COMMITTEE: EXECUTIVE
DATE: 15 OCTOBER 2013
SUBJECT: SUFFOLK WASTE PARTNERSHIP INTER AUTHORITY AGREEMENT
PORTFOLIO HOLDER: COUNCILLOR PHIL SMART
HEAD OF SERVICE: GORDON MOLE

**Short description of report content and the decision requested:**
This report recognises that there needs to be an agreement between the Waste Collection Authorities and the Waste Disposal Authority to ensure continued and improving effectiveness in delivering joint waste service contracts in Suffolk.
Agreement is required to support the new agreement as set out in Option 3.

**List of Appendices included in this report:**

a) Appendix 1 – Suffolk Waste Partnership IAA

b) Appendix 2 – IBC Legal Opinion on Suffolk Waste Partnership IAA**

**Please note: Appendix 2 is to be considered in Part 2 of the agenda as it is likely that if members of the public were present during that item there would be disclosure to them of exempt information.**

This report has been prepared by Gordon Mole
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This report was prepared after consultation with:
Portfolio Holder – Environment and Transport
Head of Development and Public Protection
Suffolk County Council Head of Waste
Suffolk Waste Partnership Members Group
Suffolk Waste Partnership Directors Group

The following policies form a context to this report:
(all relevant policies must also be referred to in the body of the report)
Suffolk Joint Municipal Waste Management Strategy (JMWMS)
Building a Better Ipswich
LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(papers relied on to write the report but which are not published and do not contain exempt information)

1. Suffolk Waste Partnership Inter Authority, June 2013

OTHER HELPFUL PAPERS
(papers which the report author considers might be helpful – this might include published material)

2. Draft Inter Authority Agreement version 5.1, March 2010
1. Introduction

1.1 Suffolk’s District and Borough Councils, as Waste Collection Authorities (WCAs), and Suffolk County Council, as Waste Disposal Authority (WDA), were parties to a Memorandum of Understanding (MoU) sealed by all Councils in January 2008. The MoU sought to strengthen the Suffolk Waste Partnership (SWP) by setting out how Districts/Boroughs and the County Council would work together in the delivery of waste management services for the benefit of Suffolk residents.

1.2 The initial duration of the MoU was 5 years, with an expiry date of 31 March 2013. At this point it was anticipated that it would be superseded by an Inter Authority Agreement (IAA).

1.3 The MoU acknowledged that an IAA would be required to support the future development of long term waste disposal arrangements. As part of the Energy from Waste (EfW) contract that was latterly procured by Suffolk County Council, the SWP began the process of developing and agreeing an IAA.

1.4 The aim of the IAA is to provide all parties with a longer term degree of certainty in relation to service delivery and the funding of all municipal waste systems be that reuse, recycling, composting or residual waste treatment or disposal.

1.5 This report recognises that there needs to be an agreement between the Waste Collection Authorities and the Waste Disposal Authority to ensure continued and improving effectiveness in delivering joint waste service contracts in Suffolk.

2. Background

2.1 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, to deliver their respective waste management responsibilities. It does this by providing the SWP Authorities with a set of principles and agreements from which all waste planning activities can be developed with the full commitment, understanding and support of all partnership members.

2.2 The IAA provides an on-going 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 will provide a mechanism by which the WDA and WCAs can define agreement on matters relating to waste service funding, collection services, and long term disposal arrangements.

2.3 The IAA sets out the agreements between the WDA and WCAs. The main body of the document identifies agreed general principles for joint working with project specific agreements contained in the annexes. Further annexes will be added as and when they are approved by the SWP with agreement by partner authorities. It is considered that this modular provides a flexible approach to waste management in Suffolk. This principle for this modular approach was agreed by the SWP Members group in June 2012.
2.4 The SWP Members group has also agreed a number of project specific annexes. The annex relating to the SWP textiles scheme was agreed in June 2012 and the annexes relating to the IAA baseline mechanism, trade waste and cost apportionment were agreed in June 2013.

2.5 Initial drafting of the IAA took place in 2010, using legal advice provided by Forest Heath District Council. The agreement has been updated in line with further discussions between authorities at the SWP Directors’ Group (including the former responsible Director and Head of Service for IBC) and noted by the SWP Members group.

2.6 It is the opinion of IBC officers that the IAA provides limited information on mechanisms for change and dispute resolution, as set out in section 10. The SWP Members group has approved the IAA on the basis that (a) the agreement provides overall benefit to the council taxpayer and (b) that all partners will benefit equally from savings and efficiencies.

2.7 SWP member authorities have provided their views on the agreement. It is the view of Mid Suffolk and Babergh officers that the IAA is a set of principles which are, on balance, more advantageous to WCAs than if no agreement were to exist. This is particularly true of RPP payments where officers are of the view that the principle of collective benefit would mean that any unilateral changes by SCC would face strong opposition from WCAs collectively.

2.8 Officers from West Suffolk waste service (incorporating St. Edmundsbury DC and Forest Heath DC) have confirmed that they will be recommending approval of the IAA. At the time of writing no information had been received regarding Suffolk Coastal and Waveney District Council’s intentions.

2.9 Suffolk County Council’s Cabinet approved the IAA on 10th September, without amendment.

2.10 The IAA will be subject to a formal review period of five years, but may be reviewed before this date where there is collective agreement by SWP member authorities.

3. Relevant Policies

3.1 Suffolk’s Joint Municipal Waste Management Strategy (JMWM) was agreed by Executive in 2003 and will be reviewed in 2020. The JMWM polices set out below apply to the IAA:

- Policy Statement 1: We will enhance joint working between authorities to improve waste management services in Suffolk.
- Policy Statement 4 – We will promote and encourage waste reduction wherever possible to minimise the amount of waste that is produced.
- Policy statement 14 – We will seek to minimise the amount of waste landfilled by maximising reduction, re-use, recycling and composting.
- Policy Statement 15 – We recognise that all authorities will see significant increases in the costs of providing waste management services. We will work together to seek to minimise these increases by:
a) securing best value through joint procurement and tendering where possible; and
b) maximising funding that can be obtained from external sources. Where possible we will be flexible and share costs to minimise disruption to other services provided by the local authorities.

3.2 Building a Better Ipswich, Underlying Principle 2: Value for Money
Aim 2: We will reduce Council waste in energy and materials
Aim 3: We will work with other organisations, where this will improve the service or reduce the cost to Ipswich residents.

3.3 Building a Better Ipswich, Theme 5: A Greener Ipswich. The following aims will be supported through the adoption of the IAA:
Aim 3: We will improve our recycling and reduce our levels of waste
Aim 5: We will improve the cleanliness of our town

4. Options Considered / Under Consideration

4.1 Option 1 - Do nothing

The existing MoU expired on 31 March 2013. Currently there is no agreement in place between the WCAs and the WDA. Not signing the IAA would revert the relationship between IBC and SCC to a WCA/WDA statutory framework, and would remove IBC as a partner with other WCAs.

Advantages
• None

Disadvantages
• IBC would be at risk of direction by the WDA if the Council unilaterally does not sign the Inter Authority Agreement. This risk is mitigated if other WCAs elect not to sign the agreement. However, under its legislative powers as WDA, as set out in the Environmental Protection Act (1990) Suffolk County Council can direct a WCA to dispose of waste at its sole discretion.

4.2 Option 2 – Do not approve the IAA

IBC could seek to renegotiate the IAA to provide more certainty on mechanisms in relation to dispute resolution, future changes to, or termination of, the agreement and cost apportionment.

Advantages
• IBC may receive clarity on the issues identified above.

Disadvantages
• IBC would risk being the only SWP member authority not to sign the agreement, following a resolution by the SWP Members’ group in June 2013. This risk is mitigated if other WCAs also elect to not sign the agreement as it stands. Other authorities have indicated they intend to sign.
• IBC could be directed by the WDA under its legislative powers, and no MoU would be available to direct mechanisms for joint approaches to managing waste.

4.3 **Option 3 - Approve the IAA**

The IAA document attached to this report identifies the agreed general principles with the various annexes identifying the contractual or project specific agreements. Further contractual or project specific annexes will be added as and when agreed by the SWP. It is considered that this modular system provides a flexible approach to waste management in Suffolk. This is the approach favoured by Suffolk Waste Partnership Members Group.

**Advantages**

- The IAA sets out the general principles for which the SWP are collectively responsible and will benefit from collective agreement.
- The IAA allows for the addition of future waste streams and procurements through its modular approach, allowing a flexible approach to developing joint processes to take place. The life of the agreement is therefore extended.
- The agreement provides a mechanism to maximise benefit to Suffolk taxpayers and to reduce landfill waste, with positive environmental benefits.
- The agreement allows for a collective method of working, delivering benefits to WCAs beyond the statutory framework.

**Disadvantages**

- Signing the IAA without a clear dispute resolution provides a risk where SWP Members are collectively unable to agree (a) changes to arrangements or payments or (b) future annexes.

5. **Consultations**

5.1 The IAA was discussed and agreed by the Suffolk Waste Partnership Members Group on 29th June 2012.

5.2 Annex 1 – Textiles Financial Mechanism was discussed and agreed by the Suffolk Waste Partnership Members Group on the 29th June 2012.

5.3 Annex 2 - IAA Baselines and Review Procedure was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.

5.4 Annex 3 – Trade Waste was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.

5.5 Annex 4 - MRF and Transfer Station Cost & Apportionment was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.
## 6. Risk Management

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Consequence of risk</th>
<th>Risk Controls</th>
<th>Probability of risk occurring taking account of controls (scale A-F)</th>
<th>Impact of risk, if it occurred taking account of actions (scale 1 – catastrophic; 4 – negligible)</th>
<th>Actions to mitigate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to agree IAA</td>
<td>Funding levels will be uncertain, leading to cuts in waste services in Suffolk. Recycling Levels will decrease.</td>
<td>E</td>
<td>3</td>
<td>Agreement of IAA</td>
<td></td>
</tr>
<tr>
<td>Agreement not reached on subsequent IAA Annexes</td>
<td>Funding levels will be uncertain, leading to cuts in waste services in Suffolk. Recycling Levels will decrease.</td>
<td>C</td>
<td>3</td>
<td>Suffolk Waste Partnership - Directors and Members groups will develop practical and realistic agreements.</td>
<td></td>
</tr>
</tbody>
</table>

## 7. Environmental Impact Assessment

7.1 The Inter Authority Agreement seeks to provide a framework for the delivery of increased materials recycling and diversion from landfill, including a financial mechanism for textile recycling. The IAA specifically provides a mechanism for ensuring maximisation of the Energy for Waste plant to reduce landfill, with a longer-term view to closing landfill sites in Suffolk.

7.2 Where current or future annexes to the IAA will have a specific impact on the environmental conditions of residents and businesses, such as the location of Waste Transfer Stations, these will be addressed through planning conditions.

7.3 Where future changes to waste collection and disposal are covered by the IAA, impacts on community groups and residents will be considered before annexes are
approved.

8. Equalities and Diversity Implications

8.1 A full EQIA exists for the provision of domestic and trade refuse collection in Ipswich.

9. Financial Considerations

9.1 The underlying financial principle of the Suffolk Waste Partnership IAA is that all partners should benefit equally from savings and efficiencies and that all costs/benefits should be apportioned on an appropriate and proportional basis. However, this does not mean that there will not be future budgetary impacts but as and when any financial impacts are known they will be reported on.

10. Legal Considerations

10.1 Legal Services have not been involved in the negotiation or drafting of the proposed Inter Authority Agreement. It has however been agreed by the SWP members group that reports will be taken to Suffolk County Council and the appropriate decision-making bodies of all the district / borough councils in Suffolk recommending that it is approved. As there will be eight parties to the agreement some amendments may be required before it can be concluded.

10.2 As a waste collection authority (WCA), under sections 45-48 of the Environmental Protection Act 1990 Ipswich Borough Council:
   - Must arrange for the collection of household waste (and, if requested, of commercial waste) in its area
   - May arrange for the collection of industrial waste in its area, if requested. This must be with the consent of the relevant waste disposal authority (WDA)
   - Must deliver the controlled waste it collects to a place specified by the WDA (unless the controlled waste is recycled), and.
   - Must comply with any directions about separation of waste given by the WDA.

10.3 The IAA sets out a general set of principles, with two substantive legally binding provisions:
   - That all partners will benefit equally from savings and efficiencies arising from the contracts and costs/benefits are apportioned (i) appropriately (ii) and proportionately
   - The amount of Recycling Performance Payments for 2013/14 and 2014/15 is specified. There is no express provision for them to be paid, but this is covered by the statement that existing arrangements and payments will continue as stated in the pre-existing MoU.

10.4 Legal opinion on the IAA and annexes are set out in the exempt Appendix Two.
11. Performance Monitoring

11.1 The Suffolk Waste Partnership Members group regularly monitor performance of the partnership.

11.2 Waste tonnages and recycling performances are monitored and reported Quarterly.

12. Conclusions

12.1 The need for an Inter Authority Agreement to replace the existing MoU has been identified and approved by all SWP Member Authorities.

12.2 A modular Inter Authority Agreement has been agreed by the SWP Members group as the most appropriate way forward.

12.3 The draft IAA reflects the inequality of bargaining power between the WCAs and WDA. It does however state that four key principles of (a) transparency; (b) consultation; (c) co-operation; and (d) best value will be applied, in line with the principle that WCAs and the WDA will work together as members of the Suffolk Waste Partnership to fulfil their responsibilities in collecting and disposing of waste.

12.4 Where an agreement cannot be agreed, the WCA can be directed by the WDA under the statutory framework to comply with the WDA’s disposal mechanisms and processes.

13. Recommendations

13.1 That Executive approves the Inter Authority Agreement as set out in Appendix One of this report with minor amendments as may arise in the course of agreement by SWP member authorities.

Reason: That this option provides an agreement which ensures certainty for the two-tier financing of waste services in Suffolk.

13.2 That the Head of Community and Cultural Services is authorised to develop future annexes to the IAA to cover other waste streams, in consultation with the Environment and Transport Portfolio Holder, excepting where these involve a significant change in budget or policy and require Executive approval.

Reason: to ensure provision of waste services in Suffolk is maintained and that increased levels of recycling are achieved.
Appendix One: Inter Authority Agreement

Suffolk Waste Partnership Inter-Authority Agreement

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 1 |
|-----------------|-----------------|-----------------|
|                 | 2013/14 GBP Per Tonne | 2014/15 GBP Per Tonne |
| Babergh District Council | 54.76 | 54.76 |
| Forest Heath District Council | 54.76 | 54.76 |
| Ipswich Borough Council | 54.76 | 54.76 |
| Mid Suffolk District Council | 54.76 | 54.76 |
| St. Edmundsbury Borough Council | 54.76 | 54.76 |
| Suffolk Coastal District Council | 54.76 | 54.76 |
| Waveney District Council | 54.76 | 54.76 |

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>
<thead>
<tr>
<th>Contract Holder</th>
<th>Description</th>
<th>Notes</th>
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<tbody>
<tr>
<td>SCC</td>
<td>PFI Contract RWTF disposal</td>
<td>Contract commences December 2014</td>
</tr>
<tr>
<td>SCC</td>
<td>FCC Environment landfill (inc transfer Red Lodge etc)</td>
<td>Contract expires 30/11/14 but extendable to 30/11/16</td>
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<tr>
<td>SCC</td>
<td>Viridor Masons Landfill</td>
<td>Awarded additional services until EfW service commencement.</td>
</tr>
<tr>
<td>SCC</td>
<td>Viridor Wangford Landfill</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>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>Year on year contract extension in place until 30/10/14</td>
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<tr>
<td>SRC</td>
<td>Viridor MRF</td>
<td>Contract expires 31/10/14. Transfer from Red Lodge and Haverhill after Lackford fire.</td>
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<tr>
<td>SCC</td>
<td>Tamar composting (Parham)</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>
<td>Contract to terminate 31/03/16</td>
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<td>IBC</td>
<td>Anglian Water Composting</td>
<td>Contract terminates 30/06/16</td>
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<tr>
<td>BDC/MSDC</td>
<td>County Mulch composting (Creeting)</td>
<td>Current arrangements to run to 31/03/16</td>
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<td>HWRC Management</td>
<td>FCC Environment contract terminates 15/05/19</td>
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<td>SCC</td>
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<td>Contract terminates 31/10/14</td>
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<td>SCC</td>
<td>SRCL - Healthcare and Clinical</td>
<td>Contract terminates 31/10/14</td>
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<tr>
<td>Contract</td>
<td>WCA kerbside recyclate (MRF)</td>
<td>WCA bring banks</td>
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<tr>
<td>Collection</td>
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<td>Haulage</td>
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<td>Disposal/recycling contract</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 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.

**Assessment considers:**
- Will the change significantly affect (positively or negatively) Suffolk’s 60% Municipal Waste Recycling/ Composting target?
- Are the changes outside of the JMWMs?
- 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? because it would be likely to result in total tonnages of Waste delivered by the WCAs and WDA to the EFW Contractor falling below levels forecast in the Base Case,
- or because the calorific value of Waste delivered by the WCAs 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 WCAs and WDA to the EFW Contractor which cannot be processed or sent to normal landfill.

**The proposed 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.**

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

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

**WDA considers whether change is significant**

**WDA notifies all parties that no review is required.**

**WDA notifies all parties that a General Review will be called for discussion of the proposed change.**

**General Review outcome**
- **Change Approved**
- **Scheme change not implemented and no WCA Baseline change**

**Assumption that cumulative change of less than 200 tonnes will always be a Minor Change.**

**Change is not a Minor Change.**

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

**WCA Baseline updated accordingly at the Annual Review**
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></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>£85.52</td>
</tr>
<tr>
<td>2015/16</td>
<td>Not available</td>
<td>Not available</td>
<td>£88.27</td>
<td>£78.62</td>
<td>£8.81</td>
<td>£87.43</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.