



PORTFOLIO HOLDER DECISION NOTICE

INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR NEIGHBOURHOODS & ENVIRONMENT

TOPIC – TEXTILES BANKS CHARITY INCOME ALLOCATION

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Chief Operating Officer, the Chief Executive and the Chief Finance Officer are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

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SUMMARY

In July 2013 the meeting of the Joint Environmental Services Committee (JESC) considered a report which recommended that the City Council and East Hampshire District Council join the recently established Hampshire & Isle of Wight (HIOW) textile collection contract. Under the terms of the contract existing charity banks would be removed from public sites owned by the City Council and replaced with the Council's own banks. All income from the sale of recyclables would be paid to the City Council, who would then be able to decide how this was used.

Because of the implications for the existing charity banks, the JESC resolved that officers should undertake consultation meetings with each of the affected charities, and then prepare a briefing paper for the two Portfolio Holders for consideration, prior to any approval for EHDC to sign up to the HIOW contract on behalf of both councils.

Joint Client Team officers undertook meetings with three of the five charities (Salvation Army, Traid and Hampshire Air Ambulance), and had telephone conversations with the remaining two (Oxfam and British Heart Foundation).

In Winchester, the only charities with banks on council-owned land are the Salvation Army, Traid and the Hampshire Air Ambulance.

During these meetings, officers explained the Councils' plans and aspirations to protect the income for the existing charities, whilst distributing any additional income to community projects within the District. In order that financial support could be offered by the City Council to the existing charities, each charity was invited to share their operational arrangements and financial/income data with Council officers. The income data provided was as follows:

Name of Charity	Net/Gross	Stated Income/tonne
Salvation Army	Net	£420
TRAID	Gross	£700
Hampshire Air Ambulance	Net	£225

These income figures have been substantiated through discussions with the charities.

Because of the unique position of the Hampshire and Isle of Wight Air Ambulance, City Council officers and the Portfolio Holder followed up the income figure and implications of any changes in person with its Chief Executive.

At the subsequent Joint Environmental Services Committee, on 11 December 2013, it was agreed that East Hampshire District Council would enter into the contract with the European Recycling Company (ERC) on behalf of both Councils and each would then separately consider the arrangements for the distribution of the income received.

Under the terms of the contract, ERC have committed to an income rate of £515/tonne for its duration (there are 3 years remaining on the framework contract, expiring on 31 March 2017) which provides the City Council with an amount of flexibility in managing fluctuations in tonnages that may be encountered with a change from charity to council textile banks.

One of the advantages of the European Recycling Company textiles framework is they will collect any clean textiles including well worn, torn and damaged items such as old sheets and odd socks, in addition to good quality clothes and shoes. These damaged textiles will therefore be kept out of residual waste stream. A further matter to be considered, as part of any income calculations, is the likelihood that Hampshire County Council will cease paying Recycling Credits (currently approximately £40 per

tonne) for textiles that are collected (and diverted from landfill) under the new contract. HCC are carrying out a strategic review of the whole Recycling Credits scheme, and initial feedback is that income from this source is likely to be discounted. The loss of recycling credits by HCC would apply to both council and charity banks equally, although textile tonnages will still contribute to the Council's recycling rates.

With the possible uncertainty over future tonnages collected and the recycling credits decision, JESC agreed that a prudent approach be taken to predicted income for the contract in order to minimise risk. An 85% capture of previous tonnage levels was therefore used for the financial estimates and any income from recycling credits has also been removed.

Based on these factors, the tables below show the estimated revised income that could potentially be received by the City Council.

	Income from Contract	85% Income Estimate
Existing 'public' sites	£89,323	£75,925
Potential from new sites*	£16,000	£13,600
Total	£105,323	£89,525

* It is proposed to provide additional textile collection banks on other council-owned car parks or other appropriate sites without current provision

Proposal

In developing this proposal, a number of key principles have been applied to the process of deciding what level of income should be paid to each of the existing charities and for what period, as follows:-

- Preference will be given to local charities with clear links and services that impact upon the City Council's District
- Any proposed income would be linked to the level of detail provided by the charity to substantiate its existing arrangement
- Any proposal would offer charities reasonable opportunity to adapt to any changes in income levels

Based on these principles, it is recommended that the following formulae be applied to each of the charities, as follows:-

Salvation Army & TRAIID – the existing net income will be matched for a period of 12 months and then reviewed. In the meantime, the charity will be given the opportunity to demonstrate the impact of their services within the City Council's District.

Hampshire & Isle of Wight Air Ambulance – in view of the local nature of this service and its existing impact upon the District, it is recommended that it is supported as a 'preferred' charity. An income figure of £8000 per annum is therefore recommended and will be guaranteed for the remaining 3 years of the textiles contract, in order to give the charity more certainty for its future financial planning.

A summary of the effect of these proposals is shown below and in the resources section of this Decision Notice.

DECISION

That the following arrangements be agreed as the financial mechanism for the payment of income to the charities with existing textile banks on public sites:

- (a) The Salvation Army receives an income of £22,208 for the 2014/15 financial year, at the end of which any arrangement will be reviewed.
- (b) TRAIID receives an income of £7,040 for the 2014/15 financial year, at the end of which any arrangement will be reviewed.
- (c) The Hampshire & Isle of Wight Air Ambulance receives an income of £8,000 per annum until the end of the 2016/17 financial year, at the end of which any arrangement will be reviewed.

REASON FOR THE DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

It is considered that the proposed decision strikes the correct balance between the interests of the charities and the City Council, whilst providing the charities with enough time to adapt to any changes in their existing arrangements. The approach also recognises the impact that local charities have upon the District.

Finally, it provides those charities without direct local connections the opportunity during the current year to demonstrate their impact locally, so that this can be considered when the review is carried out at the end of year 1.

It is not possible to guarantee incomes beyond the duration of the contract (i.e. after 31 March 2017). Alternative options of providing longer term guarantees of income were considered, particularly for the Air Ambulance, but this is not possible because of uncertainties regarding future income levels from this contract, and so this option was discounted.

RESOURCE IMPLICATIONS:

The following table summarises the proposed payment to the charities using the mechanism described above.

Charity	Proposed Payment	Guarantee Period
Salvation Army	£22,208	1 year only
Traid	£7,040	1 year only
H&IOWAA	£8,000	3 years
Total	£37,248	

The following table shows the net effect of the proposal when compared against the predicted income described in this notice.

Income from Contract	£89,525	Based on 85% capture rate during year 1 (see above)
Amount paid to charities	£37,248	See above table for breakdown
Balance	£52,277	

During the preparation of the 2014/15 budget a figure of £40,000 was identified as the net additional income that the City Council could receive from the textiles contract, after any payments to the existing charities. The figure was chosen as there were still some uncertainties regarding the tonnages that might be collected and the level of payments made to the charities.

It is proposed this income is ring fenced in future as additional money available for the community grants pot. This income will be administered by the Council's Community Small Grants Team, for community projects within the District. .

It is recommended that the situation is reviewed at the end of the current year when actual income can be considered as part of any budget options for 2015/16.

CONSULTATION UNDERTAKEN ON THE DECISION

All of the charities affected by this proposal were consulted early in the process as described in this report and more detailed consultation was carried out with the Hampshire and Isle of Wight Air Ambulance by the Assistant Director (Neighbourhoods & Environment) with the Portfolio Holder, in order to fully understand their perspective and any impact.

**FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED
FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION
NOTICE**

n/a

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR
OFFICER CONSULTED**

None

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

None.

Approved by: (signature)

Date of Decision: 27.03.14

Councillor Jan Warwick – Portfolio Holder for Neighbourhoods & Environment