

## CABINET

29<sup>TH</sup> SEPTEMBER 2016

### SHARED WASTE SAVINGS AGREEMENT

**Cabinet Member:** Cllr Neal Davey  
**Responsible Officer:** Andrew Jarrett – Director of Finance, Assets & Resources

**REASON FOR REPORT:** The purpose of this report is to agree a shared savings partnership agreement and a future position on waste transfer stations.

#### **RECOMMENDATION:**

That the Cabinet 1) agrees to the entering into a shared savings partnership agreement on the terms shown within the report, 2) delegates authority to the Director of Finance, Assets & Resources and the Cabinet Member for the Environment to agree precise terms of the transfer station(s) arrangements with DCC in order to minimise associated onward transfer of waste to disposal sites either inside or outside of the District.

**RELATIONSHIP TO CORPORATE PLAN:** The waste service is arguably the most frontline, and hence high profile, of all the Council's services. The Council is committed to delivering a high quality waste service, at the lowest operational cost, whilst increasing overall recycling levels and reducing aggregate tonnages of waste going to landfill. This new Partnership agreement will importantly help to move all of these objectives forward and ensure that collection and disposal authorities work in a more combined way.

**Financial Implications:** The Partnership Agreement has the potential to yield savings of circa £200k per annum and enable long term certainty for both Mid Devon and Devon County Council in both its waste collection and disposal operations. The transfer stations will also help to give cost stability in this key service area.

**Legal Implications:** This partnership agreement has been reviewed by our legal team and has been considered for adoption by all of the Devon District Councils and DCC.

**Risk Assessment:** As the shared savings agreement is based on reduced tonnages of waste going to landfill and the splitting of food and garden waste any movements either up or down in tonnages will affect the savings figure payable.

#### 1.0 Introduction

1.1 In 2014/15 when the Council began to plan for a number of strategic changes to its waste collection arrangements officers held initial informal conversations/meetings with colleagues from Devon County Council's

Environment Department to discuss potential reductions to tonnages of landfill and increased service collection costs associated with our proposed new scheme.

- 1.2 All Devon Collection Authorities (the Districts) and the Disposal Authority (Devon County Council) officers have now agreed a shared savings Partnership Agreement (PA). This PA which each Collection Authority will enter into individually will see both parties financially benefit from any changes to baseline service provision as at 2014/15 which delivers reductions in waste treatment and disposal.

## **2.0 The Shared Savings Agreement**

- 2.1 In order for the Collection Authorities to introduce changes to waste collecting systems, there would need to be an acknowledgement from the Disposal Authority, that most changes would incur upfront investment, to deliver a step change in service. For example, different vehicles, changes to collection frequencies, different bins/boxes, resident engagement and education events and PR, etc., all require initial revenue and capital outlay, which will result in additional costs to the collection authorities and is then likely to reduce expenditure for the disposal authority after implementation.

- 2.2 On that basis, the collection and disposal authorities across Devon have agreed on a shared savings partnership agreement that has the following principles:

- Waste Collection Authority (WCA) invest in a material change to their collection scheme which will deliver savings on the disposal/treatment cost of waste/material for Devon County against 2014/15 as a baseline.
- Net saving payments made to WCA annually each year based on already supplied tonnage figures sheet which links to treatment cost spreadsheet
- Net saving payments made to WCA for up to 10 years (2016/17 first year matches organic material treatment contract start and length) paid in September the following year.
- The WCA will not make material changes to their service after signing agreement without prior consultation and agreement. This gives WDA security in its letting of contracts.
- Anticipated savings for MDDC from already changed service implemented in 2015/16 is £200,000 p.a. = £2,000,000 over the ten year period.
- Allows for growth in households but not in changes in behaviour. So if residents produce more waste or recycle less this will result in lower payments.
- Includes household waste but not clinical or trade waste
- Commercially sensitive gate fees will remain confidential but South West Audit Partnership will audit and have access to gate fees information
- MDDC have led on negotiations from WDA side. Withheld investment in new more expensive RCVs which split garden and food waste until agreement signed.

- The new organics contract starts in April 2017 (when food and garden waste material needs to be split for treatment). There is a six months lead time for new RCVs provision which are required by us to have the ability to split the two materials at the point of collection.

2.3 A final version of this partnership agreement, based on the attached draft document, will be considered by DCC's Cabinet in the next couple of weeks

### **3.0 Other shared working with Devon County Council**

3.1 As the Managing the Environment PDG has previously been advised, the acquisition of the new Carlu Close depot has given the Council the opportunity to consider additional shared working possibilities.

3.2 These possibilities would include;

#### **Transfer Stations**

- That MDDC invests in two transfer stations at Carlu Close depot for organic waste and residual waste
- 10 year signed agreement which either party can exit with 1 years notice

#### **Residual Waste**

- The proposed residual waste transfer station will be funded by DCC for both the construction and operation of the site
- Would use current vacant ¼ of building at existing depot
- DCC would contribute £25,000 for the existing rent
- The site would require planning permission and a Waste Licence
- Waste would be bulked at the depot from RCVs and hauled daily to the Exeter EFW site. Haulage costs would be paid for by DCC
- Would give alternative provision following the closure of the Broadpath landfill site where MDDC's residual waste is currently taken
- The alternative if the site is not agreed maybe that DCC direct us to take material direct to Exeter with little or no funding
- The new site would maximise round efficiency for its disposal site as it would reduce round mileage. This would also put MDDC in control of its disposal points opening times so would be able to consider 4 day working for the service.

#### **Organic Waste**

- The proposed organic waste transfer station will be funded by MDDC for both the alterations and operation of the site.
- The site would bulk garden, food and street sweeping waste collected before sending for composting at various sites
- The alternative if the site is not agreed could be to haul the material to new treatment plant in East Devon with little or no funding

- The proposed site would be located in the current vacant silage bay at Carlu Close (£9K rental p.a.)
- The proposed site would require planning permission and a Waste Licence.
- Waste would be bulked at the site from RCVs/sweepers and hauled daily to the treatment site. Haulage would be paid for by DCC.
- The new site allows for closure of new organic treatment contracts let by DCC but currently treated at the Broadpath IVC plant.
- The new site would maximise round efficiency as it would lower round mileage. Importantly, it would also put MDDC in control of disposal point(s) opening times so the Council could consider 4 day working

3.3 The financial and operational benefits of having transfer arrangements on our own site, managed and controlled directly by our officers, will greatly reduce the uncertainty of future waste direction possibilities and offer an ongoing contribution towards rental and management overheads.

3.4 DCC's Cabinet will also be considering the above opportunities at a meeting in the near future.

#### **4.0 Conclusion**

4.1 Based on 2014/15 baseline data and current scheme predictions over revised tonnages for landfill disposal associated with our new waste scheme officers have estimated that savings of circa £200k could be delivered by this partnership arrangement.

4.2 Having waste transfer opportunities at Carlu Close, will ensure that the Council has greater control/flexibility with regard to waste direction/disposal points, which will enable officers to minimise potential financial exposure of onward disposal costs.

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**Background papers:** Various Managing the Environment PDG papers

**Circulation of the Report:** Cllr Neal Davey