

From: Mike Whiting, Cabinet Member of Planning, Highways, Transport and Waste

Barbara Cooper, Corporate Director, Growth Environment and Transport

To: Environment & Transport Cabinet Committee - 15 May 2018

Decision No: 18/00023

Subject: Inter Authority Agreement in respect of the management of the Waste Project between Tonbridge and Malling Borough Council (TMBC) & Tunbridge Wells Brough Council (TWBC)

Key decision: Yes

Classification: Unrestricted

Future Pathway of Paper: For Cabinet Member Decision

Electoral Division: Tonbridge & Malling /Tunbridge Wells Borough Councils

Summary:

This report seeks agreement to enter into separate Agreements between Kent County Council (KCC) and TMBC/TWBC which commits parties to the most economically advantageous position for the collection and disposal of waste services within the respective administrative areas.

The consequence of increased levels of recycling and composting by the Borough waste collection authority reduces the final disposal costs borne by KCC.

This Agreement incentivises parties to increase and maximise levels of kerbside recycling across all waste streams and therefore share the cost savings achieved by KCC as the Waste Disposal Authority.

Recommendation:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport to approve KCC entering into an Inter Authority Agreement (IAA) with TMBC and TWBC to increase levels of recycling and reduce disposal costs for KCC as shown at Appendix A. To encourage improvement, savings will be equally shared between respective Collection and Disposal Authorities as performance payments. This is to be the policy approach in all new Waste Partnership Agreements with Collection Authorities.

1. Introduction

- 1.1. TMBC & TWBC have commissioned a new kerbside model of waste collection to significantly increase its recycling and composting rate by including wheeled bin collection of dry recyclables, and separate weekly food waste collections.
- 1.2. To provide financial support for this revised collection system, all parties formed the South West Kent Waste Partnership to agree a system of performance payments, like those that has been activated in the Gravesham Borough Council endorsed by the Cabinet Committee on the 13th January 2016.
- 1.3. The Authorities have worked productively together to devise an enabling payment scheme which reflects actual savings achieved, with a 50% share of disposal cost reduction being paid to the borough councils to incentivise good performance.
- 1.4. No incentive payment is payable where performance does not reduce disposal costs.
- 1.5. The Agreement commits KCC and the borough councils to cooperate in the delivery of the most economically advantageous method of waste collection and treatment. It is legally binding and replaces all other existing arrangements regarding payments made by KCC to both borough councils.
- 1.6. This IAA will be concurrent with the new collection contracts which are scheduled to end on the 31 March 2027; however, provisions exist for the mutual withdrawal from the agreement at three calendar months' notice. Any extensions will be at the discretion and agreement of KCC

2. Financial Implication

- 2.1 This approach has worked well with Gravesham Borough Council, since a similar agreement was launched in 2014, recycling has risen from 32% in 15/16 to 39% in 17/18 with a saving shared with Gravesham in 16/17 of £235,466
- 2.2 It is proposed to enter into two individual IAA's with TWBC & TMBC now that both parties have established and tendered the most economically advantageous kerbside collection method, these will maximise recycling and thereby reduce KCC's final disposal costs.
- 2.3 Reasonable annual forecast gross disposal savings for each Authority is estimated as follows;

	Total Saving	50% share with Borough
TMBC	£1,366,308.35	£683,154.17
TWBC	£1,068,821.09	£534,410.55

- 2.4 This agreement will incentivise sustained levels of performance and replace a current scheme of paying recycling credits to borough councils by KCC – these are costly and inefficient for all parties.

3. Policy Framework

- 3.1. The proposed decision is in line with the Kent Joint Municipal Waste Management Strategy (KJMWMS), to which KCC is a signatory. The KJMWMS commits all councils in Kent to work collaboratively to maximise recycling and reduce waste to landfill.

4. The Report

- 4.1. Increasing levels of recycling is fundamental to the Kent Joint Waste Management Strategy. This agreement serves as an incentive to maximise kerbside recycling. This directly reduces the waste disposal costs for KCC.
- 4.2. TWBC & TMBC will procure all necessary containers and a vehicle fleet to facilitate increased recycling at its own expense. It will maximise this service across its administrative area to reach a maximum number of households.
- 4.3. KCC retains the responsibility for the treatment and disposal of these materials, therefore it must contractually continue to secure material recycling facilities and maximise income.
- 4.4. The Partners are aware that Central Government may make material changes in legislation that could affect this agreement. If this happens the partners will negotiate in good faith and may agree to cease the agreement if it no longer serves its purpose.
- 4.5. The performance support payments are made to reward continual levels of performance. This places the accountability on the borough councils as the statutory collection authority and rewards both boroughs and KCC equally.
- 4.6. GBC adopted this incentivised method of increased recycling, resulting in recycling increasing by 7% in the first year, and this is likely to increase further.

5. Future planning

- 5.1. Cabinet Committee Members may recall that the Environment and Cabinet committee endorsed this approach in 2017 of sharing savings which are entirely based upon performance.
- 5.2. Based upon current levels of performance, this new approach will lead to further savings for KCC, particularly within the East Kent District Council partnership when the existing legal agreements finishes, as this currently makes fixed enabling payments by KCC - regardless of actual performance or savings realised. This means the risk currently sit with KCC rather than the party with the ability to manage the risk.
- 5.3. Discussions are already underway with the East Kent (EK) Partnership, where it has been made clear that any future payments made by KCC will only be paid to recognise actual cost savings realised. This partnership covers

Canterbury City Council, Dover District Council, Thanet District Council and Folkestone and Hythe District Council. The agreement was negotiated in 2009.

- 5.4. This EK Partnership has not realised its targeted levels of 50% recycling. In 2016/17 they achieved 41%. Average fixed enabling payments paid by KCC to each district are £708,157.
- 5.5. Mid Kent Waste Partnership - Maidstone, Ashford and Swale - was negotiated in 2012 and whilst following the same principles, the payments are much less than those paid in East Kent and this partnership performs reasonably well with KCC. The targeted recycling performance was 48.2% and in 2016/17 45.9% was achieved. This Partnership agreement ends in 2023, average fixed district payments are £196,677 – substantially less than East Kent.
- 5.6. Dartford and Sevenoaks have decided not to adopt kerbside collection schemes that maximise recycling, currently preferring to retain weekly residual waste collections. In 2017 / 18 Dartford recycled 24% of its kerbside waste and Sevenoaks achieved 33%.

6. Conclusions

- 6.1. This IAA rewards Tunbridge Wells and Tonbridge and Malling Borough Councils for increasing recycling rates and through the reduction of residual waste means KCC will benefit from reduced disposal costs.
- 6.2. This agreement replaces all other legacy agreements and focuses entirely upon cost reduction due to a more comprehensive kerbside collection that encourages more recycling.
- 6.3. The commencement date will follow implementation of the new kerbside collection service in July 2019, with the initial term expiring in 2027.
- 6.4. Flexibility exists to change this agreement through negotiation or rescind this agreement with three months' notice
- 6.5. This approach of performance related payments will be adopted across all of Kent at the time current legal agreements are replaced.

7. Recommendation: The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Planning, Highways, Transport to approve KCC entering into an Inter Authority Agreement (IAA) with TMBC and TWBC to increase levels of recycling and reduce disposal costs for KCC as shown at Appendix A. To encourage improvement, savings will be equally shared between respective Collection and Disposal Authorities as performance payments. This is to be the policy approach in all new Waste Partnership Agreements with Collection Authorities.

8. Background Documents and Appendices

Appendix A: Proposed Record of Decision

9. Contact Details

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