

**Suffolk Waste Partnership Inter-Authority Agreement – 1<sup>st</sup> Review completed April 2018**  
**- 2<sup>nd</sup> Review by Autumn 2023**

## **1 Introduction**

- 1.1 The aim of this Inter Authority Agreement (IAA) is to recognize that there needs to be an agreement between the Waste Collection Authorities (WCAs) and the Waste Disposal Authority (WDA) to ensure continued and improving effectiveness in delivering joint waste service contracts in Suffolk.
- 1.2 This agreement will be subject to a periodic formal review period of 5 years, or sooner subject to Section 2 of this document. The next review will occur no later than Autumn 2023.
- 1.3 The main body of the document identifies the agreed general principles with Annexes identifying the contract or project specific agreements. These will be added as agreed by the SWP. It is considered that this modular system provides a flexible approach to waste management in Suffolk.

## **2 Principles**

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 That procurement of waste services will be carried out to maximise benefit to the council tax payer.
- 2.5 That all partners will benefit equally from savings and efficiencies arising from the contracts and costs/benefits are apportioned (i) appropriately (ii) and proportionately.
- 2.6 That there is a need for medium term security of financial mechanisms to ensure appropriate service budget planning.

## **3 Existing Payments and Reviews**

- 3.1 Table 1 below outlines agreed Recycling Performance Payments. The sums stated will continue without inflationary uplift until:
  - 3.1.1 Contracts come up for renewal, review, or procurement; or
  - 3.1.2 Changes by all parties concerned are agreed

3.2 Table 1: Agreed Recycling Performance Payments (RPP)

Authority	2018/19		2019/20 – 2023/24		
	Dry Rcl	Organic	Kerb Rcl	Bring	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

- 3.3 The Recycling Performance Payments stated in table 1 are subject to defined agreements and cost sharing mechanisms as set out in Appendix 7 of this Inter Authority Agreement.
- 3.4 The WCAs and the WDA will review RPP payments for subsequent years based on policy changes, market conditions and inflation. Notice of changes will be as set out in para 3.5.
- 3.5 Trigger points for review of existing contracts or/and agreements (as set out in Annexes) will be;
- 3.5.1 A Materials Recovery Facility gate fee with a cost exceeding £20 per tonne.
  - 3.5.2 Change of systems/processes resulting in significant costs/savings or/and tonnages collected
  - 3.5.3 Expiry or termination of contracts requiring new contract arrangements to be put in place
  - 3.5.4 Budget changes
  - 3.5.5 New or revised HM Government legislation or regulation etc
- 3.6 Where budget changes are proposed these will be either (i) mutually agreed or (ii) unilaterally imposed with a minimum of 15 months notice to the WCA or WDA.
- 3.7 Factors that could be considered as part of a review or the introduction of new processes/systems/schemes may include; RPP, savings/costs of WDA/WCA, income generated,
- 3.8 The WDA may have to change the location of existing delivery points and if this is necessary the WDA and WCA(s) will work together to minimise the financial impact of such change to either or both of them. The WDA will bear the reasonable costs (or benefits) of the WCA(s) of such change.

## **4 Partnering**

- 4.1 Partnering means for each partner that they;
  - 4.1.1 work in good faith with the other parties to mutual advantage, resolve problems together with the other parties rather than taking an adversarial stance, act reasonably and in so far as is reasonably possible share information that could reasonably be expected to impact upon this IAA or the parties to this IAA;
  - 4.1.2 take all reasonable steps (without being obliged to incur expenditure) to mitigate any losses arising from a party's actions under this IAA;
  - 4.1.3 use all reasonable endeavours working together with the other parties to minimise waste and to improve the amount reused, recycled, composted and recovered from Suffolk's collected waste.
  - 4.1.4 discuss any proposed changes to sovereign collection, disposal or cleansing services, as defined by the Baseline Review Procedure outlined in Annex 1 of this Inter Authority Agreement, with all partners at least 1 month prior to any recommendations being submitted to individual authority Members for a final decision.

## **5 Dispute Resolution Procedure**

- 5.1 Any disagreement or dispute concerning this IAA shall be first referred to a meeting of each of the parties who is involved in the disagreement or dispute to resolve the matter.
- 5.2 In the event that the disagreement or dispute is not resolved within a reasonable period of time by the parties, the disagreement or dispute shall be referred
  - 5.2.1 to a meeting of the chief officers of each of the parties involved and/or
  - 5.2.2 to the Suffolk Waste Partnership who shall enter into good faith negotiations to resolve the matter.
- 5.3 In the event that the dispute remains unresolved it shall be referred to a mutually acceptable mediator to see if they can bring the two parties together.

## SUFFOLK WASTE PARTNERSHIP PROGRAMMES OVERVIEW - 2015 to 2020

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## **7 Specific arrangements**

These will be negotiated as contracts are let. These will be drafted as Annexes to this document, as agreed by the SWP.

Annex 1 – IAA Baselines and Review Procedure

Annex 2 – Trade Waste

Annex 3 - MRF and Transfer Station Cost & Apportionment

Annex 4 – Street Sweepings

Annex 5 – Annual Resource Efficiency Fund Contributions

Annex 6 – Organics (annex 7 will be superseded by annex 7 from 1 April 2019)

Annex 7 – Recycling Performance Payments

## **Annex 1 - IAA Baselines and Review Procedure**

### **1. Introduction**

- 1.1 The WDA and WCAs have each agreed a Baseline (WCA/WDA Baseline). The County Council's EFW contractor, SUEZ, has calibrated its facility and services on the basis of those Baselines and any future change in the Baselines may entitle the EFW Contractor to apply to the WDA for an adjustment to payments, relief from obligations or other compensation.
- 1.2 The purpose of the Baselines is to provide long term certainty and stability to the WDA for the purpose of managing the EFW contract and to avoid, as far as is possible, detrimental effect on the EFW contract. The WCAs shall not be prevented from undertaking their own waste minimisation or recycling schemes in accordance with the JMWMS (or otherwise changing their WCA Baselines) provided they comply with the Review Procedure below.

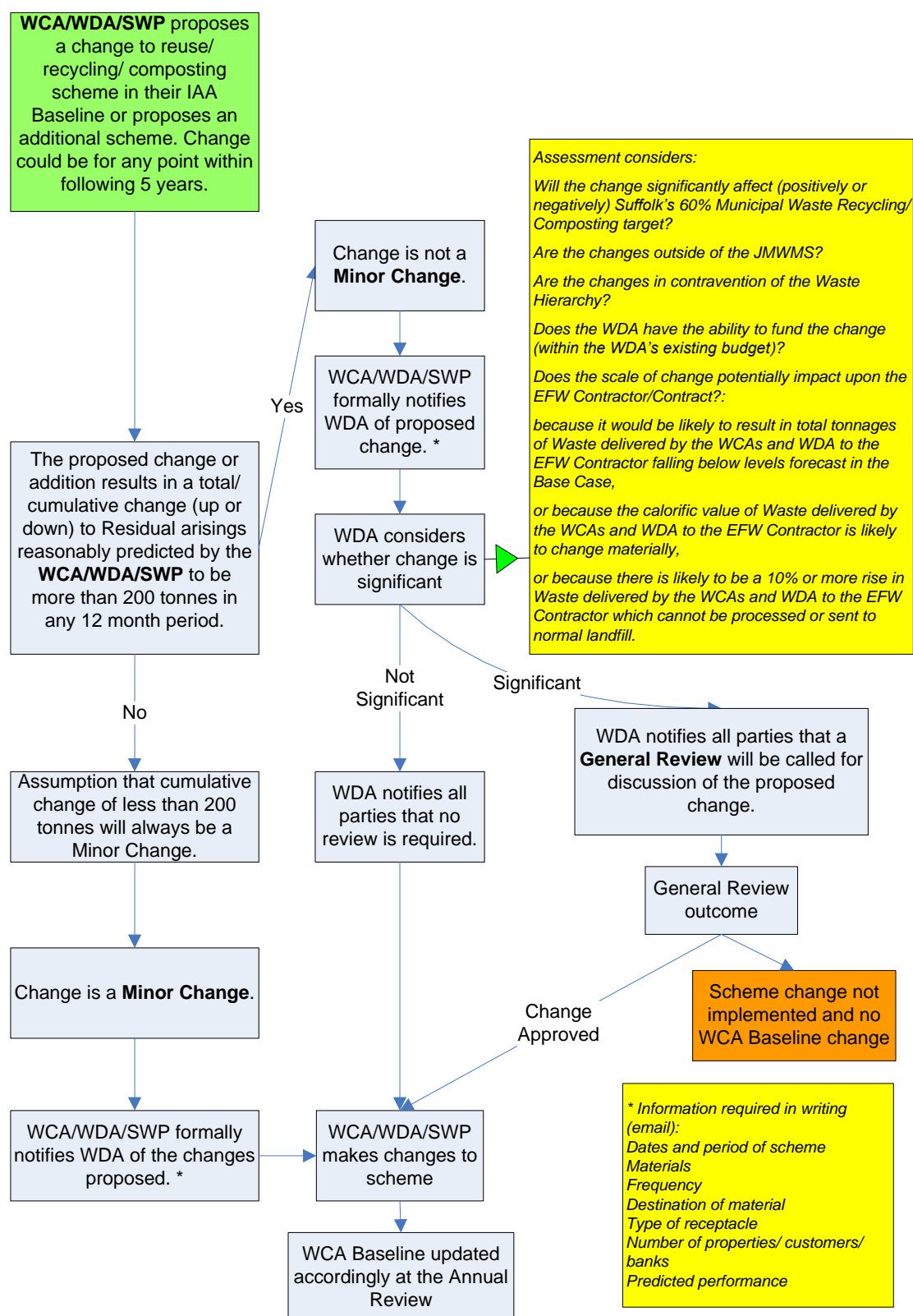
### **2. The Parties acknowledge that this IAA shall be treated and shall stand as:-**

- 2.1.1 a direction of the WDA under section 51(4) of the EPA, directing the WCAs to deliver their municipal waste under the meaning of the relevant acts to designated delivery points and to reflect the provisions the WCA Baseline; and
  - 2.1.2 a direction of the WDA under section 31 of the WET Act directing the WCAs to separate waste before delivery as set out in the WCA Baseline; and
  - 2.1.3 a notice under section 48(2) of the EPA that the WCAs intend to retain the Waste identified in the WCA Baseline for their own recycling arrangements; and
  - 2.1.4 a notice under section 48(4) of the EPA that the WDA objects to any recycling arrangements made by the WCAs other than those identified in the WCA Baseline or agreed through the IAA Baseline Review Procedure.
- 2.2 Each WCA and the WDA hereby agrees to carry out services as set out in its Baseline and not to retain any Municipal Waste other than:
- 2.2.1 as provided in its WCA/WDA Baseline; or
  - 2.2.2 as otherwise agreed between the Parties and effected in accordance with the Baseline Review Procedure below.
- 2.3 The WCA Baselines and WDA Baseline shall be updated and reviewed annually between September and November (each time looking ahead to the following five years).

### **3. General Review**

- 3.1. If a proposed change to a WCA or WDA Baseline is deemed to have a significant and adverse impact on the WDA's financial position or its ability to perform its contractual obligations under the EFW Contract, such change shall be approved, or not, solely at the WDA's discretion.

#### 4. Baseline Review Procedure



## Annex 2 – Trade Waste

### Principles

1. PRINCIPLE 1 – The trade waste recharge should reflect the averaged costs of trade waste transfer and disposal across Suffolk as now. This should enable council trade services to continue compete with local private operators.
2. PRINCIPLE 2 – Where adjustments (Step 2) need to be made, these could be up or down, and should be in the overall interest of the taxpayer. But that councils would not be “subsidised” to artificially protect their market share.

### Initial Agreement for Trade Waste Recharge (STEP 1)

3. The trade waste recharge be set at the EfW contract 'Band 2' gate fee (effectively the marginal cost of disposal), plus the average haulage (only) cost of trade waste from waste transfer stations to disposal (the marginal cost of trade waste transfer). This rate to apply from 1 April 2014, in order to allow a fixed rate for customers throughout the year. It also represents a reduction from current costs.

### Agreement to Review Trade Waste Recharge If Required (STEP 2)

4. If, once the EfW is operational and its impacts on the local trade waste sector are clear, it is apparent that district trade services are losing business due to uncompetitive disposal costs, AND if it is in the interests of the public purse overall, then the parties commit to negotiating a lower disposal recharge rate. (In this regard we would be acting as though we had a common budget and transferring funds from one budget line to another to achieve the least cost solution overall, but not protecting trade market share if this puts up costs to the taxpayer overall). A future solution might need to reflect differences in the market for commercial waste disposal in different areas, so might not necessarily involve a single countywide rate of trade waste recharge.
5. On the other hand if the WDA trade waste recharge is lower than the prevailing market price then it is reasonable to expect trade waste to contribute towards the fixed costs of transfer provision. In these circumstances the parties commit to negotiating a higher disposal recharge rate. Again, this might not necessarily involve a single countywide rate.

### Trade Waste Recharge Rate:

6. Our current best estimates of the costs of landfill and energy from waste disposal for 2013/14, 2014/15 and 2015/16 are presented below. The highlighted figures are those reflecting the trade waste recharge proposal (Step 1) outlined above.

	Average disposal cost (mainly landfill)	Average disposal cost excl Colnbrook	Energy from Waste Band 1	Energy from Waste Band 2	Average Transfer Costs (Haulage only)	Proposed Trade Recharge = Marginal Transfer and EfW cost
2018/19						
2019/20						
2020/21						



### **Annex 3 – MRF and Transfer Station Cost & Apportionment**

#### **Transfer Stations**

- 1) The prime principle in the apportionment of the costs of transfer stations is ‘that all partners will benefit equally from savings and efficiencies arising from the contracts, and that costs and benefits will be apportioned (i) appropriately and (ii) proportionately.’
- 2) The costs are, therefore, apportioned appropriately on the basis of the residual and the non-residual waste streams, to the County Council and WCAs respectively, and proportionately on the basis of tonnes processed through the transfer stations.
- 3) The direct costs of the transfer stations to be apportioned include the capital financing costs of buildings (but neither land nor HWRC costs), the lease or rent of facilities, the operation of the facility, and the running costs of the building (such as utilities, NNDR, maintenance, etc.).
- 4) The contract for the operation of the transfer stations will also include payments for the haulage of residual waste to Great Blakenham, and in the case of the Lowestoft site the haulage of organic waste to Parham. These costs will be apportioned directly to the County Council for residual waste, and Waveney for the haulage of the organic waste.
- 5) In addition to the direct costs, there may be specific indirect costs falling on the County Council due to contract management requirements, such as quality control on recycle materials and/or composition analysis studies. If these costs, or others, can be identified separately then they will be apportioned in accordance with the principles stated above.
- 6) The costs included in the calculation of the apportionments should be (a) transparent (b) consultative (c) co-operative, and (d) Best Value.
- 7) The outcome from the apportionment calculation will be the costs of handling and hauling of residual waste, and a cost for the handling of recycles (both dry and organic) at the transfer stations.

#### **Waste Collection Authorities’ transport costs**

- 8) The location of the core transfer station sites could lead to additional collection costs on WCAs through the increased mileage of residual and recycle vehicles, and possibly a requirement for additional vehicles. Similarly there may be reduced costs for other WCAs. These costs and benefits are to be included in an apportionment calculation. As the principle stated above splits the responsibility for costs between residual and non-residual waste streams, there will need to be an appropriate split of WCA costs and savings along these lines.
- 9) Alongside the core sites, there will be a procurement exercise to identify where savings could be made through the use of additional sites.
- 10) The amount of any WCA cost adjustments should be identifiable and open to scrutiny.
- 11) The outcome from the apportionment calculation will be an overhead to the residual and non-residual waste streams.

#### **Material Recovery Facilities (MRFs)**

- 12) The contract for MRF operations relates to the haulage of materials from transfer stations, and the processing and sale of materials as supplied by the WCAs.
- 13) In addition to these costs there are the handling charges of the transfer stations, as calculated using the process described above, and, again, any contract management costs that can be specifically apportioned to the recycle waste stream.
- 14) Similarly, any WCA net costs or net savings resulting from the transfer station locations, as calculated above, will be included in this calculation.
- 15) The total cost, or income, of the entire MRF processes will be apportioned across the WCAs in relation to the tonnes provided by each WCA. In other words, there will be an average figure for each tonne of dry recycle that will be applicable to every tonne, and applicable to each WCA.

## Annex 4 - Street Sweeping Recycling Contract (2014)

### 1. Responsibilities

1.1. The new Street Sweeping recycling contract will be managed centrally by Suffolk County Council, whereas at present the WCAs individually manage their existing arrangements.

1.2. This will result in the following responsibilities for the WCAs and SCC:

#### 1.2.1. SCC

- General contract management – including contractor meetings, resolving disputes.
- High level validation of data/weights
- Sharing of data/weighbridge ticket reporting with WCAs
- Payment of invoices
- Payment of RPP Balance/Handling Fee to WCAs

#### 1.2.2. WCAs

- Detailed validation of weighbridge tickets
- Local arrangements for collection of bulked sweepings by contractor, including loading in some cases.

### 2. Financial Arrangements

2.1. Prior to the new street sweepings contract, the contractor's fee for collection and recycling of sweepings is met by the WCAs, who in turn receive a recycling performance payment (RPP) from the County Council. At present the contractor fee is £52 per tonne, and the RPP is £54.76 per tonne, leaving the WCAs with a surplus of £2.76 per tonne. This £2.76 per tonne is regarded as necessary for the WCAs to contribute to the costs of handling the material in bays at their depots.

2.2. To ensure no party is unfairly disadvantaged and any future benefits are shared equitably, it is agreed that under the new street sweeping contract the WCAs will receive, as a minimum, £2.76 per tonne as a "handling fee" where they provide this service.

2.3. In addition, if the contracted costs of collection and recycling of street sweepings fall below £52.00, then the resulting savings will be shared 50:50 between the County Council and the WCAs. The WCA share will be paid as an enhancement to the per tonne "handling fee".

2.4. There are two scenarios where this arrangement would change.

#### 2.4.1. Scenario 1

The savings share, as a 50% share of any reduction in contractor fee below £52, will be paid as long as SCC is making a saving. This will only be a risk once the EFW facility has commenced operation. In particular if the annual contract waste delivered drops below the Put or Pay level of 170,000 tonnes per annum and if SCC and/or SITA are not able to source substitute waste then SCC will in effect be paying for disposal at the same time as paying for recycling, and so savings will not be made. Should this scenario occur (i.e. contract waste drops below 170,000 tonnes per annum) then SCC will continue to pay the £2.76 handling payment per tonne, but will not pass on the 50% share of any reduction in the gate fee.

#### 2.4.2. Scenario 2

If in the future the sweepings are no longer stored in bays at depots but instead are tipped at SCC managed Transfer Stations, the handling costs will not be incurred by the relevant WCA and handling costs will be incurred by SCC, so the handling payment of £2.76 per tonne will cease. Any saving relating to a reduction from the starting gate fee of £52 per tonne would still be shared on a 50:50 basis.

- 2.5. For clarity, where waste is delivered directly to the recycling contractor's facility by a WCA, the Handling Fee of £2.76 per tonne will still be paid.
- 2.6. For further clarity, the new contract will consist of 2 charges – firstly a rate per tonne for the treatment of the waste plus a second rate per tonne for the collection and haulage of the waste. It is this combined contractor fee which will be compared against the current price of £52 per tonne.
- 2.7. Should any future review of the RPP mechanism change the value of the RPP, this financial arrangement would also need to be reviewed.

### **3. Contract Period**

- 3.1. The street sweeping recycling contract is being procured with a 5 year term (commencing 1 October 2014) with the option to extend for up to 2 years.
- 3.2. Agreement was reached with the incumbent contractor (EWD) in August 2018 to extend the contract on its current terms for a further 2-year term to 30<sup>th</sup> September 2021.

## **Annex 5 – Resource Efficiency Fund (from 1 April 2016)**

### **1. Introduction**

- 1.1. The Suffolk Waste Partnership (SWP) originally created the Resource Efficiency Fund (REF) in 2009/10.
- 1.2. The REF was designed to be the mechanism by which the SWP could jointly fund developmental and communications projects in support of our Joint Municipal Waste Management Strategy aims and objectives.
- 1.3. Suffolk County Council commenced payments into the REF at the end of the 2010/11 financial year and continued to provide payments in all subsequent years to 2015/16.
- 1.4. In early 2016, the Suffolk Waste Partnership Director Group developed a revised proposal for the funding of the REF which would see all 8 SWP member authorities equitably support the REF in future years. This proposal was subsequently endorsed by the SWP Members Group in March 2016.
- 1.5. This annex therefore seeks to codify the agreed funding mechanism into the SWP's Inter Authority Agreement.

### **2. REF Funding Formula**

- 2.1. The REF will be funded 50/50 between the WDA and the 7 WCAs collectively.
- 2.2. Any external funding received through the MRF contract will form part of the collective WCA funding.
- 2.3. The WCAs collective contribution will be split equally between the 7 authorities.
- 2.4. The REF will be used to support both the developmental and communications needs of the SWP. This will include but is not limited to public communications projects and campaigns, event attendance and support, waste composition analysis, strategic project development, consultant and consultation costs.
- 2.5. The REF will not be used to employ additional permanent staff but can be used to employ temporary staff to deliver specific projects should they require it.
- 2.6. The total annual REF contributions will initially be set at £120,000 for 2016/17. This will be reviewed annually by SWP Directors in advance of the start of the financial year.
- 2.7. Officers will provide a high level REF business plan to Directors in February/March of each year outlining the identified service objectives and projected costs for the coming financial year. SWP Directors will then scrutinise, amend and approve the plan as required.
- 2.8. Should Officers submit a high level business plan with projected annual costs in excess of £120,000, then SWP Member approval for the increased sum must be sought.
- 2.9. Once approval has been provided by either the SWP Director or Member groups (as required), authority for the spending of the agreed budget will be delegated to the Suffolk Waste Partnership Manager.
- 2.10. The Suffolk Waste Partnership Manager will then ensure the sums identified by the business plan are allocated to the specific projects and groups. The Suffolk Waste Partnership Manager will also task individuals and groups with ensuring these funds are spent appropriately and on time.

2.11. Table 2 below provides an authority by authority breakdown of contributions. This breakdown is based on the maximum approved REF value of £120,000.

Table 2 – Example REF Costs - £120,000 per annum

Funding Source	Amount Per Annum (£)	Total WCA (£)	Total WDA (£)	Total Annual REF (£)
BDC	5,000			
FHDC	5,000			
IBC	5,000			
MSDC	5,000			
SEBC	5,000			
SCDC	5,000			
WDC	5,000			
MRF Contract	25,000	60,000		
SCC	60,000		60,000	
Total REF				120,000

2.12. Should a budget underspend occur in any given year, the sum underspent will remain in the REF but subtracted from the next year's contributions e.g. if a business case sum of £120k is approved and an underspend of £20k exists from the previous year, only £100k funding will be requested. This revised sum will then be subject to the mechanism set out above.

### 3. Future Reviews

3.1. The mechanism set out in section 2 of this annex will continue on an annual basis until such time as:

- 3.1.1. There is a general review of the Inter Authority Agreement
- 3.1.2. Any individual authority wishes to activate clause 3.5 of this Inter Authority Agreement
- 3.1.3. All Suffolk Waste Partnership member authorities mutually agree that the aforementioned mechanism is no longer fit for purpose.

## Annex 6 – Organic Service Change (from 1 April 2016 – 31 March 2019)

### 1. Introduction

- 1.1 In March 2012, the SWP Members Group met to specifically discuss Suffolk's organic waste services and debate how the locally agreed Recycling Performance Payment (RPP) financial model and financial arrangements across the partnership could be altered in the future to provide best value to the Suffolk taxpayer. This discussion concluded that changes should not be made midway through the existing contracts and resulted in the following agreement:

*"That officers further investigate how RPP rates for differing material streams could work from 2015 onwards".*

- 1.2 As a result of this agreement, a project group was formed and undertook a full analysis of options, taking into account contractual requirements, service logistics and budgetary provision. This options appraisal concluded that an opt-in subscription based service, collecting garden waste only, provided the best financial and technical solution for the public purse, i.e. across Suffolk's two-tier authority structure as a whole.
- 1.3 SWP Directors subsequently prepared a joint proposal in May 2015 outlining how the locally agreed Recycling Performance Payment (RPP) structure could be amended to encourage and fairly apportion financial savings through service change whilst ensuring that each authority retained the ability to take a sovereign decision on what service it wished to provide in its area. The proposal therefore included differing RPP rates outlining what each authority would receive should they chose to adopt the proposal or not.
- 1.4 The proposal was then submitted to the SWP Members (June 2015) and the Suffolk Public Sector Leaders Group (July 2015) for further discussion and endorsement, ahead of each authority taking its decisions around future service provision and its financial implications.
- 1.5 The service decisions taken by each SWP member authority, informed by the SWP proposal, are outlined below:
- 1.5.1 Babergh District Council – No decision required as the authority already operates an opt-in subscription scheme.
  - 1.5.2 Forest Heath District Council – Change to opt-in subscription service agreed
  - 1.5.3 Ipswich Borough Council – Existing free service retained with reduced financial support
  - 1.5.4 Mid Suffolk District Council - No decision required as the authority already operates an opt-in subscription scheme.
  - 1.5.5 St Edmundsbury Borough Council – Change to opt-in subscription service agreed
  - 1.5.6 Suffolk Coastal District Council – Existing free service retained with reduced financial support
  - 1.5.7 Suffolk County Council – Financial implications of proposal adopted
  - 1.5.8 Waveney District Council – Change to opt-in subscription service agreed
- 1.6 This IAA Annex (6) therefore clarifies and codifies alterations to the locally agreed Recycling Performance Payments from Suffolk County Council, in its capacity as the Waste Disposal Authority (WDA), to the District and Borough Councils, in their capacity as Waste Collection Authorities (WCAs) based on SWP proposal and the subsequent discussions and the decisions taken by each authority in relation to the collection of organic wastes.
- 1.7 This IAA Annex (6) covers period to 15<sup>th</sup> May 2019, which is the next opportunity for strategic service review and when new treatment contracts will need to commence.

- 1.8 If circumstances dictate a need to review and / or amend this IAA Annex (6) prior to 15<sup>th</sup> May 2019, the member authorities agree to this being undertaken in response to a reasonable request from any member organisation. The outcome of any review must be agreed by the whole SWP.

## 2. Principles

The principles proposed by the SWP Directors and subsequently agreed (see section 1.3) are summarised below along with references to the agreed mechanism for fulfilling each of these principles:

- 2.1 Waste Collection Authorities (WCAs) retain the right to self-determination – *each authority took its own Cabinet/Executive/Council decision.*
- 2.2 SCC reduces the recycling performance payment (RPP) for garden waste to those authorities that choose to continue to provide a universal free garden waste service – *detailed in section 3 below.*
- 2.3 SCC continue to pay the existing RPP level of £54.76 to those authorities that choose to introduce or continue to provide a subscription based garden waste service. A financial review will then be undertaken on an open book basis at the end of the 2016/17, 2017/18 and 2018/19 financial years. The resultant whole waste system savings, beyond the breakeven point, across the two tiers will then be shared between the WCAs and the WDA on a 50/50 basis. This arrangement will only apply to those authorities that introduce a subscription based service – *detailed in section 4 below.*
- 2.4 In addition to the point above, the SWP will review the system of financial reconciliation ... to create an alternative financial system based on actual system performance and costs – *to be completed and agreed by end of 2018/19.*
- 2.5 It is recognised that Babergh and Mid Suffolk District Councils face unique circumstances ... a separate discussion needs to take place regarding these Councils – *detailed in section 6 below.*
- 2.6 SCC agree to pay a higher level of RPP to support any separately collected household food waste service. This increased RPP will be based on actual costs for the food waste service and be up to but not exceeding the EfW disposal costs at the time the separate food service is introduced. - *detailed in section 7 below.*
- 2.7 The SWP meet the full transitional costs of service change in their totality from savings generated for those authorities which choose to move to a subscription based garden waste service - *detailed in section 5 below.*

## 3. RPP Support for Free Garden Waste Services:

- 3.1 Collection Authorities choosing to provide a free garden waste collection service (including or excluding food waste) can choose to receive RPP support based on either of the two possible profiles detailed in the table below:

RPP (£ per tonne)	2016/17	2017/18	2018/19
Cushioned reduction	44.95	44.95	41.14
Reduction then 3%pa increase	42.37	43.65	44.95

*Note: For information, SCDC has confirmed that it has chosen the cushioned reduction, and IBC has confirmed it has chosen the reduction then 3%pa increase option.*

- 3.2 In consideration of a Collection Authority's agreement to one of these RPP support payment profiles until 15<sup>th</sup> May 2019, the Disposal Authority (Suffolk County Council) agrees not to:

- 3.2.1 Serve a notice under section 48(4) of the EPA, that Suffolk County Council objects to the recycling arrangements made by the Collection Authority for this garden/organic waste;
- 3.2.2 Make a direction under section 51(4) of the EPA, directing the Collection Authority to designated delivery points for this garden/ organic waste.

#### 4. RPP Support for Newly Introduced Subscription Garden Waste Services:

4.1 Collection Authorities choosing to introduce a subscription based garden waste collection service will receive an RPP of £54.76 per tonne for the period 1<sup>st</sup> April 2016 – 15<sup>th</sup> May 2019 inclusive.

4.2 An annual financial reconciliation will be undertaken for each collection authority area within 3 months after each financial year, in order to equitably share savings between the collection and disposal authorities according to the following formula:

Net of WCA savings and costs (beyond the breakeven point) + net of WDA savings and costs = Net overall saving (to be split 50:50)

4.3 Costs and savings to be included in this reconciliation are as follows:

$$(A+B+C+D+E+F+T_1) + (G+H+I+T_2) = X$$

(All cost reductions or income elements (e.g. subscription income) to be expressed as a negative figure)

Where:

Ref	Cost Description	Baseline figures and benchmarking for trends
A	Collection – impact on organics collection costs	2015/16 actual collection costs
B	Collection – impact on residual collection costs	2015/16 actual collection costs
C	Subscription income	No baseline, i.e. all income is new.
D	Subscription service administration cost	No baseline. What is additional resource required, and/or transaction cost.
E	Treatment – impact on treatment and transport costs	Use 3yr average (13/14 to 15/16). “Sanity check” tonnage change against IBC and SCDC for 2016/17. If IBC & SCDC change greater than 5% then adjust for this calculation as required.
F	RPP payments – loss of income to WCA	Same tonnage calculation as E
G	RPP payments – reduced cost to WDA	Same tonnage calculation as E
H	Treatment – impact on HWRC green waste throughput plus impact on FCC Diversion Bonus.	Use 3yr average (13/14 to 15/16). Only for HWRC sites within WCA area.
I	Disposal – impact on residual transport and treatment costs	2015/16 Domestic Residual. Use 2016/17 growth minus the growth observed in areas with no change.
T <sub>1</sub>	Transitional costs incurred by waste collection authority	N/A
T <sub>2</sub>	Transitional costs incurred by waste disposal authority	N/A
X	Net overall saving (to be split 50:50)	N/A

4.4 A worked example and template for use in the actual annual reconciliation is included below. Please note that the figures used in this example are illustrative only. Please refer to the Methodology worksheet for further explanation of calculations.





20160413 Year End  
Reconciliation.xlsx

### Transitional Costs of Service Change:

- 4.5 The SWP's principles included agreement that the full transitional costs of service change be met in their totality from savings generated for those authorities which choose to move to a subscription based garden waste service. This is built into the formula at section 4 above.
- 4.6 A full list of those transitional costs which specifically but not limited to transition costs associated with

Cost Description	Comments
Brown bin retrieval from non-subscribers (incl. income from recycling bins)	T <sub>1</sub>
Round reorganization	T <sub>1</sub>
Communications to households	T <sub>1</sub> and/or T <sub>2</sub>
Subscription service administration set-up cost	T <sub>1</sub>
Redundancy costs	T <sub>1</sub> and/or T <sub>2</sub>
Vehicle lease breakage costs	T <sub>1</sub>
Additional vehicle costs	T <sub>1</sub>
Food waste only service introduction costs	T <sub>1</sub>
Procurement costs	T <sub>1</sub> and/or T <sub>2</sub>

### 5. RPP Support for Existing Subscription Garden Waste Services:

- 5.1 The SWP proposal recognised that Babergh and Mid Suffolk District Councils face unique circumstances i.e. that they already have a subscription based garden waste service, and proposed that a separate discussion needed to take place regarding these Councils.
- 5.2 The mechanism described below was endorsed by SWP Directors group on the 26<sup>th</sup> November 2015 and the SWP Members on the 17<sup>th</sup> December 2015.
- 5.3 BDC/MSDC to receive the lower of either £54.76/T (existing rate per tonne) or existing total annual sum (i.e. £54.76 x 2015/16 tonnage) for 2016/17, 2017/18 and 2018/19.

*Note: The tonnage figures are likely to increase due to BDC/MSDC increasing the number of subscribers. The number of subscribers has increased by at least 10% per year in recent years and therefore the payment received is likely to reflect a year on year reduction in the rate per tonne for the 3-year period if subscribers continue to increase.*

- 5.4 BDC/MSDC accept that the RPP paid for garden waste in 3 years' time, 2019/20, will be calculated based on the reconciliations of actuals and performance over that 3-year transition period and with a standardised methodology across the County (the principle described at section 2.4 above).

*Note: It is anticipated that the RPP will therefore be considerably less than the current £54.76. The transition arrangement for BDC/MSDC will allow for budgetary adjustments to be made over that period.*

**6. RPP Support for Services Which Separately Collect Food Waste:**

- 6.1 SCC agrees to pay a higher level of RPP to support any separately collected household food waste services should a collection system exist or be introduced at a later date. The RPP level payable in support of these services will be based on actual costs and be up to but not exceeding the EfW disposal costs at the time the separate food service is introduced.
- 6.2 This higher level of RPP is specifically intended to support the separate collection of food waste, and is not available for services where food waste is comingled with garden waste. National evidence clearly shows that separate food waste collections achieve far greater food waste diversion from disposal, but evaluation of proposals to introduce such services in Suffolk alongside existing recycling services have proven expensive, leading to this offer of additional support.
- 6.3 The EfW disposal cost figure used will be the same as the rate applied for the trade waste recharge, that being the Band 2 gate fee plus the haulage element only for residual waste.

## **Annex 7 – Recycling Performance Payments April 2019 Onwards**

### **1. Introduction**

- 1.1. The Suffolk Waste Partnership (SWP) established a new local agreement for Recycling Performance Payments in April 2018. The overarching per tonne rates agreed for each material stream are set out in Table 1 of this Inter Authority Agreement.
- 1.2. The development of a new local agreement was required for the following reasons:
  - 1.2.1. The established Recycling Performance Payment regime, as originally agreed in 2013, ends on 31 March 2019.
  - 1.2.2. All parties agreed in 2016 to establish an alternative financial system for organic waste based on actual system performance and costs by the end of the 2018/19 financial year.
  - 1.2.3. The Suffolk Waste Partnership will require new contractual arrangements commencing May 2019. Any new arrangements may alter known costs and impact on the established financial system.
- 1.3. This annex therefore seeks to codify the agreed Recycling Performance Payment mechanism relating to kerbside dry recycling, kerbside organic and bring bank services from 1 April 2019 onwards.

### **2. Kerbside Dry Recycling**

- 2.1. The Waste Collection Authorities have historically carried the risks associated with recycle market fluctuations resultant from their kerbside collection services. During the period 2014 – 2018 this has seen Materials Recovery Facility gate fee fluctuate by up to £20 per tonne.
- 2.2. The Suffolk Waste Partnership collectively recognise that emerging factors, including capital works on any new MRF contract, access to overseas markets and material price fluctuations, could result in increased financial pressures being placed on the Waste Collection Authorities in future years.
- 2.3. The Suffolk Waste Partnership also recognises that the Waste Disposal Authority could also face increasing financial pressures for dealing with recycle through the operation of its 11 Household Waste Recycling Centres.
- 2.4. However, it is still in the best interest of the collective Suffolk taxpayer to support kerbside dry recycling until such time as it becomes more expensive than residual disposal via Suffolk's Energy from Waste facility.
- 2.5. The mechanism set out below has therefore been agreed between the WCA's and WDA to share any future cost burden and ensure District/Borough kerbside services remain financially viable:
  - 2.5.1. Proposal based on variance in average 'gate fee' (i.e. MRF operating charge, including contamination disposal costs, minus material income) per tonne over a financial year.
  - 2.5.2. Where the MRF gate fee is a cost, the WCAs will continue to take full risk on first £25/T in gate fee.

- 2.5.3. The WDA and WCAs to share the risk 50:50 on any additional gate fee cost in the range £25/T - £55.30/T.
- 2.5.4. The WDA will take 100% of the risk on any additional gate fee cost above £55.30/T.
- 2.5.5. £55.30/T is the point at which, factoring in the initial £25/T WCA risk, the impact of the 50/50 cost share, and the cost of haulage, the WCA net benefit from RPP is £0/T.
- 2.5.6. Where gate fee is an income, the WCAs and WDA to share that income on a 50:50 basis.
- 2.5.7. Where contamination levels exceed 11.5% the cost of this will be borne by WCAs and not included within the risk share mechanism.
- 2.5.8. It is accepted that annual inflation of the MRF operating cost will increase the likelihood of SCC sharing in costs and the £0 to £25 band will not be subject to inflationary change.
- 2.5.9. The RPP rate of £54.76 will also not be subject to inflationary change.
- 2.5.10. The SWP commits to reviewing this mechanism should changing government policy have a significant impact on one or more members of the partnership.
- 2.5.11. The SWP will continually look to review and improve collection services if current services are not proving to provide best value.
- 2.5.12. At the end of each financial year a reconciliation exercise will be carried out to calculate the average annual MRF gate fee. Any payment due from either the WDA or WCAs will then be based on the variance above a £0/T gate fee or below a £25/T gate fee.
- 2.5.13. Any payment due will be made within 3 months of the end of the preceding financial year.
- 2.6. In addition to the criteria set out in 2.5, the SWP collectively recognise that increasing MRF gate fees will significantly impact on WCA budgets before the £25/T threshold is reached. Both the WCAs and the WDA therefore agree the following:
  - 2.6.1. Non-binding discussions on the rising costs will be automatically triggered should MRF gate fees costs increase to £20/T (as set out in 3.5.1 of the main Inter Authority Agreement document).
  - 2.6.2. That any SWP Member Authority can activate a non-binding discussion on MRF gate fee costs at any time.

### **3. Bring Banks**

- 3.1. The Suffolk Waste Partnership has agreed a new Recycling Performance Payment from April 2019 for bring banks. This RPP agreed is outlined in Table 1 of this Inter Authority Agreement.
- 3.2. The RPP level agreed seeks to:
  - 3.2.1. balance the costs and incomes associated with current service provision;
  - 3.2.2. provide a firm platform upon which further expansion of the service, especially in terms of glass bring banks, can be made.

- 3.3. Certain Waste Collection Authorities are making third party payments on bring bank facilities within their sovereign areas. These payments support the recycling activities of charitable, youth or community groups and it would not be in the interests of the SWP to cease payments.
- 3.4. The Suffolk Waste Partnership collectively acknowledges that these groups play an important role in our waste infrastructure. Additional measures should therefore be taken to ensure any internal SWP alterations to RPP levels do not impact on the long-term viability of these groups.
- 3.5. The WDA therefore agrees to pay an additional fixed lump sum to the WCAs to ensure the continued support for third party operated bring bank facilities. This fixed sum is based on a baseline of audited payments to third parties for the year 2016/17 as set out in the table overleaf:

Authority	Fixed Annual Lump Sum Payment for Third Party Recycling Support
Babergh	£35,000
Mid Suffolk	£35,000
Ipswich	£7,500
Forest Heath	£8,066
St. Edmundsbury	£25,000
East Suffolk	£0
<b>TOTAL</b>	<b>£110,566</b>

- 3.6. These payments are subject to the following additional criteria:

- 3.6.1. Fixed sum payments are not intended to support the local authorities, so there is no attempt to make these 'equitable' to the councils. These payments are to allow the existing support to third parties to be perpetuated, so reflect the existing and very varied levels of use of third party recyclers and the support they are currently provided by the different authorities.
- 3.6.2. All payments are fixed at the amount stated in 3.5. Any decisions on the number or type of third party groups to receive a third-party payment is for the Waste Collection Authority.
- 3.6.3. Any future expansion of third party bring bank schemes by the Waste Collection Authorities would not affect the lump sum element of payment received from the Waste Disposal Authority.
- 3.6.4. As these fixed lump sum payments are intended to support third party recyclers, the Waste Disposal Authority reserves the right to audit future third party payments and if these fall significantly below current levels in any Waste Collection Authority area, the Waste Disposal Authority will reduce the lump sum accordingly.

#### 4. Organic Wastes

- 4.1. The Suffolk Waste Partnership collectively agrees the Recycling Performance Payments outlined in Table 1 of this Inter Authority Agreement.

- 4.2. Should any Authority wish to alter their kerbside organic collection services, any change would be subject to the Baseline Review Mechanism stated in Annex 1 of this Inter Authority Agreement.