

## HERTFORDSHIRE WASTE PARTNERSHIP

### MEMBERS GROUP

27<sup>th</sup> April 2009

#### **Item 6b: Alternative Financial Model**

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#### **1. Purpose of Report**

- 1.1. To advise Members of the latest provisional Alternative Financial Model (AFM) rewards that are predicted for each District and Borough Council for the 2008/09 financial year.

#### **2. Background**

- 2.1. The AFM was introduced with effect from April 2008 as a means of incentivising the District and Borough Councils to reduce the amounts of residual household waste that they present for disposal. Under the AFM, each council is given annual targets, expressed in terms of kilograms per head of population and rewards will be paid in respect of performance that exceeds those targets by turning out at a lower level.
- 2.2. The purpose of the AFM is to help the Hertfordshire Waste Partnership in achieving its Joint Municipal Waste Management Strategy 2007 target of reducing residual household waste to less than 285 kg per head by 2012. The contribution of the Household Waste Recycling Centre service is taken into account by reducing this target to 255kg on the basis that HCC will aim to reduce its residual household waste arisings at the HWRCs to 30kg per head; equivalent to a recycling level of around 70%.
- 2.3. The rewards that are earned under the AFM will be consolidated at the end of each year such that those payments are repeated in subsequent years up until and including 2012/13. Each year's performance levels are therefore also consolidated and new targets set for the remaining years on the basis of either continuation at the same level if it's below the ultimate target of 255kg or linear progression downwards towards that target.

#### **3. Provisional rewards for 2008/09**

- 3.1 The provisional rewards for 2008/09 are shown in the table which is appended to this report. These rewards are based on waste data that was either actual at the end of the financial year or projected at that time. Past experience has shown that this data is normally reliable and therefore the provisional rewards shown can safely be used for budgeting purposes.

#### **4. Future years**

- 4.1 At the present time the AFM only allows for forecasting rewards over the course of its first two years, 2008/09 and 2009/10. This is because the Government has made no announcements to date on the level of landfill tax beyond the second year. At the time the AFM was adopted, it was agreed that it would be kept under review for its appropriateness and suitability and it would appear advisable to do this once the future direction of the Landfill Tax is known.

#### **5. Recommendation**

- 5.1 That the AFM be reviewed in April 2010 when the second year reward levels will be largely understood and the future direction of the Landfill Tax is known.

**2008/09 Projected Outturn**

DISTRICT	POPULATION	COLLECTED RESIDUAL MUNICIPAL WASTE (Tonnes)	TRADE WASTE (Tonnes)	RESIDUAL WASTE PRODUCTION (Tonnes)	RESIDUAL WASTE PRODUCTION (kgs/hd)	TARGET RESIDUAL WASTE PRODUCTION (kgs/hd)	TARGET RESIDUAL WASTE PRODUCTION (tonnes)	DIFFERENCE (tonnes)	DISPOSAL COST (RECYCLING CREDIT RATE)	BENEFIT (£)
<b>Broxbourne</b>	89,500	27,214	2,633	24,581	275	304	27,189	2,608	£49.03	£127,869
<b>Dacorum</b>	138,600	34,411	4,942	29,469	213	227	31,483	2,014	£49.03	£98,765
<b>East Herts</b>	134,000	38,389	1,687	36,702	274	286	38,323	1,621	£49.03	£79,469
<b>Hertsmere</b>	97,000	26,362	3,074	23,288	240	255	24,735	1,447	£49.03	£70,929
<b>North Herts</b>	122,500	29,349	3,523	25,826	211	266	32,599	6,773	£49.03	£332,097
<b>St. Albans</b>	132,300	27,908	309	27,599	209	256	33,816	6,216	£49.03	£304,793
<b>Stevenage</b>	79,400	25,875	2,850	23,025	290	289	22,910	-115	£49.03	£0
<b>Three Rivers</b>	86,400	20,886	3,264	17,622	204	219	18,888	1,266	£49.03	£62,064
<b>Watford</b>	79,700	23,170	4,589	18,581	233	243	19,376	795	£49.03	£38,970
<b>Welwyn Hatfield</b>	106,700	35,304	3,458	31,847	298	284	30,300	-1,547	£49.03	£0
<b>Total / Average</b>	<b>1,066,100</b>	<b>288,868</b>	<b>30,327</b>	<b>258,541</b>	<b>243</b>	<b>315</b>	<b>279,619</b>	<b>21,078</b>	<b>£49.03</b>	<b>£1,114,954</b>
<b>HWRC Residual</b>		34,036	0	34,036	32					
<b>Total HWP</b>	<b>1,066,100</b>	<b>322,905</b>	<b>30,327</b>	<b>292,578</b>	<b>274</b>					