

DRAFT Memorandum of Understanding

The Optimum Waste Management Service for East Kent

March 2008

1.0 Partners and aims

1.1 This memorandum of understanding (MOU) is between the following local authorities:-

Canterbury City Council,
Dover District Council,
Shepway District Council,
Thanet District Council, and
Kent County Council

1.2 The parties aim is to deliver convergence of refuse collection systems such that they can be combined into a single service with a common specification. This recognises the potential for economies of scale and rationalisation which can be achieved through integration of waste collection and disposal services. This can be described as the “Optimum Waste Management Service”.

1.3 All parties confirm that they will work to deliver the optimum service which offers the most effective and efficient service to the taxpayers of East Kent irrespective of the impact on individual authority budgets on the understanding that any adverse impact would be shared between the partner authorities.

2.0 Status of the MOU

2.1 This MOU is a statement that the parties intend to negotiate with each other towards convergence. It is anticipated that the results of negotiations will be put into a legally binding document executed by all the parties and no provisions shall be binding until this is complete.

2.2 On this basis the terms set out below form the foundation for negotiation only, and represent a starting point for working together in good faith. It is recognised that during the intervening period until a single service commences across East Kent, it may become undesirable for one or more parties to continue towards convergence. The parties, however, aim to keep each other fully informed of their respective positions.

2.3 For the avoidance of doubt this MOU shall have a long stop date of 31 December 2015, after which it shall no longer apply. However, it may be varied, revoked or replaced by a further MOU with the agreement of the parties set out in 1.1 above.

- 2.4 This MOU is not intended to be legally binding. Corporate governance, the respective Constitutions and the procurement rules for each party over-ride the content of this MOU.

3.0 **Convergence**

- 3.1 A fundamental requirement of convergence is to negotiate a common specification for waste collection services. Furthermore, it needs to be clear as to what constitutes a waste collection service. As a starting point waste collection is taken to mean regular household refuse collection and kerbside recycling only. (Issues such as bulky household waste collections will need to be considered further).

4.0 **The Convergence Period**

- 4.1 The parties have identified potential additional costs during the period of convergence which would not otherwise be incurred. These are likely to include realignment of procurement and contract dates to ensure co-terminus contract terms occur by the end of 2015, but exclude costs which would have arisen irrespective of this MOU.
- 4.2 Kent County Council undertakes to meet certain fixed costs to be determined in advance which are set to be incurred specifically for the purpose of convergence, with a view to containing overall waste collection and disposal costs for the Kent taxpayer. Such costs will exclude officer time and indirect costs.
- 4.3 The waste collection authority ~~parties~~ **ies**, undertake to achieve set milestones to be determined which will trigger payments by Kent County Council to recompense the additional costs and enable convergence.
- 4.4 A mechanism for payment and repayment will need to be agreed with KCC by each party taking account of the possibility of cessation of working towards convergence.

5.0 **Commitment**

- 5.1 Kent County Council will seek to provide a pool of pump-priming funding to be paid on achievement of key milestones and in recognition of additional costs incurred in working towards convergence. For the sake of clarity this funding will be used to support individual authorities by for example underwriting capital expenditure incurred in moving towards convergence and supporting the delivery of pilot services. See Appendix 1 which summarises the position and commitment of each partner.
- 5.2 All parties will seek to agree a common specification in principle which maximises the potential for convergence in the provision of waste services (refuse collection and kerbside recycling method) given the particular parameters of the individual authorities by the end of July 2008.
- 5.3 All parties will formally agree a detailed specification by 31 December 2008 through their respective corporate governance systems.

- 5.4 All parties will agree to a clear timetable setting out the step changes required to deliver a converged service across East Kent by 31 December 2008.
- 5.5 The parties will identify by 2010 one authority to lead joint procurement, bids for funding etc. or agree that these services should be procured and delivered through the ~~Joint Services Committee~~ **East Kent (Joint Arrangements) Committee**.
- 5.6 Kent County Council will procure waste recycling and disposal infrastructure to ensure that convergence can be supported. For clarity, the joint kerbside waste collection service will utilise the recycling and disposal facilities provided by KCC, but until this service commences the waste collection authorities may make local arrangements. Kent County Council will also support the convergence process by making available such bulking and sort facilities as may be required to enable the process of change to progress. Nothing in this MOU applies to "bring schemes".
- 5.7 The parties will agree the performance standards to be met by the converged service, by 31st December 2008.
- 5.8 In view of the value and scale of the proposed converged service, a risk management plan will be developed by July 2008 and be agreed by all parties.
- 5.9 All parties agree not to take any actions which ~~mitigate~~ **militate** against convergence, or increase the costs of convergence.

6.0 **Sharing Information**

- 6.1 A prerequisite of joint working is openness and trust. All parties will provide open book accounting and will respect the confidentiality of the information provided, where it is commercially sensitive and therefore not in the public domain.
- 6.2 Any potential conflict of interest shall be notified to all parties immediately and all the parties shall agree appropriate measures to ensure transparency.
- 6.3 No party shall make public statements regarding this MOU without consulting the other parties, to insure consistency of information placed in the public domain.

Appendix 1

Summary of the initial position and commitment of each partner.

Canterbury City Council

- To realign the existing waste collection contract to be co-terminus with those of the other parties as far as practicable and within in the period 2012 to 2015.

Dover District Council

- To aim to extend the current waste collection contract for 2 years to allow time for the development of convergence.
- To operate trials of alternative specifications during the extension period, including the use of wheeled bins.
- To share the results of such trials with the other parties.
- To prepare for out-sourced procurement on expiry of the extension.

Kent County Council

- To provide a pump-priming fund. (see 5.1)
- To ensure that no waste collection authority in East Kent is financially disadvantaged by working towards convergence by allocating the pump-priming fund as appropriate and in consultation with the other parties.
- To provide recycling and waste disposal infrastructure and other such bulking and sorting facilities as may be required to support the convergence process (see 5.6)

Shepway District Council

- To put in place local arrangements to ensure a continuous waste collection service delivery until August 2009.
- To prepare for out-sourced procurement to apply from 2009.

Thanet District Council

- To evaluate models of commissioning for a joint waste collection service through the Joint Services Committee.