

From: **Matthew Balfour, Cabinet Member for Environment and Transport**

David Beaver, Head of Commercial Management and Waste Services

To: **Environment and Transport Cabinet Committee – 13 January 2016**

Decision No: **15/00110**

Subject: **Inter Authority Agreement in respect of the management of the Waste Project between Kent County Council and Gravesham Borough Council**

Key decision: **Yes**

Classification: **Unrestricted**

Past Pathway of Paper: **N/A**

Future Pathway of Paper: **Decision by Cabinet Member**

Electoral Division: **Gravesham Borough Council**

Summary:

This report proposes an Agreement between Kent County Council (KCC) and Gravesham Borough Council (GBC) which commits both parties to the most economically advantageous position for the collection and disposal of waste services within the administrative area of Gravesham.

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 both parties to increase and maximise levels of kerbside recycling across all waste streams and therefore share the cost savings achieved by KCC as the WDA.

Recommendation:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment and Transport for the Inter Authority Agreement between KCC and GBC to increase levels of recycling and reduce disposal costs for KCC as detailed in Appendix A.

1. Introduction

1.1 GBC proposed a new 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 In order to provide financial support for this revised collection system, GBC approached the Head of Waste Management with a view to agreeing a system of enabling payments, similar to those that has been activated in the East Kent and West Kent partnerships.
- 1.3 The two 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 GBC 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 GBC 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 GBC.
- 1.6 The duration of this agreement will be force until 31 March 2024; however provisions exist for the mutual withdrawal from the agreement at three calendar months' notice.

2. Financial Implications

- 2.1 GBC baseline performance has been established at 25.1% - KCC will not make payments to GBC if recycling performance falls below this agreed baseline.
- 2.2 Payments to incentivise GBC will be recycling support payments. They will reflect 50% of the net saving to KCC. These payments will be calculated on the actual reduction of residual waste (waste that is not recycled) against the agreed baseline. For 2014/15, the improved levels of recycling reduced operating costs by £228,000 – as such, a payment of £114,000 would be due to GBC.
- 2.3 The baseline tonnage will be adjusted annually by the overall increase of waste collected in GBC – this takes into account housing growth or general increases in household waste.
- 2.4 No investment or net additional cost is required of KCC, investment will be required by GBC and was approved by GBC's Cabinet in October 2013.

3. Policy Framework

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

4. The Detail

- 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 GBC has purchased all of the 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 may 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 recycling support payments are made to reward increased levels of performance. This places the accountability on GBC as the collection authority and rewards both KCC and GBC equally.
- 4.6 GBC adopted this method of increased recycling in June 2014 pending successful conclusion of negotiations about the Agreement. This has resulted in reduced disposal costs of £228,000.

5. Conclusions

- 5.1 This IAA rewards GBC for increasing recycling rates by virtue of reduced residual waste KCC also substantially benefits from reduced disposal costs.
- 5.2 During the early implementation of this methodology recycling has increased from the 25.1% baseline up to 33%. Investment of containerisation and fleet will increase this further.
- 5.3 The commencement date will follow approval and will expire in 2024.
- 5.4 Flexibility exists to change this agreement through negotiation or rescind this agreement with three months' notice.

6. Recommendation:

The Environment and Transport Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment and Transport for the Inter Authority Agreement between KCC and GBC to increase levels of recycling and reduce disposal costs for KCC as detailed in Appendix A.

7. Background Documents

- 7.1 Draft Inter Authority Agreement - Appendix A

8. Contact details

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