

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Environment Overview and Scrutiny Committee

**Date of Committee** 27th September 2005

**Report Title** The Distribution of the Waste Management Element of PSA1 Performance Reward Grant

**Summary** The report discusses options for using the £493,263 remaining from the waste management element of the PSA1 (Public Service Agreement) performance reward grant.

**For further information please contact** Roy Burton  
Operations Manager  
Tel. 01926 412593  
royburton@warwickshire.gov.uk

**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

Other Committees  Cabinet 14th March 2002, Cabinet 21st July 2005, County Council 21st July 2005

Local Member(s)  .....  
(With brief comments, if appropriate)

Other Elected Members  Councillor C.K.N. Browne } for information  
Councillor Mrs E M Goode }  
Councillor Mrs J Lea }

Cabinet Member  Councillor M Heatley – for information  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Chief Executive  .....

Legal  I Marriott – comments noted

- Finance  V Rennie
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION**                      **YES/NO**      *(If 'No' complete Suggested Next Steps)*

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  20th October 2005
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

**Environment Overview and Scrutiny Committee -  
27th September 2005**

**The Distribution of the Waste Management Element of PSA1  
Performance Reward Grant**

**Report of the Director of Planning, Transport and  
Economic Strategy**

**Recommendation**

1. That Cabinet approves £493,263 from PSA1 performance reward be added to Waste Management budget, primarily to deliver the Waste Strategy.
2. That this Committee comes to a view on whether up to £100,000 should be set aside for Stratford and Nuneaton & Bedworth Districts and report that view to Cabinet.

**1. Introduction**

- 1.1 A report on the distribution of PSA1 Reward monies was considered by Cabinet on 21st July 2005. Cabinet resolved:-
  - (i) That the Cabinet recommend the County Council that of the unallocated PSA reward money £186,000 be allocated to District Councils.
  - (ii) That the Environment Overview and Scrutiny Committee be asked to comment on allocating £493,263 to Planning, Transport and Economic Strategy (PTES) to fund the work needed to investigate the options for delivering the waste management strategy and meeting any costs for the Authority from the delayed introduction of the WEEE Directive and of that £493,263, up to £100,000 be set aside for waste initiatives which will assist the delivery of PSA2 and the waste strategy for those districts not benefiting from PSA1 reward.
- 1.2 At the County Council meeting on 21st July 2005 it was resolved:-

“That £186,000 of the unallocated PSA reward money be allocated to district councils.”
- 1.3 Following the meetings, Warwick District, North Warwickshire Borough and Rugby Borough Councils have each been given £62,000.

## **2. Cost of investigating Options for delivering the Waste Management Strategy**

2.1 Following the approval of the Waste Management Strategy, a procurement plan and business case will need preparing detailing how we intend to procure the sites, treatment plants and services required to deliver the Waste Management Strategy. Issues that will need considering include:-

- (i) Financing options(s) (PFI, PPP, Prudential Borrowing).
- (ii) Purchase of sites.
- (iii) Timescales.
- (iv) Arrangements with each District Council and Coventry City Council.
- (v) Provision of each type of plant (energy from waste, in-vessel composters, transfer stations).
- (vi) Planning issues.
- (vii) Form of contracts

2.2 Once the procurement plan is prepared then the procurement process will commence and this could take 3 years before final terms and a contract(s) is agreed.

2.3 Most councils appear to be spending about £1 million on the procurement plan and process but the Local Government Association has said one council has spent £3 million. The money will primarily be required for the employment of external consultants. Most councils employ separate technical, financial and legal consultants. This is necessary since the long term contract(s) will have significant value and it is considered appropriate that the Council should be advised by persons experienced in issues concerning such contracts. A contract for the provision and operation of an energy from waste plant will cost about £250 million and therefore a £1 million investment in consultants represents less than 1% of the cost.

2.4 The expenditure profile for the use of consultants is still being prepared but it is considered that £1million should be allocated for the next 3 years. There is an immediate need for £300,000 to cover 2005/06 and 2006/07.

2.5 The Waste Strategy also includes an 18 month Education/Information Campaign which will explain to the public the need for the changes in waste management. This is considered essential when endeavouring the move forward with contentious waste treatment processes. It is considered that £50,000 should be allocated for this campaign.

### **3. External Financial Pressures**

- 3.1 Under the Hazardous Waste (England and Wales) Regulations 2005, televisions, computer monitors and fluorescent tubes are classed as Hazardous Waste and cannot be disposed of at standard landfill sites. The regulations came into force on 16th July 2005 but the items should have been covered by the EU WEEE Directive from 13th August 2005, with their recycling, and the associated costs, being the responsibility of manufacturers and retailers. However, the DTI initially delayed implementation until 1st January 2006, but in a letter dated 10th August 2005, have delayed it further until June 2006.
- 3.2 In the letter the DTI states "DTI has undertaken to meet any additional costs to Local Authorities in relation to this hazardous WEEE in line with the new burdens principle and is taking forward practical arrangements for this".
- 3.3 Arrangements have now been made by the Waste Management Group for recycling these items which are expected to cost about £170,000 in 2005/06. The DTI will not fund this total amount since there was a period of almost one month when the WEEE Directive would not have applied. For budget purposes it is proposed that £40,000 be set aside to cover this element.
- 3.4 Waste Management overspent its 2004/05 Budget by £102,199 and is expected to overspend its 2005/06 Budget by £200,000 (excluding the costs associated with WEEE). This was covered in the report to Cabinet of 8th September 2005. It is proposed that some of the PSA1 grant be used to fund these costs.

### **4. Support to District Councils**

- 4.1 It is considered appropriate to first summarise what happened under PSA1.
- 4.2 Under PSA1, the County Council gave District Councils bins, boxes and vehicles, to a total capital value of £2,162,000, to enable them to introduce kerbside collections schemes for dry recyclables and green waste. This assisted each district in meeting its own statutory performance standard and enabled the County to achieve the enhanced PSA recycling target of 20%, 21.5% being achieved.
- 4.3 Under the PSA it is considered appropriate to have an agreement with each District Council covering the transfer of the equipment. The main elements of the agreements were approved by Cabinet on 14th March 2002. They were:-
- (i) The County Council sets a recycling/composting target for each District
  - (ii) Each District Council prepares a plan stating how it will achieve the target and the equipment required.
  - (iii) The County Council approves the plan, if it is considered that the plan will achieve the target.
  - (iv) The County Council buys the equipment

- (v) If the target is not achieved then no penalty payments are incurred by the District Council if its plan is complied with. However, if the target is not achieved due to the approved plan not being complied with then the County Council is entitled to recover the full cost of the equipment supplied.
  - (vi) Bonus payments may be made to the District Councils if the County Council receives a bonus from the Government under the waste management element of the PSA.
- 4.4 With respect to Nuneaton and Bedworth Borough Council, no agreement has been completed with the Council. Under the terms of a draft agreement, the Borough was required to recycle/compost 9,000 tonnes of waste but only 5,500 tonnes were recycled/composted in 2003/04. However, the Borough was given £758,000 worth of equipment which was £300,000 more than any other Council. It therefore considered that the Borough Council has already done reasonably well out of the PSA1 scheme, even without an agreement, and that they should not benefit from further funds from the scheme.
- 4.5 With respect to Stratford on Avon District Council, an agreement was completed with the District Council on 15th July 2003. Under the agreement the County Council provided bins to the value of £230,000 and the District Council was required to compost 720 tonnes of green waste in 2003/04. Although this was achieved, the agreement did not include the payment of a share of any Performance Reward Grant (PRG) received. The reason for this was in part because it was clear that the Council would not achieve its own statutory performance standard and there was a view that we should not “reward” such councils. At the time of the agreement the District Council was unconcerned about the bonus.
- 4.6 In 2004/05 Nuneaton and Bedworth recycled/composted 12,100 tonnes and Stratford on Avon District 17,100 tonnes. This compares with 5,500 tonnes and 8,100 tonnes respectively in 2003/04. The 6,600 tonne increase for Nuneaton and Bedworth was mainly due to the full year effects of the green waste scheme introduced in 2003/04 and the 9,000 tonne increase for Stratford on Avon was mainly due to the District rolling out a green waste collection service to cover the whole District by the end of 2004/05 at the District’s expense. In view of Stratford on Avon District’s performance, it may be considered appropriate to reward the Council with a share of the PSA performance reward grant. However, it would then only leave one council not being rewarded.

- 4.7 An alternative way forward is to consider payments to some or all District Councils as part of the overall budget process targeting new schemes that will benefit the County Council in meeting its landfill diversion targets. These will be considered as part of the 2006/07 budget process and future budgets. At the present time the most beneficial schemes appear to be a scheme being pursued by Rugby Borough Council, and an expansion of Warwick District's green waste collection service.

JOHN DEEGAN  
Director of Planning, Transport and Economic Strategy  
Shire Hall  
Warwick

16th September 2005