronger financial incentive to save taxpayer money by encouraging waste reduction and increasing recycling. The current arrangements are outdated and no longer effectively encourage improvement, so the new arrangements will replace these.
- 1.6. Principles for a new financial mechanism have been developed by a task group of officers from seven different partner authorities in consultation with the wider SWP officer and Member groups, Surrey Treasurers' group and Surrey Chief Executives. These principles, and the process for agreeing them, are set out in this report.

2. Background: responsibilities for waste management

- 2.1. The Environmental Protection Act 1990 designates the district and borough councils as waste collection authorities (WCAs) and the county council as the waste disposal authority (WDA). The WDA is responsible for managing all waste collected by WCAs, but it can allow WCAs to retain management of collected recyclables, which is currently the case in Surrey for dry recycling (paper/card, glass, metal, plastic). Where this happens, the WDA is obliged to pay the WCA recycling credits (currently £59 per tonne) unless alternative arrangements are agreed.
- 2.2. Surrey CC has given all WCAs notice that it intends to take over management of dry recycling in January 2018. This enables Surrey CC to replace the current recycling credit based system with a new mechanism. It intends to base this new financial mechanism on the principles developed through the SWP officer task group.

3. Principles of the new mechanism

- 3.1. The SWP officer task group recommends that the new mechanism consists of two elements: a **fixed** element and a **variable** element.
- 3.2. **Fixed element**
 - 3.2.1. The purpose of the fixed element is to recognise the costs incurred by districts and boroughs from introducing and running recycling services.
 - 3.2.2. It will take the funding available from Surrey CC and split this out amongst the districts/boroughs based on the number of households within each district/borough area.
 - 3.2.3. It is proposed that in order for a WCA to receive a fixed payment, it must:
 - Not reduce the level of recycling collection services that it currently provides to residents.
 - Work positively towards achieving the aim, objectives and targets of the joint municipal waste management strategy¹.
 - 3.2.4. Surrey CC has given an indication of the level of funding that it is considering making available to the WCAs via the fixed element of the mechanism over the next three years. The figures in **Table 1** show what this would look like for each district/borough if allocated using the proposed 'household numbers' approach.
 - 3.2.5. For the purpose of comparison, **Table 1** shows how much each district/borough would receive via current financial mechanisms. This assumes that Surrey CC has taken ownership of the dry recycling and therefore pays the costs of managing this material.

¹ <https://www.surreywastepartnership.org.uk/our-strategy>

Table 1: Estimated payments from Surrey CC to WCAs based on allocating the available funding on a per household basis.

Authority	Current mechanisms	Fixed element of the new mechanism		
	2018/19	2018/19	2019/20	2020/21
Elmbridge	£711,687	£376,059	£258,822	£141,585
Epsom & Ewell	£315,900	£210,548	£144,910	£79,271
Guildford	£618,294	£378,104	£260,229	£142,355
Mole Valley	£466,030	£249,651	£171,822	£93,993
Reigate & Banstead	£617,107	£391,490	£269,442	£147,395
Runnymede	£263,756	£232,045	£159,705	£87,364
Spelthorne	£387,376	£276,819	£190,520	£104,221
Surrey Heath	£383,803	£234,881	£161,656	£88,432
Tandridge	£404,687	£235,936	£162,382	£88,829
Waverley	£476,017	£346,122	£238,218	£130,314
Woking	£563,025	£276,027	£189,975	£103,923
Total	£5,207,682	£3,207,682	£2,207,682	£1,207,682

3.2.6. Surrey CC has budgeted paying £40 per tonne to manage the dry recycling. If the actual market price turns out to be lower than this, Surrey CC has said it may be willing to share this saving with the districts and boroughs.

3.3. Transitional arrangements

3.3.1. Surrey CC has already taken over the management of dry recycling from Elmbridge, Spelthorne, Runnymede and Woking. The other seven districts/boroughs still have time left on their current contracts.

3.3.2. A number of these existing contracts include reprocessing fees that Surrey CC is unlikely to beat under the current market conditions. Therefore allowing these authorities to continue their contracts would deliver best value for the taxpayer.

3.3.3. If this happens, authorities that continue their contracts would need to continue paying the reprocessing fees. This would seem unfair considering that Surrey CC would otherwise be required to cover the reprocessing costs if it took over management of the material (as it has done in four boroughs already).

3.3.4. It is therefore proposed that Surrey CC makes payments to these authorities that recognise its avoided reprocessing costs as a result of this arrangement. The level of this payment is currently being considered.

3.4. Variable element of the mechanism

3.4.1. The purpose of the variable element is to incentivise authorities to take action to further reduce waste and increase recycling. It is proposed that:

- Starting in 2018/19, the actual savings, resulting directly from reducing waste and increasing recycling, will be shared.
- Savings will be calculated in each district/borough area by comparing the cost of waste management against an agreed baseline year.
- Savings will be split between the district/borough, Surrey CC and SWP using agreed percentages.
- The effect of increasing household numbers will be accounted for.

3.5. Funding Surrey Waste Partnership

3.5.1. The mechanism needs to ensure that sufficient funding is pooled for joint projects and initiatives. It is proposed that this is done through both fixed and variable elements of the mechanism.

3.5.2. For the fixed element, Surrey CC is intending to allocate funding (in addition to the figures shown in **Table 1**) to help fund SWP. However in order to give all partner authorities financial ownership of SWP, the Surrey CC funding could initially be allocated to each authority (to give a larger fixed payment) before being top sliced into the SWP account.

3.5.3. As mentioned in 3.4.1, it is also proposed that a proportion of the variable payment goes to SWP in order to financially incentivise it to reduce waste and increase recycling.

4. Next steps

- 4.1. In early October Surrey CC will create an initial proposal for a new financial mechanism based on the principles above and any further comments from Leaders.
- 4.2. Following consultation at officer level, SCC will develop a revised proposal by the end of October. This will be discussed at SWP Members' group on 1 November, Surrey Chief Executives' group on 3 November and Surrey Leaders' group on 22 November.
- 4.3. SCC cabinet decision on 28 November.
- 4.4. New arrangements go live on 1 April 2018.