

# INFORMATION NOTE

## Update on LCC Cost Sharing Agreement and Lancashire Waste Review

LCC (the Waste Disposal Authority WDA) introduced a Property Based Cost Sharing agreement in 2004 to assist Fylde (the Waste Collection Authority WCAs) in providing three-stream recycling collections to domestic properties. Essentially a payment is made to the WCA from the WDA for delivery of separated recyclable materials into the Waste Treatment Plants as required by the PFI. In addition, LCC makes an annual index linked Loss of Income Payment (LOI) in respect of all recycling and composting collected by the authority. The initial agreement was for a period of ten years, terminating on the 31<sup>st</sup> March 2014, with the option of an extension, although no obligation.

In October 2012 LCC offered an extension of support to WCAs through a revised Cost Sharing Agreement offering a fixed level of support over a 5 year period and providing certainty of the budget implications until March 2018. The total value of support over the five years (April 2013 – March 2018) is £3,886,590. Year One of the agreement was 2013/14 thus effectively replacing the final year of the original agreement.

In January 2014, LCC wrote to all Lancashire WCAs including Fylde, stating that the current cost sharing arrangement will not be extended beyond the current term (2018). The cessation of the cost sharing payment will have significant financial consequences for Operational Services, and the Council, beyond 2018, and represents a £777,000 reduction in the revenue account.

LCC wrote to districts again in April 2014 with an offer to fund an independent review of waste collection services across Lancashire, with the focus on reducing collection authority costs to meet the waste management budget challenge moving forward.

This is a significant and wide ranging piece of work, involving 12 WCAs with individual collections systems and diverse demographics that is likely to take some time for a thorough and in depth study to be carried out.

The Defra funded Waste Resource Action Programme (WRAP), has been contacted with a view to the appointment of a consultant that has the experience of carrying out similar reviews. The project proposal has now been finalised, subject to the formal decision of Dr Marcus Glover, Director of Market Development, WRAP, and it is anticipated that work on the review will commence in the coming weeks.

There is currently no specified timeframe for this project apart from the deadline of March 2018 when the current cost sharing payments will cease. Until the outcome of the review is known and the practicalities of the recommendations assessed, the revised shape of collection services across Lancashire remain unclear, presenting significant challenges to future service planning.

### FURTHER INFORMATION

Kathy Winstanley, Head of Waste and Fleet Management Services, [kathyw@fylde.gov.uk](mailto:kathyw@fylde.gov.uk), 01253 658634.

