



St. Helens Council

Mr Carl Beer
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Contact: Carole Hudson, CBE
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Our ref: CH/KG
Your ref: FIN90

20th January 2014

Dear Carl

Joint Recycling and Waste Management Strategy (JRWMS) – Joint Working Consultation

Congratulations on the successful award of the Merseyside and Recycling and Waste Authority Resource Recovery Contract to SITA Sembcorp UK Ltd. The Council agrees the need to invest in sustainable waste management, as proposed. The existing Joint Recycling and Waste Management Strategy in place provides the means to ensure each partner contributes to the Waste and Recycling targets contained within it.

Your previous communications have identified clearly the basis of payments already made by District Councils in to the former sinking fund. Your legal advice on its use and distribution is noted and the need to distribute in accordance with payments in by Districts is also accepted. For the sake of clarity, the "sinking fund" of £28.98m is the only fund currently identified by MRWA as suitable to use the distribution mechanism termed the "Waste Development Fund". You currently propose to use the General Fund of £16m to cover liabilities and risks currently identified by MRWA. It is the view of this Council that your legal advice permits any unallocated portion of this General Fund to be distributed to District Waste Collection Authorities in the same way.

The conclusion of the Local Audit & Accountability Bill through Parliament is critical for District Councils when considering the distribution of the sinking fund in 2014-15. The new legislation will clarify the requirements for triggering a referendum and the implications for the setting of Council Tax for District Councils.

The precise calculation method for redistribution would need to be clarified, if it were to differ from simply returning payments made. The status of the partners who did not contribute to the levy in the past, but may potentially draw benefit from the partnership now and in the future, needs to be addressed. The future function of the "Waste Development Fund" would need to be clear. It's primary purpose appears to be to enable distribution of the portion of levy already paid by Districts to offset potential risks of the above contract (Resource Recovery Contract) but relates only to the point where the SITA contract was signed (and not after). The Council's support for the setting up of a Waste Development Fund only extends to the need to ensure the "sinking fund" is used for delivering Partnership Objectives (as approved in the JRMWS 12 September 2012), with due accountability for delivery and governance. One mechanism to discharge all of our duties (MRWA & District Councils) would be an annual assurance statement by each District Council to demonstrate and record the proper use of the returned sinking fund monies. This could be reported appropriately at District and Waste Authority Level.

In response to your request for confirmation by Friday 17 January 2014, the Council's position is as follows:-

- 1. That your Authority is best placed to determine the precise nature and timing of investment in Waste Collection systems in order to maximize your Authority's contribution the JRWMS targets.**

Agreed

- 2. That having considered the legal advice and proposal for the creation and distribution of the development fund that your Authority has no objections to the proposal, should it be implemented.**

The Council has no objection to the distribution of the 'Sinking Fund', subject to the precise mechanism and value being agreed.

- 3. That it is a matter for your Authority to determine the immediate and on-going impact and risks of the distribution of the WDF on your Districts funding arrangements.**

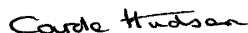
The Council agrees to determine the impact and risks arising from the distribution of the funding.

- 4. That as part of the MRWA's on-going accountability for the use of the WDF that your Authority would be prepared to commit to the revised Memorandum of Understanding (MOU) attached which represents an updated version of the existing (MOU) with the addition of mutual reporting requirements.**

It is not clear why the proposed distribution of the "Sinking Fund" necessarily requires any amendment to the existing Memorandum of Understanding given the governance arrangements already in place. The Council is in support of the distribution of Funding for the purposes described. The Council recognises that providing assurance to MRWA and other partners is extremely important but is of the view that this can be achieved without a revised Memorandum of Understanding. It is proposed this could be achieved via a simple annual statement by each District.

I note your timetable for presentation to MWDA members on 31 January 2014. Should you require any discussion or further clarification, please contact Mrs Jan Bakewell or Mr Ian Roberts.

Yours sincerely



Carole Hudson
Chief Executive