

**CABINET RESPONSE TO ENVIRONMENT AND INFRASTRUCTURE SELECT COMMITTEE**

**Proposals to Change Financial Arrangements for Waste Management in 2018/19 [Item 7]**

**(Considered by the Environment and Infrastructure Select Committee on 5 October 2017)**

**COMMITTEE RECOMMENDATIONS:**

The Environment and Infrastructure Select Committee recommended:

- a) 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.
- b) That the Cabinet makes a clear statement in regard to its position on a single co-owned approach.
- c) That the Committee receives an update once the financial arrangements are in place.

**RESPONSE:**

**Clarity with regard to strategy aims and financial mechanisms:**

The joint waste strategy aims are to reduce household waste, increase recycling, reduce waste sent to landfill, and to maintain the cost of waste management. The indicators and targets are summarised below.

| <b>Indicator</b>                               | <b>2019/20 target</b>   |
|--|---|
| Total waste and recycling per person           | Quartile 1 (when compared to other waste disposal authorities in England) |
| Recycling and recovery rate                    | 70%   |
| Percentage of municipal waste sent to landfill | 0%  |
| Cost of waste management per household         | No increase from 2013/14  |

As explained in the Cabinet report, a number of factors should ensure that performance continues to improve:

- The SWP will continue to be funded at current levels which means that its comprehensive and well established improvement programme will remain in place.
- The agreement between SCC and districts and boroughs with regard to the fixed payment will be designed to ensure that authorities do not reduce their level of service and continue to work towards the aims of the joint strategy. A reduction in service is defined as stopping collecting a key recyclable material or reducing the frequency of recycling collections. The Surrey Waste Partnership will be consulted when drawing up the agreements and it is proposed that the Partnership would be the body that decides if an authority is not acting in the spirit of the agreement.
- The variable payment mechanism has been designed to incentivise future performance improvements. Any cost saving as a result of improved performance (an

increase in recycling or reduction in residual waste) would be shared with partners. There is no threshold to trigger payment. Any saving as a result of performance improvement would be shared. For example, if one tonne of residual waste was removed from the system, this would save the £110 per tonne disposal cost, therefore this saving would be shared between SCC, the district or borough in question, and the SWP in the agreed proportions (40:40:20).

- All authorities have to report their waste performance on a national reporting system on a quarterly basis and the Surrey Waste Partnership monitors this data regularly. SCC will also closely monitor performance and will review arrangements if they do not deliver the expected outcomes.

In order for SCC to meet its savings targets, the proposals for the new financial arrangements do represent a reduction in funding for district and borough councils. As explained in the Cabinet report, there are significant opportunities for all authorities to make savings through working better together to improve performance, increase efficiencies and generate income.

**Single co-owned approach:**

In May 2016, Cabinet agreed that combining the function of the Waste Disposal Authority with that of Surrey's Waste Collection Authorities to deliver waste services via a new co-ownership partnership is essential to deliver public value for Surrey's residents. In December 2016, Cabinet asked officers to continue to work through the Surrey Waste Partnership to engage with district and borough councils on how all authorities can adopt a single waste approach that is mutually beneficial, whilst delivering savings and improved services for Surrey residents.

A co-ownership approach would involve the creation of a single entity that is co-owned by SCC and the 11 district and borough councils. It would manage the collection, recycling and disposal of all of Surrey's waste and would mean the integration of all waste services currently delivered individually by the 12 authorities. The barriers to unlocking savings would be removed and the greater benefits gained by working together would then be shared across all authorities.

The precise nature of the 'final state' co-owned entity and the legal form and governance arrangements are to be determined, but the creation of a joint waste collection contract, and the transfer of some of SCC's waste functions to Joint Waste Solutions, are important steps towards this approach. The next phase is the work that the Surrey Waste Partnership is currently undertaking on how to enhance the governance of the partnership and align it with the governance of Joint Waste Solutions.

**Providing an update:**

The new financial arrangements will start on 1 April 2018. We are happy to provide an update to the Select Committee and would suggest that this is in the autumn of 2018, or later, in order to allow time for a reasonable amount of waste performance data to become available.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Transport**  
**(28 November 2017)**