

Appendix 1 : Proposed Changes to the Cost Sharing Agreement

Client Costs Formula

This governs how partners split the Head Office and similar central costs, based on size of partner and staff tasks from Job Descriptions.

At present, Taunton Deane pay 11.47% of Head Office costs, and West Somerset pay 3.86%. The new Council will therefore meet 15.33% of all budget lines that are split on this formula. No other partner figures will need to be changed.

Unweighted Properties

This is used for budget lines where the households in each District are the key cost driver, and where it is not important how far apart the households are (no pass rate or travelling time involved). A collection-based mail shot might be a good example.

Currently, Taunton Deane has 21.15% of the households in the Partnership and West Somerset has 7.12%. Therefore, at present a combined authority, it would be responsible for 28.27% of the costs.

New figures will be provided by all District partners from their December Council Tax records, and the actual figures within the combined authority will be used for the calculation of individual percentages of costs for 2019/2020 onwards (this will not be significantly different from the current figures unless one authority has proportionately greater growth than the others, from which it will receive greater Council Tax yields).

Weighted Properties

This is used for budget lines where the sparsity matters, i.e. additional costs are actually incurred for pass rates and travelling time. Sparsity factors are used to ensure that the costs apportioned to each partner reflect this weighting. This is therefore used for a significant number of collection activities.

Taunton Deane has a weighting of 93.59%, reflecting its larger urban areas than some other partners, and 54,083 households in 2018/2019 (December 2017 count). West Somerset has a weighting of 108.78%, reflecting the costs of delivering a collection services to more sparse, rural District, and 18,202 households.

Combining the 2 figures gives a combined weighted figure for the new authority of

$$(93.59\% * 54083) + (108.78\% * 18202) / 72,285 = 97.42\%$$

This figure will be fixed and apply to the combined authority. Doing it in this way is simple, clear, and removes any need to maintain separate records of houses for the geographical areas of the previous 2 authorities. No other partners' weightings will be changed.

Recycling Credits

Because some collection rounds cross geographical boundaries and operate out of the same depots, the Board has previously agreed (last financial year) to a percentage of recycling credits to be applied to each partner. This takes into account the number of households and past performance in each District. Currently, Taunton Deane receives credits for 20.63% of the total tonnages, and West Somerset receives credits for 7.42%. From 2019/2020, the combined authority will therefore receive 28.05% of the total recycling credits, again updated for new housing numbers when known. No other partners' credits will be affected. Again, this removes any future need to maintain information for the previous 2 authorities.

Recycling credit calculations and apportionment between partners will be fully reviewed as part of the transfer to the Recycle More service model.

West Somerset Business Case

As part of the Business Case for Sort It Plus, it became apparent that any roll-out excluding West Somerset would have been substantially more expensive for every other partner. At the April 2010 Board meeting, it was agreed that the 5 other partners would provide financial support to West Somerset, who could not meet the full cost of Sort It Plus (up to £42,000). West Somerset was not permitted to take any share of savings under the Business Case, and this support has reduced to £30,000.

The Business Case for this financial support effectively disappears on the creation of the new combined authority, and the proposal is to remove this support from the date of the new authority (April 2019). This will result in a small saving for all other partners, and a small cost for the new authority (all included in the table above). The Business Case only applied to West Somerset whilst it existed, and it would have been removed at Recycle More roll-out, regardless of the formation of a new authority.

Garden waste and actual usage formulae

Some budget lines, in particular garden waste participation, bulky waste, communal collections, container purchases and container delivery costs are all based on actual usage. To continue sharing these costs on that basis, with the combined authority meeting the costs of participation by properties within its new boundaries.