

# REPORT FOR: CABINET

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<b>Date of Meeting:</b>	28 October 2010
<b>Subject:</b>	WLWA – New Levy Mechanism and LATS Trading Policy
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	John Edwards, Divisional Director Environmental Services
<b>Portfolio Holder:</b>	Councillor Philip O'Dell, Portfolio Holder Environment and Community Safety
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix A – WLWA paper - 13 July 2010 - <i>Due to the size of appendix A, the document has been circulated to Cabinet Members, other key Members and officers only. The document has been placed in the Members' Library and published with the agenda which can be viewed on the website.</i>

## Section 1 – Summary and Recommendations

This report sets out the proposed changes to the levy mechanism used by WLWA and the proposed LATS trading policy.

### Recommendations:

- (a) Agree the adoption of the new WLWA levy mechanism for use from 1 April 2011 onwards.
- (b) Note that in subsequent years the WLWA will consult with the boroughs before setting the annual rates for each category of waste treatment and disposal (including the addition of new categories where applicable)

- (c) Agree that from 2012-13 onwards the WLWA will apply retrospective rebates , or charges , for the LATS benefit or burden attributable to each constituent Council through its LATS Trading Policy
- (d) Agree that this new levy mechanism will remain in use until the WLWA's new waste treatment infrastructure and contract (s) are in place and operational from 2015/16.
- (e) Note the indicative costs per tonne applicable for waste treatment and disposal services contained in this report and the estimated impact on the Council's waste disposal costs.

**Reason: (For recommendation)**

The new levy mechanism will improve the transparency of recharges from WLWA for waste disposal and encourage waste minimisation and recycling. The proposed LATS trading policy will ensure that any financial liabilities from the LATS will be shared equitably between the constituent authorities.

## **Section 2 – Report**

### **2.1 Introduction**

The WLWA has conducted a review of its levy mechanism over the last year, with a view of changing from the current statutory scheme to one which rewards boroughs immediately for recycling more and diverting waste from landfill. As the council with the highest level of recycling in WLWA, Harrow has championed this change as it ensures that high performing councils do not cross-subsidise low-performance.

The Landfill Allowance Trading Scheme (LATS) applies to WLWA's operations. The development of a LATS trading policy is part of the development of the joint Waste Management Strategy. As with the levy mechanism review, Harrow has championed this policy as ensures that high performing councils do not cross-subsidise low-performance.

The adoption of each of these policies would need to be adopted by each of the six constituent authorities before they could be implemented.

### **2.2 Options considered**

The attached report was received by the WLWA Board in July this year.

The proposed levy mechanism and LATS trading policy detailed in that report have been developed over a period of time by officers from WLWA and all the constituent authorities. They represent a system which is fully transparent and which encourages each borough to maximise recycling and diversion of waste from landfill.

If adopted by each of the boroughs, the new arrangements are expected to be applied when setting WLWA's budget from April 2011.

If not adopted by all the boroughs the existing statutory arrangements will stand and the benefits of this change will not be achieved.

### **2.3 Legal comments**

The relevant legislation dealing with apportionment of charges between the constituent councils is the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006. Regulation 4 of these regulations allows the councils involved in the Waste Authority to agree the proportions of charges paid by each authority.

In the absence of such an agreement a formula is provided in Regulation 4 for apportionment. In relation to household waste the default formula contained in Regulation 4 is based on the tonnage of household waste delivered by each authority within the last complete financial year for which data is available. Therefore, any proposal to change the levy mechanism may not go ahead without the consent of all the local authorities comprising the WLWA.

### **2.4 Financial Implications**

If adopted, these proposals would reduce the overall costs of waste disposal for Harrow relative to the existing system. However there will continue to be upward pressure on costs as a result of planned increases in Landfill Tax and potential costs from LATS.

Any indications will be confirmed by WLWA in the last quarter of 2010/11.

### **2.5 Performance Issues**

These proposals would have no immediate effect on performance. Over time they can be expected to lead to improved levels of recycling and greater diversion from landfill across the WLWA area

### **2.6 Environmental Impact**

These proposals will have no immediate impact on the environment. Over time they can be expected to lead to improved levels of recycling and greater diversion from landfill across the WLWA area

### **2.7 Risk Management Implications**

Risk included on Directorate risk register? No

Separate risk register in place? No

If the proposals are not accepted by all the constituent authorities the existing statutory scheme will continue.

### **2.8 Equalities implications**

An Equality Impact Assessment has not been carried out as the proposal concerns the internal apportionment of charges within the WLWA and it is not considered that it will have a direct impact on any individual or group of individuals.

### **2.9 Community safety**

There are no community safety implications

### **2.10 Corporate Priorities**

These proposals will help support the corporate Priority: Deliver cleaner and safer streets

### **Section 3 - Statutory Officer Clearance**

Name: Kanta Hirani



on behalf of the  
Chief Financial Officer

Date: 5 October 2010

Name: Matthew Adams



on behalf of the  
Monitoring Officer

Date: 18 October 2010

### **Section 4 – Performance Officer Clearance**

Name: Martin Randall



on behalf of the  
Divisional Director  
Partnership, Development  
and Performance

Date: 5 October 2010

### **Section 5 – Environmental Impact Officer Clearance**

Name: Andrew Baker



on behalf of the  
Divisional Director  
(Environmental Services)

Date: 5 October 2010

### **Section 6 - Contact Details and Background Papers**

**Contact:** Andrew Baker, Head of Climate Change, Tel: 020 8424 1779

**Background Papers:** See Appendix A

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny Committee**

**NOT APPLICABLE**