

Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Cabinet Member for Environment and Waste

CABINET

15 OCTOBER 2013

CAB13/109

SUFFOLK WASTE PARTNERSHIP INTER-AUTHORITY AGREEMENT (Decision Plan Reference: OCT13/06)

1. Summary and reasons for recommendation(s)

- 1.1 This report sets out the proposed future arrangements for the members of the Suffolk Waste Partnership to enter into an Inter-Authority Agreement (IAA) to ensure continuous improvement and effectiveness in delivering joint waste service contracts in Suffolk.

2. Recommendation(s)

- 2.1 That the Cabinet is asked to approve the Suffolk Waste Partnership Inter Authority Agreement and its associated annexes (Appendix 1).**
- 2.2 That Delegated Authority is granted to the Head of Waste Management and Property Services, in consultation with the Cabinet Member for Waste and Environment, to agree any final details and enter into the agreement on terms that best protect the Council's interest.**

Contact details

Name
Title

Telephone
E-mail

Portfolio holder

Councillor Nigel Roman
Cabinet Member for
Environment and Waste
01638 712679
nigel.roman@forest-heath.gov.uk

Lead officer

Mark Walsh
Head of Waste Management and
Property Services
01284 757300
mark.walsh@westsuffolk.gov.uk

3. How will the recommendations help us meet our strategic priorities?

3.1 The recommendation(s) meet the following, as contained within the Corporate Plan:

(a) Forest Heath Corporate Priority: *'An effective and efficient Council'*

4. Key issues

Background

- 4.1 The statutory responsibilities for delivering waste services in a two-tier local government area like Suffolk fall to both district and borough councils as Waste Collection Authorities (WCAs), and the County Council as the Waste Disposal Authority (WDA).
- 4.2 Suffolk's councils have a strong history of working together as the Suffolk Waste Partnership. The eight member authorities of the Partnership are:
- a) Babergh District Council
 - b) Forest Heath District Council
 - c) Ipswich Borough Council
 - d) Mid Suffolk District Council
 - e) St Edmundsbury Borough Council
 - f) Suffolk Coastal District Council
 - g) Suffolk County Council
 - h) Waveney District Council
- 4.3 All eight Suffolk councils were the parties to a Memorandum of Understanding sealed in January 2008. The Memorandum sought to strengthen the Suffolk Waste Partnership 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.
- 4.4 The duration of the Memorandum of Understanding was five years, with an expiry date set for 31 March 2013. At this point it was anticipated that it would be superseded by a further agreement (the Inter Authority Agreement).
- 4.5 The Memorandum of Understanding acknowledged that an Inter-Authority Agreement 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 Partnership began the process of developing an Inter Authority Agreement.
- 4.6 The aim of the Agreement 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.
- 4.7 This report recognises that there needs to be an agreement between the WCAs and the WDA to ensure continued and improving effectiveness in delivering joint waste service contracts in Suffolk.

The Inter Authority Agreement

- 4.8 The purpose of the Inter-Authority Agreement 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 partner authorities with a set of principles and agreements from which all waste activities can be planned and developed with the full commitment, understanding and support of each other.
- 4.9 The Agreement provides an on-going commitment to how waste management services are conducted and funded, over and above the requirements of the statutory regime alone. As such the Agreement will provide a mechanism by which the councils can clearly define agreement on matters relating to waste service funding, collection services, and long-term disposal arrangements.
- 4.10 The main body of the Inter-Authority Agreement 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 required and agreed by the Partnership. It is considered that this modular style provides a flexible approach to waste management in Suffolk. This principle for this modular approach was agreed by the Suffolk Waste Partnership Member Group in June 2012.
- 4.11 The Member Group has also approved a number of project-specific annexes. The annex relating to the textiles collection scheme was agreed in June 2012 and the annexes relating to the baseline mechanism, trade waste and cost apportionment were agreed in June 2013.
- 4.12 Future annexes to the Inter-Authority Agreement will be developed to cover other waste streams and changes to services. Clearly if any proposed change involves a significant change in budget or policy, then it would be brought to Cabinet for decision.
- 4.13 The Agreement was internally approved by the Suffolk Waste Partnership Members Group on 27 June 2013. The Member Group recommended this Agreement to each authority's Cabinet or approving body for ratification.
- 4.14 Although no formal timescales for approval exist, all eight Suffolk authorities are submitting the Inter-Authority Agreement to their respective Cabinet or approving body during September and October 2013. Agreement by all eight authorities would allow the Inter-Authority Agreement to be formally implemented during the autumn of 2013.

Current Major Projects

- 4.15 In 2014-15 the County Council should reach the conclusion of the construction phase of the Energy from Waste project, with full service commencement planned for December 2014.
- 4.16 In addition to this facility, the County Council will require a network of transfer stations, in order to bulk up the waste collected in four of the district and borough council areas for haulage to Great Blakenham.

- 4.17 Another major development for waste services is the procurement of a new countywide contract for the handling, sorting, and sale of recyclables collected at the kerbside. This contract will be managed by the County Council, and will use the same network of transfer stations for onward transfer to the recycling facility.
- 4.18 However offset against those savings will be the cost of the handling and the transportation of residual waste across Suffolk from those areas not adjacent to Great Blakenham. At the moment the capital cost of the network, and the cost of operation of the sites is not known. The capital cost of the sites should be determined in the current financial year, and the operating cost will be the subject of a procurement process due to start this autumn.
- 4.19 Partnership working in waste avoids duplication and fragmentation of service, and allows the authorities to take advantage of the economies of scale for both residual and recyclable tonnages across the County, by procuring services effectively.
- 4.20 In addition to the cost apportionment process, the Agreement sets the Recycling Performance Payment for 2014-15 at the same level as 2013-14. The County Council contributes approximately £7.7m to the districts and boroughs each year for the recycling and composting services they undertake, which, of course, reduces the volume of waste sent to landfill (from December 2014, the energy from waste facility) and thus disposal costs.

5. Other options considered

- 5.1 Another option would be to do nothing. However, as previously stated, the current MoU expired on 31 March 2013. Currently there is no agreement in place between WCAs and the WDA and failure to secure an agreement will result in uncertainty over levels of payments. It will also affect the SWPs collective ability to maintain and improve waste services in Suffolk.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 There are no crime and disorder implications contained within this report.

6.2 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 There are no human rights and diversity implications contained within this report.

6.3 Sustainability impact *(including completing a Sustainability Impact Assessment)*

- 6.3.1 Part of the evaluation of waste tenders is based upon environmental and sustainability criteria. Decisions need to include consideration of the impact of rising fuel costs along with the CO2 implications.

- 6.3.2 The IAA, associated policies and procurements for waste intend to support the waste hierarchy which seeks to avoid and reuse waste and improve recycling.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 Each of the scheduled procurements for new waste contracts under the governance of the IAA may have impacts to the Council. Each annex to the IAA will need to be considered carefully in terms of its potential impact.

7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 The following consultation has been undertaken:

- a) The main Inter Authority Agreement document was discussed at the Suffolk Waste Partnership Members Group on 29th June 2012 and it was agreed it would be submitted to each Council.
- b) Annex 1 – Textiles Financial Mechanism was discussed and agreed by the Suffolk Waste Partnership Members Group on the 29th June 2012.
- c) Annex 2 - IAA Baselines and Review Procedure was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.
- d) Annex 3 – Trade Waste was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.
- e) Annex 4 - MRF and Transfer Station Cost & Apportionment was discussed and agreed by the Suffolk Waste Partnership Members Group on the 27th June 2013.

8. **Financial and resource implications** *(including asset management implications)*

8.1 Financial and resource implications will become clear as procurements for major waste contracts are concluded and the costs and benefits are fully appropriated across the SWP authorities.

8.2 The largest potential financial impact to the Council is dependent on the number and location of transfer stations in West Suffolk. This will be determined on the basis of the best overall value to the Suffolk Council Tax payer in terms of WCA and WDA costs as well as other factors like impact to non Refuse Collection Vehicle (RCV) fleet, CO2 emissions, projected rises in fuel costs, projected future housing growth, operational efficiency and resilience.

8.3 If the procurement results in a net gain in the number of transfer stations in West Suffolk, collection costs are likely to fall and under the IAA the Council is due to pool any savings with other SWP members. Conversely, if the number of transfer stations in West Suffolk decreases, collection costs are likely to rise. The majority of any additional collection costs will be met by SCC on the basis that around two thirds of the tonnage we deliver to the transfer station(s) will be residual waste which the County is responsible for disposing of. The remaining one third of any additional costs would need to be met by the Suffolk Recycling Consortium which is responsible for disposing of recyclable waste.

8.4 The annual cost of depreciation, staff, fuel and maintenance for each additional RCV is estimated to be in the region of £160K to £170K. Subject to a comprehensive collection round redesign, in the most favourable scenario we

could reduce RCV numbers by between one and two vehicles. In the least favourable scenario we may need to increase the RCV fleet by between three and four vehicles. There would also be a cost impact to non-RCV operations to utilise transfer stations (e.g. cleansing vehicles) as well as costs to redesign collection rounds and communicate changes to residents.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to agree IAA potentially leading to uncertain funding arrangements and reductions in waste services	Medium	Approve IAA	Low
Agreement not reached on subsequent IAA Annexes	Medium	SWP Directors and Members groups will develop practical and realistic agreements	Medium
The cost of waste services increase as a result of the IAA and new waste contracts	Medium	Whilst there are a large number of potential variables that may impact on cost, the IAA provides a suitable framework to ensure costs and benefits are shared equitably	Medium

10. Legal and policy implications

10.1 The current MoU has expired and there is a need for a new agreement for waste between the WDA and WCAs. The IAA will develop as future Annexes come forward for agreement.

11. Ward(s) affected

11.1 All.

12. Background papers

12.1 E27 – West Suffolk Waste & Street Scene Services Joint Committee - 14 June 2013

13. Documents attached

Appendix 1 – Suffolk Waste Partnership 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 £/tonne	2014/15 £/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 1 – Existing contracts

Contract Holder	Description	2013	2014	2015	2016	2017	2018	2019	Notes
SCC	PFI Contract RWTF disposal								Contract commences December 2014
SCC	FCC Environment landfill (inc transfer Red Lodge etc)								Contract expires 30/11/14 but extendable to 30/11/16
SCC	Viridor Masons Landfill								Awarded additional services until EfW service commencement.
SCC	Viridor Wangford Landfill								Contract terminates 15/05/14. Extension possible to 31/05/16
SCC	Viridor Colnbrook EfW (inc transfer)								Contract expires 31/03/14 unless terminated earlier or extended.
WDC	FCC Environment transfer Hadenham Rd								Year on year contract extension in place until 30/10/14
SRC	Viridor MRF								Contract expires 31/10/14. Transfer from Red Lodge and Haverhill after Lackford fire.
SCC	Tamar composting (Parham)								Contract terminates 31/03/16 but extension possible.
SEBC/FHDC	Tamar composting (Lackford)								Contract to terminate 31/03/16
IBC	Anglian Water Composting								Contract terminates 30/06/16
BDC/MSDC	County Mulch composting (Creting)								Current arrangements to run to 31/03/16
SCC	HWRC Management								FCC Environment contract terminates 15/05/19
SCC	Enviroco hazardous waste collection/disposal								Contract terminates 31/10/14
SCC	SRCL - Healthcare and Clinical								Contract terminates 31/10/14

Table 2 - Responsibility for payment

Contract/ Function	WCA Kerbside Recyclate	WCA Bring Banks	WCA Kerbside Organic	WCA Trade Waste	WCA Kerbside Residual	WDA HWRCs
MRF }	WCA					
Haulage of Recyclate }	WCA					
HWRC						WDA
Transfer Stations }	WCA		WCA	WCA	WDA	WDA
Haulage of Residual & Organic }			WCA	WCA	WDA	WDA
Organic Waste Contracts			WCA			
Waste Disposal Facilities				WCA	WDA	WDA
Bring Bank Contracts		WCA				
Contract Management	WCA	WCA	WCA	WCA	WDA	WDA
Collection Costs	WCA		WCA	WCA	WCA	
RPP	WDA	WDA	WDA			

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.

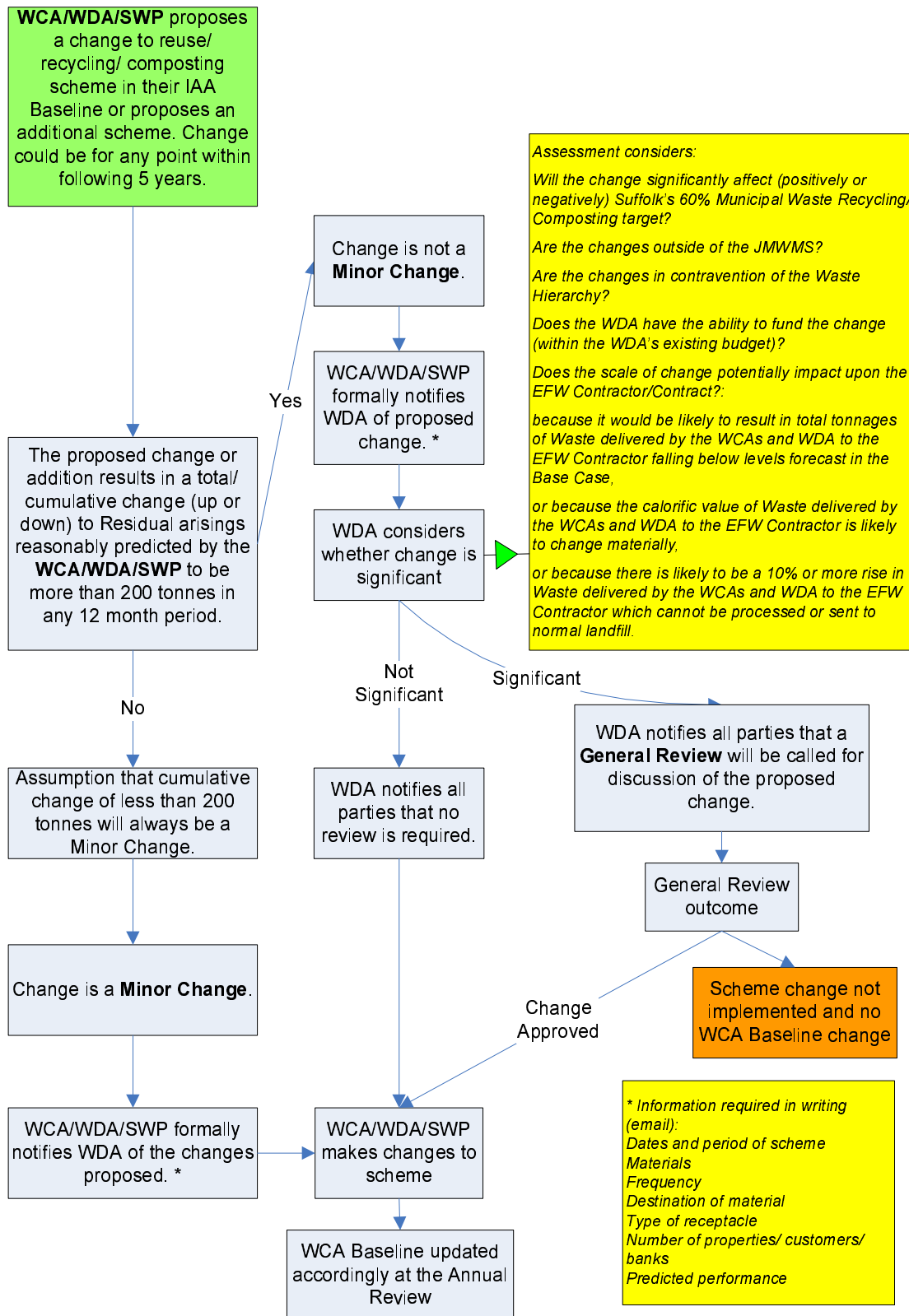
2. The Parties acknowledge that this IAA shall be treated and shall stand as:-

- 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



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 to 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
2013/14	£103.60	£97.74	n/a	n/a		
2014/15	£110.55	£106.25	£87.37	£76.71	£8.81	£85.52
2015/16			£88.27	£78.62	£8.81	£87.43

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.