

**BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL**

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/18/44</b>
<b>FROM:</b> David Burn / Christina Campbell Cabinet Members for Environment	<b>DATE OF MEETING:</b> 10 December 2018 13 December 2018
<b>OFFICER:</b> Chris Fry, Assistant Director Environment and Commercial Partnerships	<b>KEY DECISION REF NO.</b> CAB60

**PROPOSAL FOR A NEW INTER AUTHORITY AGREEMENT FROM SUFFOLK COUNTY COUNCIL FROM 2019 - 2024**

**1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to agree to a continuation of the Inter Authority Agreement which expires in April 2019 for a further 5-year period and to agree the revised Recycling Performance Payments for the various commodities from 2019 to 2024.

**2. OPTIONS CONSIDERED**

- 2.1 The alternative to entering into a further extension of the Inter Authority Agreement would be to stop working collaboratively across Suffolk and potentially have Suffolk County Council as the Waste Disposal authority 'direct' collection arrangements in the Districts which would not be financially advantageous to the authority.

**3. RECOMMENDATION**

- 3.1 That the Cabinet approves entering into a further 5-year period of the Inter Authority Agreement between the Waste Collection Authorities and the Waste Disposal Authority.

**REASON FOR DECISION**

Working collaboratively across the Suffolk Waste Partnership benefits both the Waste Disposal Authority and Waste Collections Authorities in setting out clearly both working arrangements and recycling performance payments.

**4. KEY INFORMATION**

- 4.1 All the Suffolk Waste Authorities are currently signed up to an Inter Authority Agreement that was agreed in April 2014 and runs until April 2019. The purpose of the IAA is to establish a clear and accountable framework under which the Suffolk Waste Partnership (SWP) will work in collaboration and agree funding over and above the requirements of the statutory regime for recycling performance payments (RPP).

- 4.2 The IAA sets the level of recycling credit payable from Suffolk County Council (SCC) as the Waste Disposal Authority (WDA) to the District and Borough Councils as the Waste Collection Authorities (WCA).
- 4.3 The IAA determined a 15-month notice period for agreeing a new settlement and due to the proposed changes in RPP a revised notice period was agreed and we are now at that point and a draft proposal has been circulated to districts for approval.
- 4.4 The agreement will be subject to a periodic formal review period of 5 years. The next review will occur no later than Autumn 2023.
- 4.5 The IAA is attached as Appendix 1 to this report. The IAA is a working document and some annexes are being revised. The key aspects of the document relating to this report are the main document (pages 1-3) and annex 7.
- 4.6 There are a number of options for dealing with recycling arrangements, these include:
- The WDA directing the WCA where to deliver recycling material and the WDA being responsible for treatment without making any payment to WCA's
  - The WDA paying the statutory recycling payment to the WCA
  - The WDA and WCA entering into a local agreement

Suffolk has historically opted for a Local Agreement, however in the event that districts are unable to agree, SCC has the ability to 'direct' districts and to take over the recycling responsibilities itself. At this point, no RPP would be payable to districts, which would represent a significant loss of income. It is therefore in the interests of all districts to agree a county wide level of RPP from 2019-2024.

- 4.7 The principles of the IAA are as set out below:
- That WCAs and the WDA will work together as members of the Suffolk Waste Partnership to fulfil their responsibilities as regards waste collection and disposal.
  - That the Joint Municipal Waste Management Strategy for Suffolk (JMWMS) will provide the agreed strategic direction for the partnership, and that this supports the SWP in carrying out its functions in accordance with the Waste Hierarchy.
  - That the four key principles of (a) Transparency, (b) Consultation, (c) Co-operation and (d) Best Value should underpin the way in which the collective responsibilities of the SWP are fulfilled.
  - That procurement of waste services will be carried out to maximise benefit to the council tax payer.
  - That all partners will benefit equally from savings and efficiencies arising from the contracts and costs/benefits are apportioned (i) appropriately (ii) and proportionately.
  - That there is a need for medium term security of financial mechanisms to ensure appropriate service budget planning.

4.8 The table below outlines the existing Recycling Performance Payments and the proposed agreed payments from 2019 to 2025.

Authority	2018/19		2019/20 – 2023/24		
	Dry Recycling	Organic	Kerbside Recycling	Bring Sites	Organic
Babergh District Council	54.76	54.76	54.76	30.00	30.00
Forest Heath District Council	54.76	54.76	54.76	30.00	30.00
Ipswich Borough Council	54.76	44.95	54.76	30.00	44.95
Mid Suffolk District Council	54.76	54.76	54.76	30.00	30.00
St Edmundsbury Borough Council	54.76	54.76	54.76	30.00	30.00
Suffolk Coastal District Council	54.76	41.14	54.76	30.00	30.00
Waveney District Council	54.76	54.76	54.76	30.00	30.00

4.9 All of the financial implications to the Council have been well signposted and taken into account in budget preparation and the Medium Term Financial Strategy.

4.10 Other items proposed by SCC and under negotiation:

- Separate food waste support = up to value of avoided disposal through the energy from waste facility (circa £85/Tonne). In reality this would not cover the costs of collection particularly in rural areas. The SWP continue to monitor this particularly with the imminent release of the Governments Waste and Resources Strategy
- Continued Suffolk Waste Partnership manager and Resource Efficiency Fund agreement (currently a £10,000 cost for BMSDC per year)
- Districts agreeing a ‘cap’ on the level at which WDC is required to meet increases in processing costs (the ‘gate fee’). If the gate fee reaches £25 per tonne – then SCC will fund 50% of the increase above £25, and 100% of the increase above £50. Members should note that there is currently no upper limit in place, and the WCA’s would be responsible for meeting all increases in gate fee under the current arrangement. It is likely that the trajectory of the gate fee over the next few years will be upward. This is driven by volatility in the Asian markets for the products of the MRF (e.g. paper, cardboard and plastics) and MRF operators are seeking to offset this through increases in the gate fee. We are experiencing this in the current MRF procurement.

## 5. LINKS TO JOINT STRATEGIC PLAN

5.1 Increasing recycling rates is an objective set out in the Joint Strategic Plan. Achieving the correct level of RPP is important in supporting this objective.

5.2 RPP covers both a proportion of the costs of waste collection and, potentially, provides an incentive for district authorities to promote good recycling behaviours amongst local residents and businesses.

5.3 The view of officers and the Suffolk Waste Partnership is that the proposal from SCC provides a level of financial incentive to improve performance.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 As mentioned in the report the proposed changes to the RPP for organics were well signposted by SCC over a 3-year period and BMSDC RPP organic payment was preserved over that period until April 2019. All proposed changes have been incorporated into the Council's financial budgets.
- 6.2 Although as mentioned in 6.1 above the budget changes have been incorporated into Babergh and Mid Suffolk budgets for 2019/20 the reduction in RPP payments has not been insignificant. The reduction is a loss of income of approximately £111,700 for Babergh and £106,260 for Mid Suffolk. However, if SCC directed us across the whole of our recycling operations we would lose approximately £100,000 per authority.

## **7. LEGAL IMPLICATIONS**

- 7.1 The SWP will be entering in to a further five-year period of the Inter Authority Agreement from April 2019. This has a significant benefit to all Suffolk authorities to work in a collaborative way.

## **8. RISK MANAGEMENT**

- 8.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No.5c, if we do not understand our financial position. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If we do not reach agreement on the level of Recycling Performance Payments, we would be unable to budget properly and we could be directed by Suffolk County Council resulting in a financial loss.	Unlikely - 2	Bad - 3	Enter in to a new 5-year IAA which sets out RPP payments over that period.

## **9. CONSULTATIONS**

- 9.1 The SWP has worked collaboratively on the new proposals and consultations have taken place between the WDA and WCA's.

## **10. EQUALITY ANALYSIS**

- 10.1 The renewal of the IAA does not change any working arrangements that affect residents and therefore an Equality Impact Assessment is not required.

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 The renewal of the IAA does not change any working arrangements, it is a continuation of current working practices with only financial changes and therefore the report has no direct environmental implications.

**12. APPENDICES**

Title	Location
Appendix A - Inter Authority Agreement	Attached