



**Improved Joint Working Project Report from AEA:  
Surrey Waste Partnership report to the  
Surrey First Joint Committee Meeting, 16<sup>th</sup> December 2010**

**1.0 Background**

- 1.1 In 2009 Surrey Waste Partnership agreed a series of Partnership Projects, using pooled funding. One of these projects was the Improved Joint Working Project. In March 2010, having identified waste as a high priority for efficiency savings, the Surrey Chief Executives and the Surrey First Task Group (now Joint Committee) asked the Surrey Waste Partnership to look into the optimum partnership model(s) for waste management in Surrey, consistent with the achievement of efficiencies, and report back to them by the end of the year.
- 1.2 This coincided with Surrey Waste Partnership's Improved Joint Working Project that aimed to identify how to achieve sustainable efficiencies in Surrey whilst delivering its revised Joint Municipal Waste Management Strategy, now known as a Plan for Waste Management, associated Action Plans and World Class Waste Solutions.
- 1.3 This project is now complete with the production of a Report from AEA setting-out the opportunities with waste management for Surrey in the coming years. This Report has now been agreed and adopted in principle by the Waste Partnership and by the Surrey Chief Executives, and is now in front of the Surrey First Joint Committee for its' consideration. The AEA Report is attached as Annexe 1 to this report.
- 1.4 The project objectives were:
- To establish the 'picture' of current and planned waste management services in Surrey
  - To establish desired outcomes
  - To identify the optimum model for a Surrey partnership to deliver the desired outcomes
  - To establish barriers to implementation and identify mitigating actions to overcome

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- To enable options for delivery to take into account objectives in the second and third bullet points above
- To recommended actions to implement by November 2010

### 1.5 Project outcomes:

- An understanding of the range of options for improved joint working in waste management in Surrey, including an understanding of the relative advantages and disadvantages of the different models
- An understanding of optimum joint working models available to Surrey
- A recommendation on optimum deliverable solutions for Surrey

1.6 After implementation of the project recommendations, Surrey will be an exemplar of delivering waste management by achieving world-class targets and achieving sustainable efficiency savings.

### Project structure:

1.7 The Partnership allocated a budget for this project and a project steering group (consisting of two sponsors, the partnership programme manager and the project manager) was set up to ensure focus and give direction to the project. The project team consisted of officers from across the partnership and was supported by consultants from AEA who were appointed to advise on the matter and bring their knowledge, experience and expertise of similar projects as well as to provide us with an external challenge.

## 2.0 Summary and purpose

2.1 The purpose of the report is to inform the Surrey First Joint Committee of the outcome of this Project and the views of Surrey Waste Partnership and of the Surrey Chief Executives in receiving the recommendations of AEA's report. The Surrey Waste Partnership met on the 4<sup>th</sup> of November to consider the report and the constituent Partnership authorities unanimously agreed and adopted the conclusions of the report, subject to a small rewording of the first recommendation. The Surrey Chief Executives Meeting was held on the 12<sup>th</sup> of November, and again the recommendations were unanimously agreed, subject to a small re-wording of the second recommendation. The agreed recommendations, as amended, of these meetings, which Surrey First Joint Committee is now invited to consider and agree, are contained at the end of this report.

## 3.0 Process and methodology

3.1 Surrey Waste Partnership and Surrey Chief Executives recognise that the project team adopted a process of effective project governance and management, including stakeholder management and access to information on practices from other local authorities and waste partnerships.

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- 3.2 The project process consisted of:
- a wide-ranging data gathering exercise, collecting waste management data from all SWP authorities
  - a first stakeholder workshop that presented best practice and agreed opportunities and priorities
  - analysis of the data by AEA, using the list of opportunities and established priorities as filters in developing proposals
  - a second workshop presenting the results of the analysis back to stakeholders for endorsement
- 3.3 Members have been involved in both workshops coordinated by AEA and also involving senior officers from across the SWP plus representatives from HR, legal, procurement, trades union, and finance, all from Surrey-wide networks.
- 3.4 The first of these workshops discovered stakeholders' priorities in relation to waste management. Accepting that 'customer service' is an overarching priority across all opportunities the next clear highest priorities were 'perceived value for money', 'cost', and 'environmental benefits'.
- 3.5 The second workshop was used to demonstrate the range of opportunities available to the partnership, over a range of periods of time, with a range of resultant savings. Best practice was referenced, particularly in respect of the wish to achieve 70% recycling with world-class service delivery.
- 3.6 The Waste Partnership and the Chief Executives concur that the project has established a strong knowledge base, and that the process followed with stakeholders, including Members, was a robust process in determining collective priorities and developing the opportunities and associated savings presented in AEA's report. The potential savings of c£19m over seven years and proposed service improvements demonstrate clear opportunities for Surrey arising out of improved joint working. The savings estimated include both cash savings and avoided costs, and there will be some costs associated with any agreed infrastructure changes. An appropriate cost benefit analysis will be undertaken when proceeding with items in the Action Plan. This will assess the impact of each action since it was proposed.
- 3.7 The Chairman and Vice Chairman of the Surrey Waste Partnership have also undertaken an information gathering tour, accompanied by Partnership officers, of the four counties of Kent, Buckinghamshire, Gloucestershire and Dorset, including meetings with lead officers and Members. These four partnerships were chosen as they are at various stages of development towards closer and more integrated joint working. All of them are at various stages in improved joint working. The useful information gained on these series of visits has enabled a greater understanding of the issues and potential benefits associated with improved joint working.
- 3.8 It is also important to the validity of AEA's Report that the baseline information was collected by two officers (from Guildford BC and Surrey CC), and these same

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officers are able to agree with the veracity of the calculations and figures contained in the AEA Report. The work has also increased significantly the available information about both the cost base and the knowledge base of waste management in Surrey.

- 3.9 David Hill, as lead Chief Executive for Waste Management, was involved throughout this Project and has attended meetings of Surrey Waste Partnership as well as the second workshop. He has also reported on the Project to these meetings and to meetings of Surrey First. He jointly presented the report to the Surrey Chief Executives together with the Chairman of the Officers' Group, James Whiteman

#### 4.0 AEA's Report key recommendations

- 4.1 Surrey Waste Partnership and Surrey Chief Executives are supportive of the way in which recommendations are phased as short term opportunities (over the next 1 to 2 years), medium term opportunities (2 to 7 years) and long term opportunities (7 to 10 years).

- 4.2 The key recommendations are as follows:

##### Short Term Opportunities (1-2 years)

- Data sharing between the Partnership to inform contract negotiations for the current and future sale of recyclable materials
- Negotiation of 'best price' with all current contractors and service providers
- Benchmarking for each authority to identify local efficiency gains
- Maximising recycling by increasing the Partnership's recycling rate by at least 5% per year to 2015 and encouraging waste reduction to achieve a 2% per annum reduction in total waste arising
- Optimise recycling collections through the introduction of new materials at the kerbside including batteries, textiles and food waste (where appropriate and feasible)
- Investigation of joint infrastructure arrangements and alignment or integration with street scene services
- Considering a more developed funding arrangement that includes the redistribution of some savings from the WDA to WCAs in addition to achieving efficiencies
- Development of recyclables materials consortia for key recyclable materials including paper
- Development of an Intermediate Inter Authority Agreement (IIAA) to encourage joint working through the sale of recyclable materials

##### Medium Term Opportunities (2 - 7 years)

- Movement towards harmonised collection systems with all authorities on an Alternate Weekly Collection, weekly food, dual stream, collecting a wide range of high quality recyclable materials, with strong policy and enforcement

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- Continued efforts to maximise recycling and minimise overall waste arisings with a focus on hard to reach areas and flats
- Contract Alignment
- Development of joint services for bulky waste and clinical waste
- By the end of the medium term the development of an Inter Authority Agreement (IAA) to supersede the IIAA and to firm up a more developed funding arrangement that includes the redistribution of some savings from the WDA to WCAs
- Development of a suite of model contract documents that the Surrey Waste Collection Authorities (WCAs) can use
- Joint contracting of services for adjoining authorities, utilising in-house or external service providers
- Maximised recycling and recovery from new waste treatment infrastructure coming online

Long Term Opportunities (7 - 15 years)

- Joint collection authorities (horizontal alignment structure)
- Maximised recycling and recovery from new waste treatment infrastructure coming online (continued)

4.3 It is clear to the Partnership and to the Chief Executives that the short term opportunities can be achieved without wholesale upheaval and reorganisation of waste management in Surrey. This will create the opportunity for the Partnership to do some genuine partnership working with tangible results, whilst at the same time developing the ability to work together, and the skills needed to take on more challenging opportunities.

**5.0 Redistribution of savings**

5.1 Surrey Waste Partnership and Surrey Chief Executives are pleased that the report is explicit, both in its text and in its recommendations, about the issue of the redistribution of savings across the partnership in addition to achieving efficiencies. The AEA Report states the need to recognise that savings will normally occur to the Waste Disposal Authority through the saved costs of disposal. It goes on to propose that this should be recognised financially in the form of a transfer of some of the savings to the Waste Collection Authorities and the Waste Disposal Authority has been explicit about acknowledging this principle.

**6.0 Realisation of savings**

6.1 The Partnership is keen to report the robustness of the methodology undertaken to establish the range of opportunities which will lead to the envisaged financial savings. It has also studied the range of experiences from other counties which have embarked on joint working and regards the potential savings and avoided costs as achievable. The methodology was adopted by members and used to elicit

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the key politically acceptable drivers for change. These have determined the key recommendations in the form of the outlined opportunities.

6.2 It needs to be noted that whereas the savings calculations have been validated by officers, they are indicative, based on early implementation of the opportunities and comprehensive agreement across the County. However, a continuation of the current arrangements could not only result in no savings, but very considerable additional costs in addition to the current levels of costs. It is also clear that the projected savings include both cashable savings, and known increases in costs which are avoided

7.0 Key areas to be pursued

Short term	Data sharing to inform better price for recyclables	
	Negotiate best price from service providers	
	Benchmark to identify local efficiency gains	
	Increase recycling by 5% pa and reduce waste by 2%	
	Introduce new kerbside materials	
	Investigate joint infrastructure/ street scene alignment	
	Redistribute WDA savings to WCAs	
	Recyclables consortium	
	Intermediate Inter Authority Agreement	Savings circa £2m

Medium term	Harmonised collection systems	
	Maximise recycling, minimise waste, especially hard to reach areas	
	Contract alignment	
	Joint service for bulky and clinical waste	
	Inter Authority Agreement	
	Model contract documents	

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	Joint contracting for adjoining authorities	
	New waste treatment infrastructure	Savings circa £17m

<b>Long term</b>	Joint collection authorities (horizontal alignment)	
	Maximised recycling and recovery from new waste treatment infrastructure	Savings dependent on partnership route

## 8.0 Key cash to be pursued

2010/11 to 2014/15	Savings (£m)
Reaching 70% recycling	13.7
Material sales commingled (best price)	1.75
Material sales paper (best price)	1.5
Clinical service (best price)	0.5
Material sales green waste (best price)	1.4
<b>Total</b>	<b>£18.85m</b>

## 9.0 High-level plan to delivery

9.1 The report from AEA delivers its brief as a strategic overview of the range of opportunities available to Surrey through improved joint working. Surrey Waste Partnership and Surrey Chief Executives are aware of the impending need, following approval of the report, to translate the high level plan into delivery on the ground through a short-term and medium-term Action Plan. The Partnership and the Chief Executives agree that the Action Plan will need to be mutually agreeable to the Partners, with no sense of compulsion or coercion, but with signed-up Partners being held to account and supported by each other, in order to be able to measure, monitor and ensure delivery. It will also need to set out what is required to be delivered, by whom, and when. Key barriers to change will also need to be included in the Action Plan; they will need to be fully considered and robustly addressed. Some additional short term opportunities may be added to the Action Plan: for instance, the five existing Surrey contracts with one waste management contractor may produce an opportunity that is only covered under a high-level 'joint contracting of services' section in the AEA report.

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9.2 The report is explicit that “the partnership should consider resource issues” and that “a Partnership Manager is required...who can provide an overview and prompt action” to help deliver the recommendations.

9.3 The report also indicates “... the Partnership has made fantastic progress to date, and is ready for the challenges and greater efficiencies that improved joint working will bring.” This will reassure Surrey First Joint Committee that Surrey Waste Partnership is on the right track, as also agreed by the Surrey Chief Executives.

#### 10.0 The ‘do-nothing’ option

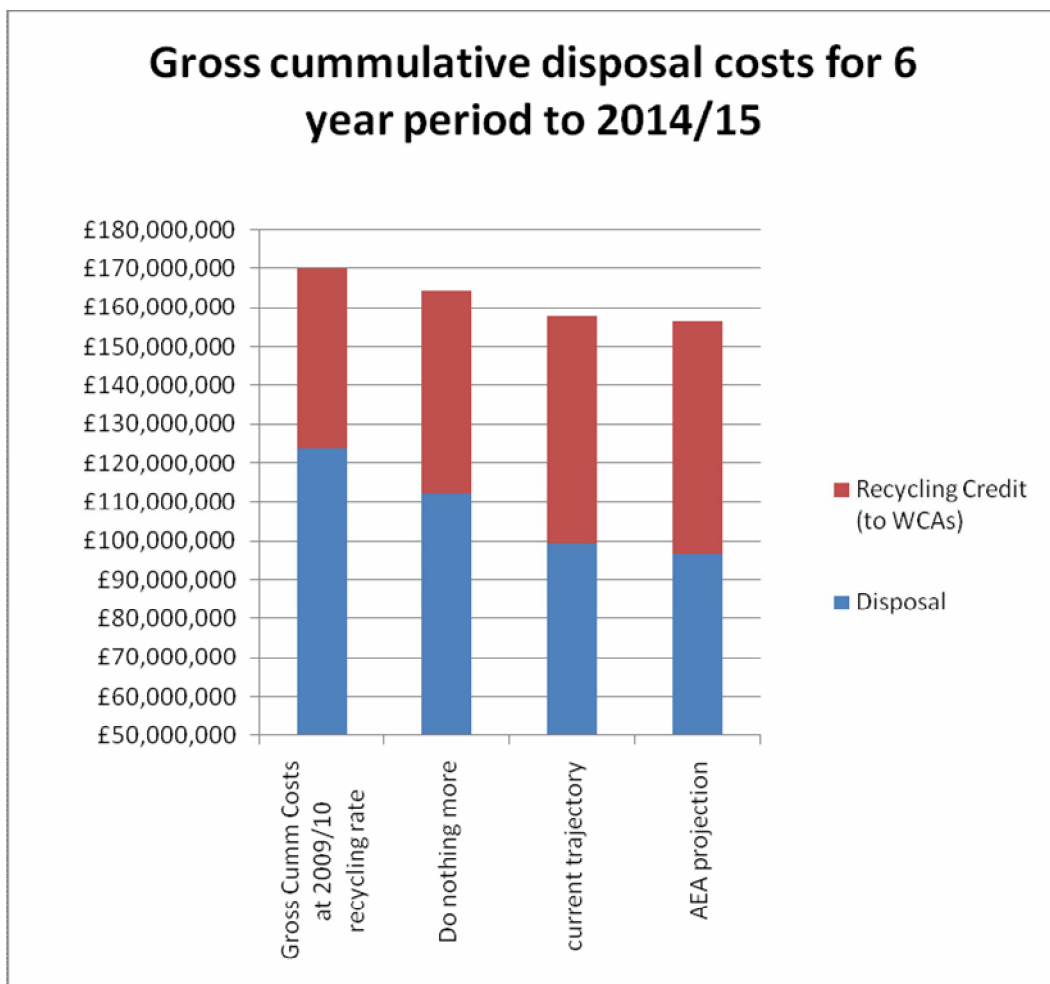
10.1 It is worth being absolutely clear about the inevitable consequences of continuing with waste management in Surrey on the same basis as present. These consequences are:

- **The costs of disposal:** if waste has to be disposed-of rather than recycled, as planned, there is an additional attendant cost associated with its disposal. This is currently something in the order of £70 to 80 per tonne, and rising.
- **The cost of landfill tax:** each tonne of waste disposed to landfill attracts a tax, payable to the exchequer. Currently £48 per tonne, this will rise to £80 per tonne by 2014, and very probably continue rising.
- **The loss of recycling income:** on the other hand, most recyclables have a positive value. This varies from material to material, and also some of the prices are volatile. Nonetheless this value is completely lost in disposal whereas it is retained in recycling.
- **The costs of the Landfill Allowance Trading Scheme:** the Waste Emissions and Trading Act 2003 introduced the LATS provisions. An annually decreasing threshold for waste to landfill is set by government. Exceeding this allowance can be remedied by paying a penalty (currently £150 per tonne) or by purchasing a permit (at market rates) from a waste disposal authority performing below its threshold. This is potentially hugely expensive.
- **The loss of specific waste grants:** Surrey is the multi-million pound recipient over recent years of specific waste performance related grants, such as the Waste Performance and Efficiency Grants and the Local Public Service Agreement for glass recycling, the £2m from which is currently part-funding the Partnership. Poor performance, measured at least in part by poor recycling, will inevitably result in loss of cash into the future.
- **Loss of Revenue Support Grant:** whereas the formula for RSG is arcane, the results of being a low performing authority are financial penalties. Performance is measured by a range of waste related indicators. And again poor waste performance will inevitably result in poorer cash settlements.

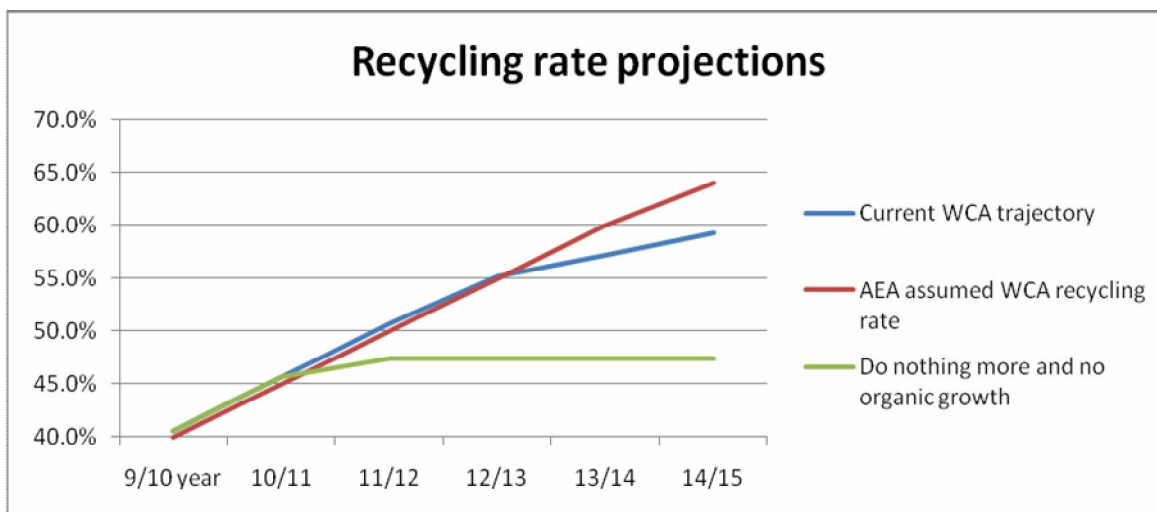
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- **Loss of reputation:** the world is increasingly environmentally aware. Waste management is a polluting municipal activity. Our willingness and ability to deal with waste in a new way will be measured by our communities and used to calculate our political acceptability and carbon footprint reduction.

What is clear from the data compiled is the realisation that the 'do-nothing' option could not only result in the multi-million pound savings and avoided costs being lost to Surrey, but also that the losses could be significantly greater than the savings projections.



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**11.0 Conclusions**

11.1 It is concluded that AEA have discharged their brief with their final report. Surrey Waste Partnership and the Surrey Chief Executives are content with its proposed direction, and proposed speed, together with its explicit proposals for looking into a more developed funding arrangement that recognises the redistribution of some savings from the Waste Disposal Authority to the Waste Collection Authorities. The Partnership is keen to build on existing processes and current successes, especially with democratic engagement. The Surrey Chief Executives have endorsed the Partnership as the vehicle to progress work to implement the key recommendations of the AEA Report through a sequential Action Plan, and to report progress to both Surrey Chief Executives and Surrey First Joint Committee on a regular basis.

**12.0 Recommendations**

12.1 It is therefore recommended that the Surrey First Joint Committee:

1. Agrees and adopts in principle the Report "Improving Joint Working Project" October 2010 from AEA, together with its conclusions and recommendations
2. Notes that the Surrey Chief Executives have endorsed Surrey Waste Partnership as the vehicle to progress work to implement the key recommendations of the AEA Report, and
3. Supports the production of a sequential Action Plan by Surrey Waste Partnership to translate the agreed high-level implementation plan from the AEA report into operational delivery.

Councillor Jean Pearson, Chairman, Surrey Waste Partnership  
 Councillor Jenny Wicks, Vice Chairman, Surrey Waste Partnership  
 David Hill, Lead Chief Executive, Waste Management

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James Whiteman, Chairman, Officers' Group, Surrey Waste Partnership

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