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.

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 Existing arrangements and payments will continue as stated in the pre-existing MOU until either

3.1.1 Contracts come up for renewal, review, or procurement

3.1.2 Changes by all parties concerned are agreed

3.2 Recycling Performance Payments (RPP) are stated in the table below:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babergh District Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>Forest Heath District Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>Ipswich Borough Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>Mid Suffolk District Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>St Edmundsbury Borough Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>Suffolk Coastal District Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
<tr>
<td>Waveney District Council</td>
<td>54.76</td>
<td>54.76</td>
</tr>
</tbody>
</table>
3.3 The WCAs and the WDA will review the RPP for 2015/16 and subsequent years in the light of market conditions and inflation. Notice of changes will be as set out in para 3.5.

3.4 Trigger points for review of existing contracts or/and agreements (as set out in Annexes) will be;

3.4.1 Change of systems/processes resulting in significant costs/savings or/and tonnages collected

3.4.2 Expiry or termination of contracts requiring new contract arrangements to be put in place

3.4.3 Budget changes

3.5 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.

3.6 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 etc.

3.7 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.

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.
6 Current arrangements

Table 1 – Existing contracts

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<thead>
<tr>
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<tbody>
<tr>
<td>SCC</td>
<td>PFI Contract RWTF disposal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Contract commences December 2014</td>
</tr>
<tr>
<td>SCC</td>
<td>FCC Environment landfill (inc transfer Red Lodge etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Contract expires 30/11/14 but extendable to 30/11/16</td>
</tr>
<tr>
<td>SCC</td>
<td>Viridor Masons Landfill</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Awarded additional services until EFW service commencement.</td>
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<tr>
<td>SCC</td>
<td>Viridor Wangford Landfill</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Contract terminates 15/05/14. Extension possible to 31/05/16</td>
</tr>
<tr>
<td>SCC</td>
<td>Viridor Colnbrook EFW (inc transfer)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Contract expires 31/03/14 unless terminated earlier or extended.</td>
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<tr>
<td>WDC</td>
<td>FCC Environment transfer Hadenham Rd</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Year on year contract extension in place until 30/10/14</td>
</tr>
<tr>
<td>SRC</td>
<td>Viridor MRF</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Contract expires 31/10/14. Transfer from Red Lodge and Haverhill after Lackford fire.</td>
</tr>
<tr>
<td>SCC</td>
<td>Tamar composting (Parham)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Contract terminates 31/03/16 but extension possible.</td>
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<tr>
<td>SEBC/FHDC</td>
<td>Tamar composting (Lackford)</td>
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<tr>
<td>IBC</td>
<td>Anglian Water Composting</td>
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<td>Contract terminates 30/06/16</td>
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<tr>
<td>BDC/MSDC</td>
<td>County Mulch composting (Creeth)</td>
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<td>Current arrangements to run to 31/03/16</td>
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<tr>
<td>SCC</td>
<td>HWRC Management</td>
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<td></td>
<td></td>
<td>FCC Environment contract terminates 15/05/19</td>
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<tr>
<td>SCC</td>
<td>Enviroco hazardous waste collection/disposal</td>
<td></td>
<td></td>
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<td></td>
<td>Contract terminates 31/10/14</td>
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<tr>
<td>SCC</td>
<td>SRCL - Healthcare and Clinical</td>
<td></td>
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<td></td>
<td>Contract terminates 31/10/14</td>
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<tr>
<td>Contract</td>
<td>WCA kerbside recyclate (MRF)</td>
<td>WCA kerbside recyclate</td>
<td>WCA kerbside organic</td>
<td>WCA trade waste</td>
<td>WCA kerbside recyclate</td>
<td>WDA HWRCs</td>
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<td>Haulage</td>
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<tr>
<td>Disposal/recycling contract</td>
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<td>WCA</td>
<td>WCA</td>
<td>WDA</td>
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<tr>
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<td>WDA</td>
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<tr>
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<td>WCA</td>
<td>WDA</td>
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<tr>
<td>Collection costs</td>
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<td>WCA</td>
<td>WCA</td>
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<tr>
<td>RPP</td>
<td>WDA</td>
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</tbody>
</table>
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 – Textiles Financial Mechanism
Annex 2 – IAA Baselines and Review Procedure
Annex 3 – Trade Waste
Annex 4 - MRF and Transfer Station Cost & Apportionment
Annex 5 – Street Sweepings
Annex 1 - Textiles Financial Mechanism

1) A baseline for the textiles collected at Bring Banks and HWRCs has been set based on 2011/12 data.

2) Actual arisings from Bring Banks and HWRCs following the introduction of the textiles scheme will be recorded on a monthly basis.

3) Tonnage variance from baseline to be monitored over the course of the financial year; if the variance is less than 5% for Bring Banks no financial reconciliation is required. Likewise if the variance is less than 5% for HWRCs no financial reconciliation is required.

4) Where the variance for either HWRCs or Bring Banks is greater than 5%, and only where the scheme has covered costs and provides an income, the calculated lost income to Waste Collection Authorities (WCA) and/or SCC is to be reclaimed from the scheme income at the end of the financial year.

5) Where costs/reclaims are to be apportioned between the Suffolk Recycling Consortium (SRC) and Waveney Norse, the split will be on an 83%-17% basis respectively. This has been calculated using the number of households in each authority area.

6) SCC to pay a Recycling Performance Payment to the WCAs on textiles lost through Bring Sites as per the tonnage variance in point 3. This is to be invoiced by each WCA as required.

7) SCC will not pay Recycling Performance Payment for those textiles collected through the kerbside scheme.

8) Any recorded scheme income, upon which costs/reclaim payments are based, must be net of all scheme costs. Scheme costs should include but are not necessarily limited to, bag packs, replacement bags, additional promotion, staff costs, gate fees.

9) Open book accounting from all parties, including SCC, The SRC, Viridor, Waveney Norse and NEWS is essential to support the reconciliation of costs. In particular with regard to material sold to the end contractor – Wilcox currently.
Annex 2 - 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, SITA, 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

**WCA/WDA/SWP** proposes a change to reuse/recycling/composting scheme in their IAA. Baseline or proposes an additional scheme. Change could be for any point within following 5 years.

- **WCA/WDA/SWP formally notifies WDA of proposed change.** *

- **Assessment considers:**
  - Will the change significantly affect (positively or negatively) Suffolk’s 60% Municipal Waste Recycling/Composting target?
  - Are the changes outside of the JMWS?
  - Are the changes in contravention of the Waste Hierarchy?
  - Does the WDA have the ability to fund the change (within the WDA’s existing budget)?
  - Does the scale of change potentially impact upon the EFW Contractor/Contract?:
    - because it would be likely to result in total tonnages of Waste delivered by the WCA and WDA to the EFW Contractor falling below levels forecast in the Base Case,
    - or because the calorific value of Waste delivered by the WCA and WDA to the EFW Contractor is likely to change materially,
    - or because there is likely to be a 10% or more rise in Waste delivered by the WCA and WDA to the EFW Contractor which cannot be processed or sent to normal landfill.

- **Change is not a Minor Change.**

- **WDA considers whether change is significant.**

- **Significant**
  - **WDA notifies all parties that a General Review will be called for discussion of the proposed change.**
  - **General Review outcome**
    - **Scheme change not implemented and no WCA Baseline change**

- **Not Significant**
  - **WDA notifies all parties that no review is required.**

- **Change is a Minor Change.**

- **WCA/WDA/SWP makes changes to scheme.**

- **Change Approved**

- **WCA Baseline updated accordingly at the Annual Review.**

**Assumption that cumulative change or addition results in a total/cumulative change (up or down) to Residual arisings reasonably predicted by the WCA/WDA/SWP to be more than 200 tonnes in any 12 month period.**

* *Information required in writing (email): Dates and period of scheme Materials Frequency Destination of material Type of receptacle Number of properties/ customers/ banks Predicted performance*
Annex 3 – 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average disposal cost (mainly landfill)</th>
<th>Average disposal cost excl Colnbrook</th>
<th>Energy from Waste Band 1</th>
<th>Energy from Waste Band 2</th>
<th>Average Transfer Costs (Haulage only)</th>
<th>Proposed Trade Recharge = Marginal Transfer and EfW cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>£103.60</td>
<td>£97.74</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014/15</td>
<td>£110.55</td>
<td>£106.25</td>
<td>£87.37</td>
<td>£76.71</td>
<td>£8.81</td>
<td><strong>£85.52</strong></td>
</tr>
<tr>
<td>2015/16</td>
<td>?</td>
<td>?</td>
<td>£88.27</td>
<td>£78.62</td>
<td>£8.81</td>
<td><strong>£87.43</strong></td>
</tr>
</tbody>
</table>

Note: The increase in 2015/16 reflects changing landfill costs only.
Annex 4 – 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 recyclate 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 recyclates (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 recyclate 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 recyclate 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 recyclate that will be applicable to every tonne, and applicable to each WCA.
Annex 5 - 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.