

**Report to CABINET**

## **Levy Allocation Methodology Agreement**

**Portfolio Holder: Councillor A Ur-Rehman, Cabinet Member for Neighbourhood Services**

**Officer Contact:** Carol Brown, Director of Environmental Services

**Report Author:** Carol Brown, Director of Environmental Services and Anne Ryans, Director of Finance

**Ext. 4452**

**18 November 2019**

---

### **Reason for Decision**

This report is to provide an update on the Levy Allocation Methodology Agreement.

### **Executive Summary**

The Waste Management Levy Allocation Methodology Agreement (LAMA) is a proposed 6-year agreement between the 9 District Authorities subject to the Combined Authority waste disposal arrangements to fairly allocate fixed and variable disposal costs through the levy.

A review of current methodology i.e. the Inter Authority Agreement (IAA) is deemed appropriate following the recent procurement exercise which resulted in a fundamentally revised contract to deliver waste disposal.

### **Recommendations**

That the contents of this report are noted and that the Levy Allocation Methodology Agreement (LAMA) is accepted as the new agreement between the Greater Manchester Combined Authority.

---

## Levy Allocation Methodology Agreement

### 1 Background

- 1.1 The Waste Management Levy Allocation Methodology Agreement (LAMA) is a 6-year agreement, being made partially through the first year of a 7-year contract.
- 1.2 The LAMA is the method by which the costs attached to the operating contract for the acceptance, processing and disposal of residual waste, recyclables, pulpables, and green waste etc is dispersed in a fair and transparent way through the annual waste disposal levy.
- 1.3 The LAMA is the proposed method for allocating the Waste and Resources budget between the constituent Districts and will replace, the current Inter Authority Agreement (IAA).

### 2 Current Position

- 2.1 The LAMA allocates the fixed and variable costs of the budget by waste stream, trade waste, Household Waste Recycling Centres (HWRCs) and GMCA – Waste and Resources' own costs and an update to the LAMA is required as a result of the award of a new contract.
- 2.2 To enable the budget setting process to take account of the potential waste levy costs agreement is required by each District to the revised allocation mechanism by the 31 December 2019. The proposed 2020/21 levy will then be allocated as per the LAMA.
- 2.4 Greater Manchester Chief Officers and Treasurers have discussed and agreed in principle the LAMA.
- 2.5 Failure of a District to agree to the use of the LAMA principles as a replacement methodology for the current Inter Authority Agreement (IAA) will result in the default application of the IAA principles.

### 3 Conclusion

- 3.1 The LAMA is the proposed methodology for allocating the Waste and Resources budget between the constituent Districts and replaces the 2018/19 the Inter Authority Agreement.
- 3.2 GM Treasurers and District Waste Chief Officers agree the proposal in principle.

### 4 Preferred Option

- 4.1 To agree the proposed Levy Allocation Methodology Agreement as given at Appendix A

### 5 Financial Implications

- 5.1 The LAMA determines the Councils allocation of the waste disposal levy. As the levy for 2019/20 agreed at Budget Council was £18.102m, even a small percentage variation to the allocation would have an impact on the budget of the Council.
  - 5.2 A significant amount of work has taken place to produce an agreement that all 9 Councils can consider acceptable with input from Finance teams across Authorities.
-

---

5.3 The actual value of the Councils levy for 2020/21 will be determined by the overall costs of the GMCA, informed by the level of waste to be processed by each Authority, using the LAMA methodology. The agreement of the revised LAMA will enable a notification of indicative levy figures to inform 2020/21 budget setting

**6 Legal Services Comments**

6.1 The Levy Allocation Methodology Agreement is a financial model that is used to allocate cost between fixed, variable and GMCA costs in relation to the collection and disposal of GM waste and has been agreed between the relevant Authorities subject to formal approval.

6.2 The approval of the Agreement will enable the model to be put in place and provide certainty and clarity in terms of the cost of waste collection and disposal functions. (Colin Brittain)

**7 Human Resources Comments**

7.1 N/A

**8 Risk Assessments**

8.1 N/A

**9 IT Implications**

9.1 N/A

**10 Property Implications**

10.1 None

**11 Key Decision**

11.1 Yes

**12 Key Decision Reference**

12.1 NEI-15-19

---