

Local Government Finance (Wales) Special Grant Report 11 (Wales) 2003

Financial Assistance for Local Authorities affected by the EC Regulation on substances that deplete the ozone layer.

Introduction

1. This Report is made by the National Assembly for Wales (the Assembly), under section 88B of the Local Government Finance Act 1988. This Report specifies a determination of special grants which the Assembly proposes to pay to county councils and county borough councils in Wales.
2. This Report specifies the Assembly's determination of:
 - the authorities to which the grants are to be paid;
 - the purpose for which the grants are to be paid; and
 - the amount of the grants which the Assembly proposes to pay to each authority

It also sets out such explanation as the Assembly considers desirable of the main features of the determination and specifies the conditions which the Assembly intends to impose on the payment of the special grants.

The purpose

3. Pursuant to section 88B(3)(b) of the 1988 Act, the Assembly hereby determines the following purposes for which special grants are to be paid:

to contribute to local authority funding of the collection, transport, storage and disposal of domestic refrigeration equipment arising from the provisions of the EC Regulation No 2037/2000 on substances that deplete the ozone layer, which came into force for domestic appliances on 1st January 2002. Local authorities may also use the special grant to facilitate, perhaps by community sector organisations, the appropriate re-use of suitable domestic refrigeration units. The funding covers the period 1st April 2003 to the 31st March 2004.

Authorities and amounts payable

4. Pursuant to section 88B(3)(a) and (c)(i) of the 1988 Act the Assembly hereby determines that the authorities to which special grants are to be paid and the amounts payable are those specified in Annex A.

Conditions for the payment of special grants

5. Pursuant to section 88B(7) of the 1988 Act, the Assembly hereby specifies as the conditions which the Assembly intends to impose on the payment of special grants the conditions set out in Annex B.

Main features

6. Pursuant to section 88B(4) of the 1988 Act, the note at Annex C contains such explanation as the Assembly considers desirable of the main features of the determination specified in this report.

Approved by resolution of the National Assembly for Wales on

Annex A

Table 1 below details the total allocation being made available to local authorities in 2003 –04 under the terms of this Special Grant report.

In accordance with the terms of the Special Grant reports issued in 2002-03¹, the Welsh Assembly Government has recovered the underspends reported by local authorities and has incorporated them into the total allocations for 2003-04. Table 2 therefore, provides supplementary information on the actual net payments to or receipts from each authority in 2003-04 taking into account underspends that were reported.

Table 1
Total allocation being made available to authorities

Local Authority	Allocation based on SSA formula	Total allocation 2003 – 04
Blaenau Gwent	2.16%	£ 54,887
Bridgend	4.22%	£ 107,224
Caerphilly	5.27%	£ 133,671
Cardiff	10.23%	£ 259,613
Carmarthenshire	6.01%	£ 152,697
Ceredigion	3.12%	£ 79,089
Conwy	4.01%	£ 101,725
Denbighshire	3.47%	£ 88,004
Flintshire	4.80%	£ 121,788
Gwynedd	5.50%	£ 139,706
Isle of Anglesey	2.63%	£ 66,881
Merthyr Tydfil	1.73%	£ 43,907
Monmouthshire	2.87%	£ 72,944
Neath Port Talbot	4.38%	£ 111,233
Newport	4.31%	£ 109,445
Pembrokeshire	4.38%	£ 111,215
Powys	5.78%	£ 146,727
Rhondda Cynon Taff	7.34%	£ 186,275
Swansea	7.14%	£ 181,195
Torfaen	2.77%	£ 70,249
Vale of Glamorgan	3.86%	£ 97,964
Wrexham	4.03%	£ 102,189
Total	100.00%	£ 2,538,628

¹ Special Grant Report (10) Wales 2002 & Special Grant Report (5) Wales 2003

Table 2
Net additional payment to or receipt from Local Authorities

Local Authority	Total Allocation in 2003- 04 (£)	Underspend reported for 2002-03 (£)	Net Payment in 2003 – 04 (£)
Blaenau Gwent	54,887	35,312	19,575
Bridgend	107,224	0	107,224
Caerphilly	133,671	8,423	125,248
Cardiff	259,613	122,691	136,922
Carmarthenshire	152,697	0	152,697
Ceredigion	79,089	0	79,089
Conwy	101,725	49,774	51,951
Denbighshire	88,004	15,834	72,170
Flintshire	121,788	0	121,788
Gwynedd	139,706	145,183	- 5,477 ▲
Isle of Anglesey	66,881	10,611	56,270
Merthyr Tydfil	43,907	34,021	9,886
Monmouthshire	72,944	12,769	60,175
Neath Port Talbot	111,233	0	111,233
Newport	109,445	120,000	- 10,555 ▲
Pembrokeshire	111,215	3,734	107,481
Powys	146,727	110,181	36,546
Rhondda Cynon Taff	186,275	0	186,275
Swansea	181,195	110,811	70,384
Torfaen	70,249	9,282	60,967
Vale of Glamorgan	97,964	0	97,964
Wrexham	102,189	0	102,189
Total	2,538,628	788,628	1,750,000

▲ - Indicates repayment to the National Assembly for Wales

Annex B

Conditions for the Payment of Special Grant

1. The grants set out in Annex A shall be used before the end of 31st March 2004 for the purpose set out in paragraph 3 of the Report.
2. Each authority shall record how the grant has been spent.
3. By 30th June 2004, each authority shall provide the Assembly with a return recording the numbers of domestic refrigerators collected during the period 1st April 2003 and 31st March 2004. The Assembly will provide a form for this purpose.
4. Each authority shall supply to the Assembly such further information as may be required for the purposes of determining whether it has complied with these conditions.
5. Each authority shall complete a return of grant income and expenditure for the year. This annual return shall be certified by the Chief Financial Officer of the local authority and a copy sent to the Assembly by 30th June 2004. Each authority with net expenditure over £50,000 in 2003-04 shall also send the original of the return to the auditor appointed by the Audit Commission who shall certify it so that it is received by the Assembly by no later than 30th September 2004.
6. Under the provisions of the Environmental Protection Act 1990 and the Controlled Waste Regulations 1992, local authorities may make a reasonable charge for the collection of domestic refrigeration equipment where it exceeds 25 kilograms in weight. The special grant provided by the Assembly may be used by an authority to cover the costs of collection. If, however, local authorities charge householders for this collection service, they must identify these costs in their audit report. Depending on the amount of grant spent by an authority, the Assembly may request repayment of part of the grant equivalent to the total charged to householders by an authority.
7. If any authority fails to comply with any of these conditions then the Assembly may require the repayment of the whole or any part of the grant monies paid to the authority, as may be determined by the Assembly and notified in writing to the authority. Such sum as has been notified shall immediately become repayable to the Assembly.
8. Any amount of grant not spent by the authority before the end of March 2004 may be repayable to the Assembly.

Annex C

Background

1. Regulation No.2037/2000 of the European Parliament and of the Council on substances that deplete the ozone layer became applicable in October 2000. It applied to industrial and commercial equipment containing ozone depleting substances (ODS), such as refrigeration appliances, immediately and to domestic equipment from 1 January 2002.
2. Article 16 of the Regulation required the recovery of used (ODS) (e.g. CFCs) from appliances before such appliances are dismantled or scrapped. In the case of fridges, this includes ODS in both the cooling system and also the insulation foam. Once recovered, the ODS must be destroyed using approved or other environmentally acceptable technology. Article 11 of the Regulation also banned the export of ODS and ODS containing equipment from the EC to, for example, developing countries for re-use. This practice had been common in the UK.
3. Local authorities have a legal duty under the Environmental Protection Act 1990, to arrange for the collection and disposal of household waste. In accordance with Schedule 2 to the Controlled Waste Regulations 1992 (SI 1992 No 588), local authorities may charge for collection of certain wastes, including those weighing over 25kgs, such as fridges. Local authorities may not however charge for the cost of their disposal. Local authorities also have a legal duty to provide civic amenity sites at which householders can dispose of their waste free of charge.
4. When the Regulation applied to domestic refrigeration equipment there were no suitable facilities available in the UK for the recovery of ODS from both the foam and cooling system. As a consequence, retailer take back schemes ceased and the burden on disposing of all domestic fridges, including those previously managed through retailer take back schemes, fell on local authorities.
5. In response to this new burden, the Welsh Assembly Government has provided additional funding to support local authorities in the collection, storage and disposal of domestic refrigeration equipment. Between January 2002 and March 2002, Special Grant Report 21 allocated £600,060, which supported the management of 29000 domestic fridges. In 2002-03 funding, which was allocated by way of two special grants (Special Grant Report (10) Wales 2002 and Special Grant Report (5) 2003), amounted to £4.4 million. This additional money has supported the management of over 150,000 domestic fridges.
6. Local Authorities in Wales reported a total underspend in 2002-03 of £788,628 In accordance with the conditions of the Special Grants Reports, these underspends have been recovered and now form part of the funding for 2003-04.

7. In addition to the provision of financial support, the Welsh Assembly Government introduced The Waste Management Licensing (Amendment)(Wales) Regulations 2002, which made provision for the operation of mobile plant treatment facilities for fridges.
8. Since the EC Regulation came into force, the Assembly Government in partnership with the UK Government, local authorities, the Environment Agency and businesses has developed a package of measures to assist in the management of refrigeration equipment. This package includes guidance on the storage of waste fridges, standards for industry and information for consumers advising them how to dispose of them. In December 2003, there were 13 operational facilities in England and Wales designed to manage the recovery and disposal of fridges with a combined capacity of approximately 3 million units. This includes two facilities in Wales Sims Recycling Solutions and Sundorne Products (Llanidloes) Ltd. In May 2003, electrical retailer Comet also announced that it had relaunched its fridge take back scheme.
9. Despite the availability of fridge reprocess capacity and the relaunch of the Comet take back scheme, local authorities will continue to face the significant additional burdens of managing the disposal of domestic refrigeration equipment during 2003-04. Assembly intervention is therefore justified to provide some additional funding to cover the costs of collection, transport, storage and disposal of refrigerators for the period in question.
10. Furthermore, ensuring the adequate disposal of waste as well as preventing illegal waste management and fly tipping is one of the Assembly's environmental priorities. The issue of sustainable waste management is addressed in Wise about Waste: The National Waste Strategy for Wales.
11. In the longer term, funding arrangements will be influenced by the EU's Waste Electrical and Electronic Equipment Directive (2002/96/EC). This directive, published in February 2003, sets collection, recycling and recovery targets for all types of electrical products, including fridges. Significantly, it introduces compulsory producer responsibility for financing the management of consumer electronic and electrical waste. The Assembly Government in partnership with the UK Government is currently consulting upon proposals for the introduction of this Directive and a copy of the consultation paper can be found at www.dti.gov.uk/sustainability/weee/index.htm. The provisions relating to producer financing will be binding as from August 2005.

Further Information

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