

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Waste Formula Modelling Considerations

Summary

1. This paper provides a re-cap on the work of the Waste Working Group in modelling a different distribution formula for the waste collection and disposal elements of the settlement formula.

Views Sought

2. DSG members are asked to discuss the next steps on this area of work and to consider future membership of the group.

Related papers:

[DSG2016 Paper 13: Waste Formula Modelling Considerations](#)

[DSG2015 Paper 09: DSG sub-group on Waste](#)

DSG2011 Paper 35b: Waste funding model project

DSG2011 Paper 29: Updating the Waste formulae for 2012-13

DSG2011 Paper 13: Waste IBAs

Distribution Sub-Group (2018) Paper 08 – Waste Formula Development

Background

3. The current formula for the waste collection and disposal elements is based on a regression analysis of historic expenditure and was last revised in 2001.
4. Since then, the Waste service area has seen considerable changes in the drivers of need to spend as a consequence of greater focus on recycling, reduced collection frequency and funding pressures. It is therefore appropriate to review the distribution.
5. The Waste Sub Group of the DSG was established to explore different approaches to developing a needs-based model for distributing the waste funding within the Local Government Settlement.
6. In DSG (2016) Paper 13, the Sub Group proposed to pilot an approach to modelling a standard service across Wales drawing upon standardised unit costs to provide an alternative distribution formula to consider against the current formula. In particular, the approach would aim to reduce the links to historic spending. An extract from DSG (2016) Paper 13 is included in annex A, outlining the proposed way forward.
7. The group was broadly supportive of the proposals set out in the paper and using the policy blueprint as a basis for developing the mechanism for distribution. It was agreed the Waste Funding Group should invite Russell Owens from Welsh Government waste policy along with an appropriate Local Government officer, to join the Waste Funding Sub Group for future discussions and to reconvene the group to set a timeline for the work.
8. At the Finance Sub Group (FSG) meeting on 19 July 2016, Welsh Government officials presented a DSG progress report to the group for consideration, including the proposed approach to the development of the waste formula. Local Government questioned whether this might result in the funding allocations compelling authorities to adopt a particular approach to service provision, which was not something authorities would wish to see, particularly in respect of the waste services formula.
9. The Minister clarified that there was no suggestion of anything being imposed upon authorities through the formula – the DSG was engaged in a long-term programme of work which involved Welsh Government and Local Government representatives.
10. The 2018 DSG Work Programme was taken to the FSG on 24 January 2018 and it was suggested that the DSG should focus on some of the more substantial items, such as the education and waste formulae.

Conclusion

11. DSG members are asked to consider whether the approach outlined in DSG (2016) Paper 13 is still fit for purpose.
12. Members are asked to consider the future membership of the Waste Working group and to agree to reconvene the group with a view to putting a timeline in place.

**Local Government Finance Policy
Welsh Government**

Extract from DSG (2016) Paper 13 – Waste Formula Modelling Considerations

Waste Collection

The Collections Blueprint

1. As a starting point for the model, it is proposed to draw upon Welsh Government's "Municipal Sector Plan" (Collections Blueprint).
2. The Collections Blueprint describes the Welsh Government's recommended service profile for the collection of waste from households. The Blueprint includes the following central policies:
 - weekly separate collection of dry recyclables via 'kerbside sort', with material being collected separately in boxes and/or in reusable sacks, with two or more boxes provided per household, and recyclables being sorted into separate compartments on the collection vehicle by the collection staff;
 - weekly separate collection of food waste via lockable kerbside collection containers, with the provision of free compostable liners;
 - the use of modern lightweight, multi-compartment vehicles for a single pass collection of dry recyclables and food waste;
 - fortnightly collection of residual waste, from collections with reduced residual waste capacity, where 'no side waste' policies are enforced
 - the provision of at least one local centre (eg. civic amenity site)
 - the collection of green waste fortnightly at a cost to the household;
 - greater transparency and publicising of waste strategies.
3. The availability of the "Collections Blueprint" provides an opportunity to develop a funding formula which reflects relative need based on the Welsh Government's recommended approach to waste collection.

Contract Specification

4. Members were asked to consider letting a contract on all-Wales route-modelling as a basis for creating a model of the future service. The specification was circulated by email on 22 March. Members were asked to consider if it was appropriate, addressed the right issues and would move the work forward in the right direction.
5. The responses suggested that although a helpful outline of the issues, it was not necessary to collect information to this level of detail. It was more important to focus on developing a model that reflects the relative funding needs of the service rather than the absolute need

Further Modelling considerations

6. As the "Blueprint" makes a distinction between collection arrangements for dry recyclables / food waste and residual waste, it is suggested DSG considers separate models for the different elements. This is consistent with the change to the reporting of expenditure which now identifies recycling activities separately from other waste collection and disposal.
7. For each element of waste collection, the objective is to put together an appropriate proxy to take account of the relativities in providing the waste collection service in line with the "Blueprint".
8. It is suggested therefore the modelling needs to look at suitable measures or proxies for:
 - i. distances between homes;
 - ii. the distances from settlements to modelled waste transfer sites via permitted HGV routes;

- iii. travel times and the cost of standard vehicles and operatives;
- iv. the amount of recyclables/food waste and residual waste per household;
- v. the capacity of vehicles.

Suggested data sources

- Information about the amount of local authority municipal waste collected from household and non-household sources and the levels of recycling. Source: Wasteflow.
- More detailed data available to breakdown the cost of collection between employee costs and non-employee costs. Source: RO Data/Whole of Government Accounts.
- Landfill cost per tonne.
- Distribution of homes and highways network including permitted HGV routes, travel times and settlement sizes. Source: Welsh Government Cartographics.

Waste Disposal

- 9. Waste disposal modelling will need to develop proxies for the appropriate number of waste disposal sites, transfer stations and civic amenity sites to which could be applied assumptions of running such sites.
- 10. Consideration of the appropriate number could be given to drawing upon available information on Access to Services Domain within the Welsh Index of Multiple Deprivation.

Suggested data sources

- Access to services indicators within the Welsh Index of Multiple Deprivation.

Next Steps

- 11. Are Members content with the proposed approach? In particular views are invited on:
 - i. Whether using the “Collections Blueprint” provides an opportunity to develop a funding formula which reflects relative need based on the Welsh Government’s recommended approach to waste collection?
 - ii. Modelling waste collection based on the distinction between collection arrangements for dry recyclables/food waste and residual waste?
- 12. Investigating the different sources of data suggested, including the data on access to services indicators within the Welsh Index of Multiple Deprivation.
- 13. Developing a timeline.
- 14. Developing the criteria for and approach to determining whether an alternative approach is preferable to updating the weightings within the existing formula.