

**BABERGH DISTRICT COUNCIL**

**FROM: Head of Natural and Built Environment**

**REPORT NUMBER: J228**

**TO: STRATEGY COMMITTEE**

**DATE OF MEETING: 8 APRIL 2010**

**SUFFOLK WASTE PARTNERSHIP INTER AUTHORITY AGREEMENT (IAA)**

**1. PURPOSE OF REPORT**

- 1.1 The report advises Members of the purpose, and the negotiated outcomes, of the Inter Authority Agreement (IAA) currently being prepared for adoption by the Suffolk Waste Partnership. Approval is sought to acceptance of the main heads of terms contained in the agreement and the subsequent signing of the agreement once finalised. The Suffolk Waste Partnership Members' Group, at its meeting on 11 March 2010 resolved to recommend adoption of the Agreement by partner Councils.

**2. RECOMMENDATIONS**

- 2.1 That the Committee approve the principles contained in the Inter Authority Agreement for the future delivery of waste services across Suffolk and,
- 2.2 That the Solicitor of the Council, in consultation with the Head of Natural and Built Environment, be authorised to enter into the Agreement between the members of the Suffolk Waste Partnership.

The Committee is able to resolve this matter.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The management of waste services across the County costs the council tax payer in excess of £25m every year. Waste collection responsibilities lie with the Districts, whereas waste disposal responsibilities rest with the County Council. Without a co-ordinated partnership approach to waste management these costs could escalate to in excess of £50m by 2020, largely as a result of landfill tax, higher waste treatment costs and potential financial penalties for non-compliance with the Landfill Directives.
- 3.2 The Council currently receives payment from the County Council for every tonne of waste recovered from the waste stream (recycled) and not sent directly to landfill. This amounted to £672,000 in 2008/09 representing a significant income to the Council to support service delivery. Failure to sign up to the IAA would see this income significantly reduce to the statutory minimum payment.
- 3.3 The IAA, in order to secure incentives for the Waste Collection Authorities (WCAs) to continue with current performance and strive to improve, provides for payments to the WCAs in excess of the statutory minimum that the Waste Disposal Authority is required to pay. The statutory minimum recycling credit payment (RCP) of £35.48 is significantly increased through the Recycling Performance Payment (RPP) to £52.76 in 2010/11 and will increase by RPI thereafter.

3.4 Current budgets already anticipate the 2010/11 payments, but from 2011/12 the IAA will provide increased income over that baseline. The current agreement does not include for an increase in payments after 2010/11. The inclusion of a contribution towards the Resource Efficiency Fund will take effect from 2012/13, but this will be accommodated from within the increased contributions. The overall impact on this for Babergh is summarised in Table 1 below:

**Table 1 – Comparison of Payments Received**

Figures based on maintaining a 40% recycling rate or approx. 14,000t	2009/10	10/11	11/12 IAA Effective	12/13	13/14	14/15
<b>Minimum Statutory Payment received if IAA not adopted</b>	482,300	496,720	511,620	526,970	542,780	559,060
<b>Current Payment and as proposed in the IAA from 11/12</b>	696,640	738,640	766,640	771,820	791,420	811,580
<b>Net increase in income over 10/11 base budget</b>	<b>0</b>	<b>0</b>	<b>28,000</b>	<b>33,180</b>	<b>52,780</b>	<b>72,940</b>

Whilst the increase in income is relatively modest, this is achieved by maintaining existing standards. The real impact would arise if, in not complying with the IAA, Babergh's income were to default to the statutory minimum. This could represent a reduction in income of £242,000

3.5 The Agreement introduces further financial incentives from which Babergh may benefit should the Council commit to improving recycling performance. The County Council will establish a capital fund of £750,000 towards collaborative schemes and also a joint fund (The Resource Efficiency Fund) in excess of £100,000 for partnership educational, promotional or communication initiatives.

3.6 Further enhanced payments are also proposed for organic waste collections (such as kitchen or garden waste).

#### **4. RISK MANAGEMENT**

4.1 This report is most closely linked with the Council's Significant Business Risk 2- Shared Services; 3- Strategic Partnerships; 4 – Political and Managerial Leadership; Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Payment of income based on recycling performance is withdrawn	D Low	2 Critical	IAA provides secure and enhanced payments from WDA to all WCAs
The Council wishes to introduce changes to its waste management services	C Significant	2 Critical	IAA contains a review mechanism which enables all parties to consider any reasonable proposal and agree.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Another partner implements changes impacting upon others or withdraws from the agreement	D Low	3 Marginal	The any partner withdrawing would no longer qualify for enhanced payments or access to other income streams
Babergh does not adopt the IAA	C Low	2 Critical	Impact of the loss of significant revenues would require serious consideration of impacts

Links to Babergh’s identified priority themes (and outcomes)

This report links particularly closely with the achievement and delivery of:

- A cleaner and greener Babergh
- A safer and healthier Babergh

5. **KEY INFORMATION**

**Background**

- 5.1 Suffolk’s District/Borough Councils, as Waste Collection Authorities (WCAs), and the County Council, as Waste Disposal Authority (WDA), were the parties to a Memorandum of Understanding (MoU) in 2007. The MoU sought to strengthen the Suffolk Waste Partnership by setting out how District/Boroughs and the County Council would work together in the delivery of waste management services for the benefit of Suffolk residents.
- 5.2 As part of the MoU it was acknowledged that to ensure future long term disposal facilities were available, an Inter Authority Agreement (IAA) would be required. The aim of the 25 year IAA is to provide all parties with a longer term degree of certainty in relation to service delivery and the funding of waste collection, onward reuse, recycling, composting/processing, and ultimate residual waste treatment or disposal. The partnership could be further developed through a Joint Committee structure or potentially a Joint Waste Authority.

**Purpose of the Inter Authority Agreement**

- 5.3 The purpose of the IAA is to establish a clear and accountable framework under which the SWP Authorities can continue to work together, in the context of Suffolk’s Joint Municipal Waste Management Strategy (JMWMS), to deliver their respective waste management responsibilities. It does this by providing certainty to enable parties to continue to move forward with their own waste management activities whilst having regard to the effect and impact upon partner authorities.

- 5.4 The IAA provides an ongoing agreement as to how waste management services are conducted and funded, over and above the requirements of the statutory regime alone. As such the IAA is a consensus reached between the WDA and WCA regarding funding, collection services, and long term disposal arrangements.
- 5.5 The IAA also assists in achieving the long term Residual Waste Treatment Facility PFI contract by virtue of the fact that it will enable the WDA to provide a degree of certainty to its PFI Contractor for the operation of that Facility. As part of the IAA each WCA has agreed the extent and variety of collection services each will operate, including the ability to review these services should circumstances warrant it. The WCAs and WDA has also agreed the basis for delivery of residual municipal waste (ie tonnages and type). This information will be shared with the PFI Contractor and used by them to assess tonnage and compositional risk over the life of the Residual Waste Treatment Facility Contract.
- 5.6 All parties to the IAA recognise that managing municipal waste also needs to be done as cost effectively as possible and with minimum environmental impact. The priority will remain the achievement of the Partnerships 60% recycling/recovery target.

#### **Commitments by the Partners within the Agreement**

- 5.7 In summary the IAA will provide for the following arrangements between the WCAs and the WDA:
- A continued partnership approach to the management of municipal waste in Suffolk in line with the National Waste Hierarchy, Suffolk's JMWMS and the SWP's vision to recycle or compost at least 60% of municipal waste by 2015.
  - A commitment from the WDA to provide additional capital funding of £750,000 for use in collaborative waste management projects between the WDA and WCAs from 2011/12.
  - A commitment from the WDA to provide increased and ongoing revenue support for WCA recycling, and composting services. Dry recyclables and green catering & garden waste will receive an index-linked Recycling Performance Payment (RPP) per tonne. In addition WCAs that put in place systems to collect and compost the wider and full range of organic wastes e.g.
  - green catering & garden waste as well raw and cooked meat, fish and other food scraps, will receive a higher Organic Waste Payment (OWP).
  - Commitment from the WDA and WCAs to contribute to a SWP 'Resource Efficiency Fund' to be used to support waste minimisation, reuse, education, awareness raising and promotional activities. In Year 1 (2010/11) the WDA will pump prime the Resource Efficiency Fund with a one off payment of £100,000.

- From Year 2 (2011/12) onwards the fund will be supported through a small monetary contribution from the WDA for each tonne of household waste recycled or composted. The WCAs will collectively match fund the WDA's annual contribution from 2012/13.
  - The WCAs' will commit to provide waste collection schemes in line with 'Baseline' data which sets out the collection methodologies and commodities. Material changes to these Baselines may impact the PFI contractor and so the IAA provides that material changes may only be made through a Review Procedure.
  - An agreed operating standard for waste delivery points and a protocol for receipt of residual waste requiring treatment or final disposal.
  - An agreed trade waste charging mechanism which will enable WCAs to adapt their trade waste services in line with the principles set out in the JMWMS and consistent with the requirement of the long term Residual Waste Treatment Facility.
  - An agreement to both WDA and WCA open book accounting in relation to waste collection, sorting, treatment, transportation, processing and disposal income and expenditure as well as transparent and accurate record keeping by and between the parties.
- 5.8 The agreements and negotiations contributing to the final document have been achieved both through dedicated officer working groups and with reference to both the Suffolk Waste Partnership Directors' Group and the Elected Members' Group, attended on behalf of Babergh by Cllr. Arthey. The Suffolk Waste Partnership Members' Meeting on 11<sup>th</sup> March considered the terms of the IAA and resolved to recommend adoption by all partner Councils. The final legal document which will comprise the IAA is presently being prepared for scrutiny by Partnership solicitors.

6. **APPENDICES**

None.

7. **BACKGROUND PAPERS REFERRED TO:**

- a) Suffolk Waste Partnership Memorandum of Understanding.

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