



Surrey Waste Partnership

Improving Joint Working Project

Report to Surrey Waste Partnership

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AEA group
329 Harwell
Didcot
Oxfordshire
OX11 0QJ

AEA is a business name of AEA Technology plc

AEA is certificated to ISO9001 and ISO14001

Author	Name	Sarahjane Widdowson
Approved by	Name	Ken Hall / Adam Read
	Signature	
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Executive Summary

The Surrey Waste Partnership (SWP) has a successful track record of working together, currently under a Memorandum of Understanding (MOU) and is keen to determine how it can identify and implement further efficiency gains and other benefits associated with working more closely together. To this end the partnership has commissioned AEA to work with the partnership's improving joint working project team to develop opportunities that, by a staged process, lead to maximised efficiencies and efficient, advanced partnership working.

Project Process

There have been four main phases of work during the project: 1) data gathering, 2) priorities development, 3) data evaluation and opportunities development, and 4) presentation of opportunities which are detailed below:

1. Key data was collected by partnership project team officers from all authorities;
2. A workshop was held with the wider members group, selected officers, and key stakeholders representative of the partnership to provide an opportunity to learn more about joint working and efficiency gains, hear about case studies from other authorities and have an opportunity to inform the process by telling the project team what was important to them (priorities) and what was the relative importance (weighting) of that priority in terms of developing opportunities for joint working and efficiency gains;
3. Using the key data collected, the AEA team evaluated, using the priorities and weightings provided by stakeholders, and developed opportunities for consideration. The top three priorities ('perceived value for money', 'cost' and 'environmental benefits') were applied to all opportunities and, where appropriate, other priorities selected by the stakeholders were also applied; and
4. A second workshop was held to present to the partnership stakeholder group the opportunities developed for discussion and consideration.

Key Recommendations

This report highlights a number of recommendations concerning how the partnership should move forward to achieve a greater level of joint working and associated efficiency gains.

Short Term Opportunities (1-2 years)

- Data sharing between the partnership authorities 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, including e.g. common procurement of consumable materials (sacks, bins, boxes etc.)
- Maximising recycling by increasing the partnerships recycling rate by at least 5% per year to 2015 and encouraging waste reduction to achieve a 2% per annum reduction in total waste
- 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 recyclable 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, with weekly food collections and, dual stream recycling¹, collecting a wide range of high quality recyclable materials, with strong policy and enforcement
- Continued efforts to maximise recycling and minimise overall waste arisings with a focus on hard to reach areas and flats
- Contract Alignment to enable joint working and procurement to start
- 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 (WCA's) can utilise
- Joint contracting of services for adjoining authorities, utilising in-house or external service providers, as appropriate
- Maximised recycling and recovery from new waste treatment infrastructure coming online

Long Term Opportunities (7 – 15 years)

- Joint collection authorities (horizontal alignment structure)
- Realising Maximum recycling and recovery from the new waste treatment infrastructure that has come on line

Efficiencies Realised

From our analysis of the data provided we believe that if the 70% recycling target is met by 2014/15 - assuming a 5% year on year increase from the 2010/11 baseline, recyclable material sales are maximised through negotiation of the best price within the partnership and local efficiencies are maximised, then approximately £19M (cumulative over the 5 years) can be saved by the partnership. Further efficiencies can be gained post 2014/15 by greater joint working to further sell recyclable materials and procure services together. The scale of these additional efficiencies will be dependent upon the starting point for each of the individual authorities but will require a greater level of joint working to realise them.

Next Steps

Many opportunities are available for improved joint working and efficiency gains in the short term. The presentation of the recommendations in this report is such that the current structure of the partnership will allow a natural progression to a more formalised structure and greater governance as different projects progress. The move to an IIAA should prove to be a positive step to enhance the sale of recyclable materials and the joint delivery of some services and will follow the same natural timeline as the planning process for these activities. The partnership should note that the faster they can move towards high levels of recycling, service harmonisation and increased levels of joint working then the greater the savings that are available. Opportunities need to be pursued as soon as possible.

¹ A dual stream system is undertaken by some local authorities across the UK. Here paper and card is segregated from commingled dry recyclable materials. This enhances the income derived from paper and card, a material stream which has held its price well (with some market fluctuations)

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1 Introduction

The Surrey Waste Partnership (SWP) has a successful track record of working together and is keen to determine how it can identify and implement further efficiency gains and other benefits associated with working more closely together. To this end the partnership has commissioned AEA to work with the partnerships' improving joint working project team to develop opportunities that by a staged process lead to maximised efficiencies and efficient, advanced partnership working.

This report details the process and findings of the improving joint working project.

1.1 Report Structure

This report has the following structure:

- **Section one** of the report sets the context for the project and details the activities undertaken.
- **Section two** details our approach to the modelling and evaluation and any key assumptions that have been made during the process.
- **Section three** details the short term recommendations
- **Section four** details the medium term recommendations
- **Section five** details the long term recommendations
- **Section six** provides an indicative timetable for opportunities
- **Section seven** provides a summary of the opportunities recommended

1.2 Context

We are living in difficult times. Local government is facing increasing pressure to cut costs and do more with less, but this is balanced by being challenged by an increasingly aware public demanding the delivery of environmentally robust and sound waste and recycling services and a legislative requirement to improve overall service sustainability.

Given the current context, the SWP committed to delivering a project aiming to identify how to achieve sustainable efficiencies in Surrey whilst delivering its revised joint municipal waste management strategy (JMWMS), now called Plan for Waste Management, and associated Action Plans.

Key drivers to this project include:

- The County Council having taken a strategic lead in agreeing a new waste management approach called “World Class Waste Solutions” (WCWS);
- A shared view among the 12 authorities in the SWP that efficiencies can be delivered across the waste management service portfolio
- Previous analyses of the Surrey approach to waste management identified efficiency savings that could be achieved; and
- Surrey Chief Executives have identified waste as a high priority for efficiency savings and have asked the SWP to deliver the optimum partnership model for waste management in Surrey, consistent with the achievement of efficiencies.

After implementation of the project recommendations, the intention is that Surrey will be an exemplar for the successful delivery of effective and efficient waste management services

and will have achieved world class targets and delivered sustainable benefits and efficiency savings.

1.3 Project Plan

Following an internal brainstorming meeting and examination of case studies by the project team a project plan was developed to map the progress of the project and the strategy that would be taken in order to develop opportunities.

There have been four main phases of work during the project: 1) data gathering, 2) priorities development, 3) data evaluation and opportunities development, and 4) presentation of opportunities, each of which are detailed in the section below:

1.3.1 Data Gathering

Key data was collected by SWP project team officers. The officers visited each authority and through discussions with lead officer gathered data on the following:

- Collection and disposal costs (including material sales, any charges for services and procurement of goods);
- Performance data (including recycling rates and waste arisings);
- Staffing levels (connected to services provided);
- Infrastructure and assets (depots, vehicles and equipment);
- Policy and practice issues;
- Services provided; and
- Contracts (structures, timeframes etc.).

Once the data had been gathered it was transferred to a master spreadsheet for ease of data comparison.

1.3.2 Priorities Development



Figure 1: Workshop One - Priorities Discussion

A workshop was held on the 28th July 2010 to provide key stakeholders with an opportunity to learn more about joint working and efficiency gains, hear about case studies from other authorities and have an opportunity to inform the project development process by telling the

project team what was important to them (priorities) and what was the relative importance (weighting) of that priority in terms of developing opportunities for joint working and efficiency gains

Key stakeholders were invited to the event so that each facet of the partnership was represented and consulted. The stakeholders included the wider members group, and selected members of the partnership including recycling officers, heads of service, trade union representation, human resources, finance, chief executive, procurement and operational managers.

During the workshop the scene for change was set. A number of case studies from authorities that have improved their joint working in waste management services and achieved their desired efficiency gains were presented. Areas (typologies – as presented in the graphic below) in which these efficiencies could be achieved including example activities and timeframes, where appropriate, were presented as a flavour of what could be achieved and what should be reviewed.

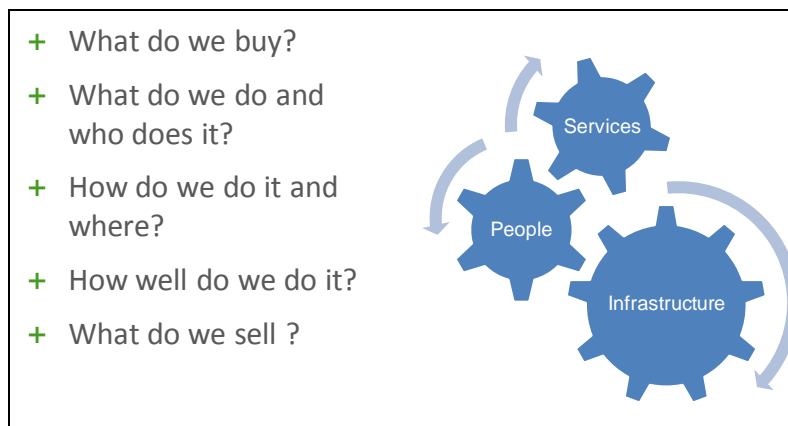


Figure 2: Areas for examination

Opportunities according to their timeframe for implementation were summarised as:

- **Short Term options (1-2 years)** including benchmarking activities and no/low cost changes, which are generally easy to implement locally.
- **Medium Term options (2-7 years)** including a mixture of low cost and invest to save options where changes in service are required and a detailed planning period is necessary.
- **Long Term options (7-15 years)** including larger invest to save activities where changes to infrastructure and services are needed. Significant planning is required but the greatest savings can be achieved.

After hearing all of the presentations the attendees discussed which priorities they felt were important to the process going forward and those that would be important to apply as ‘filters’ to the opportunities developed. Attendees were given 10 sticky dots each and asked to place them next to the agreed priorities in order to demonstrate visually their view on what the relative importance of each of the discussed priorities should be. The number of dots each priority received is shown in the table below.

Table 1: Priorities selected and their assigned relative importance

Priority	Weighting
'Perceived' Value for Money	46
Customer Service	45
Cost	43
Environmental Benefits	41
Localism	24
Flexibility	19
Local Accountability	15
Public / Customer Accountability	9
Nominal Optimal method / Local flexibility	8
Immediacy	8
Invest to Save	8
Effect on Employment	5
Clear Audit Trail of Benefits	4
Back Office Centralisation	1

From the exercise, and the discussion that followed, two key points were identified and highlighted:

- Options developed should be set in a short, medium and long term timescale so that a staged approach to adoption could be taken; and
- Flexibility is essential as one approach may not fit all authorities.

It was highlighted to attendees that customer service, which was one of the priorities raised would be key to all of the opportunities and that there would be no decrease in customer service. This is an inherent priority across all opportunities.



Figure 3: Priorities with relative importance assigned

1.3.3 Data Evaluation and Opportunities Development

Using the key data collected and the priorities and weightings provided by stakeholders, the AEA team evaluated and developed opportunities for consideration. The top three priorities ('perceived value for money', 'cost' and 'environmental benefits') were applied to all opportunities and, where appropriate, other priorities selected by the stakeholders were also applied.

The first evaluation step was to conduct a benchmarking exercise, examining the high performing authorities across different aspects of their waste and recycling services (cost per household, recycling rate, waste arisings etc.) and benchmarking other authorities within the Partnership against these. This allowed us to understand which services provide good value for money and achieve high performance and productivity.

We then applied the priorities identified as filters to our list of efficiency gain opportunities, as presented at the first workshop, so they could be developed into realistic and appropriate opportunities for the Partnership and its constituent authorities.

The top three priorities identified were [1] cost, [2] value for money and [3] environmental benefits and we used these 3 to underpin all of our modelling (as they are applicable to each opportunity), to ensure that all of the opportunities presented will save money, provide value for money and that any service changes required are environmentally beneficial.

As more priorities or filters are applied so the scale of the potential savings is reduced, whilst some may also be counterproductive, for example applying employment retention or growth with improvements in productivity just doesn't work. We used our judgement in deciding which priorities would deliver the best overall gains for the partnership.

Clearly, working together in groups or as a full partnership will achieve greater levels of savings but we developed a 'pick and mix' aspect to the opportunities identified. The opportunities that are accepted, acted upon and implemented need to deliver the best possible outcomes for the Surrey tax payer, but must also be locally acceptable. Any authority can apply their own priorities when determining which opportunities to act upon, but the more local the decision and the action the lower the overall efficiency savings that will be delivered for Surrey as a whole.

The next three highest ranking priorities were localism, local identity and flexibility. We ensured that opportunities provided were flexible in terms of a staged entry where possible and could be tailored locally to fit local circumstances where applicable. From the outset of the project we have stated that any opportunity promoted would not result in a decline in public service. This remains true and reflects the use of the local and public accountability priorities that were presented at the workshop.

Throughout the analysis we examined optimal systems, such as collection systems and handling but have taken into consideration the priority for local flexibility, and as such will present a number of different approaches for making savings that reflect local circumstances and priorities.

In terms of the immediacy and invest to save priorities opportunities have been developed that provide an immediate return, so as to develop momentum and ones that will require a longer investment period to realise the return but that offer larger overall efficiency gains and savings.

The development of opportunities has followed a clear audit trail of identification and then testing against the priorities identified, always with the principles of service retention,

environmental enhancement and overall benefits for the Surrey tax payer being at the forefront of any consideration.

1.3.4 Presentation of Opportunities

A second workshop was held on the 28th September 2010 to present to the partnership stakeholder group the opportunities developed for discussion and consideration.

Opportunities developed were presented for discussion, starting with the big picture – what will happen if waste is reduced, reused and recycled in line with the Partnerships' 70% vision of World Class Waste Solutions and how would that be achieved practically?

Our sessions during the day looked at staged approaches to achieving maximum efficiency gains and the best outcome for the Surrey tax payer, starting with local benchmarking and quick wins.

The opportunities presented in the workshop are provided in this report in more detail in Sections 3, 4 and 5.

2 Our Approach

Within this section we detail our approach to the evaluation and data modelling component of the project and provide any key assumptions that are made throughout. Individual assumptions are highlighted within the discussion for each of the opportunities presented in Sections 3, 4 & 5.

2.1 Timeframe

As discussed previously we have used a short, medium and long term timeframe structure for development of the improvement and efficiency gain opportunities. We have chosen these options for the following reasons:

- **Short Term options (1-2 years)** include benchmarking activities and no/low cost changes, which are generally easy to implement locally.

A short term timeframe will allow immediate action and should not require changes in organisational structure for delivery. It recognises that, for medium and long term options, an amount of discussion and agreement amongst the partnership will need to be undertaken before those identified changes requiring a formalised legal agreement or structure can be implemented.

- **Medium Term options (2-7 years)** include a mixture of low cost and invest to save options where changes in service are required and a detailed planning period is necessary.

A medium term timeframe of two to seven years was chosen to be reflective of the time period of a standard collection contract. This length of time also incorporates our knowledge of the landfill tax escalator which has been set up to 2014/2015 and incorporated within our modelling work (Table 2). The two to seven year time frame is a sufficient period of time to change collection systems, procure services and realise infrastructure developments.

- **Long Term options (7-15 years)** include larger invest to save activities where optimum changes to infrastructure and services are needed. Significant planning is required but the greatest savings can be achieved.

A long term time frame of seven to fifteen years again recognises the collection service contract lifecycle, which allows staged entry or stages of services evolution. It also provides a greater time period for large scale change that could involve changes in legal partnership structures, the time taken to agree and implement joint collection authorities and the time for infrastructure to enter an operational point.

Table 2: Landfill Tax cost per year

Year	2010/11	2011/12	2012/13	2013/14	2014/15
Landfill Tax per tonne	£48.00	£56.00	£64.00	£72.00	£80.00

Some of the opportunities presented require a set timeframe to develop such as the procurement process, whereas others can be implemented faster if the will and drive of the partnership are behind them.

2.2 Key Assumptions

We have made a number of standard assumptions throughout the options development in order to simplify the modelling approach. The main assumptions are listed below with additional assumptions detailed within the discussion for each of the opportunities outlined in Sections 3, 4 & 5.

- For the purposes of disposal calculations we have assumed that all residual waste is going to landfill

We are aware that currently some of the residual waste arisings are treated by an alternative route but for the purposes of the calculations we have modelled the same disposal costs throughout. This has allowed us to take into consideration the impact of landfill tax up to 2014/15 and assume that any alternative treatment routes that come online thereafter would have a similar overall cost.

- Landfill tax rates are set to 2014/15

We have assumed that the landfill tax escalator will not change from the figures provided in Table 2 and that it will rise incrementally each year.

- Rate of Landfill Tax will remain constant rate after 2014/15

We have assumed that after 2014/15 there will be a constant tax rate of £80 per tonne. If this does continue to increase then additional cost savings may be realised.

- Disposal cost remains constant at £30 per tonne each year

This figure reflects the current cost of disposal and has been used throughout our forward projections. Inflation increases and an increasing cost of disposal have not been added.

- Recycling credits remain at £49 for the year 2010/2011 throughout the calculations

For simplicity we have used the current rate of recycling credits for our projected calculations.

- No reduction in customer service

We have not recommended service changes or cuts that would have a reduction in the customer service provided to residents. Any change to a service, in particular a kerbside collection service, will result in a change for the customer. The changes to collection service that we have recommended are to provide an increased opportunity to recycle (increased volume and more recyclable material types). The systems we have suggested (in particular food waste collection and Alternate Weekly Collection) have been documented to provide no decrease in the satisfaction levels of residents, with many achieving a large increase in satisfaction.

- Where increases in recycling rates have been predicted they have been modelled at a linear increase

For simplicity where we have modelled an increase in recycling rate we have used a linear increase to a 70% rate overall (with 64% for WCAs) and then held the recycling rate at 70% once reached. We recognise that this may not be the case, particularly when an additional/new kerbside collection service is introduced.

- We've assumed that partnership targets to reach an overall 70% recycling rate are achieved by WCA's meeting a 64% target the WDA making up the remainder.

We have used the 70% rate that has been detailed in the partnership's Joint Municipal Waste Management Strategy and assumed that each authority will need to achieve their targets to reach the 70% overall.

3 Short Term Recommendations

The following section provides recommendations for short term opportunities that can be considered and implemented immediately or started within the next one to two years, i.e. in advance of any medium term opportunity recommendations.

3.1 Data sharing

The project team to date has collated a large volume of data from each of the partnership authorities. This data has contributed to a wider understanding of the management and operation of waste and recycling services in each of the WCA's and identified opportunities to work together more closely.

As part of the partnership's work a group of officers meets on a regular basis to share knowledge and best practice. We would recommend that part of this meeting is dedicated to sharing opportunities, and would suggest that operations are discussed on a service by service basis including associated costs.

Early data sharing between the partnership will help to inform contract negotiations for current and future sale of recyclable materials, amongst other services. This level of knowledge share will also help to inform future decision making. It is important that, in going forward, service decisions are discussed with the partnership so that any changes remain within the overall partnership strategy to maximise joint working and efficiency gains opportunities.

3.2 Contract Negotiation

Currently, competition is high in the waste industry and service prices are being cut as service providers strive to remain competitive and gain an edge on their rivals. Even the smallest reduction in cost can result in a big saving, which is why negotiation of 'best price' with all current contractors and service providers may provide instant cost savings.

Within the data gathered it was identified that a range of costs were being paid for services that were often provided by the same supplier. Although some of the costs achieved are due to local circumstances (treatment facility/ transfer station within the locality for example) there is room for negotiation.

Contract negotiation does not need to be limited to major services. Each authority will have a range of service providers which may include health and safety training and advice, consultancy (technical advisory), and office maintenance and cleaners. Each contract should be reviewed to ensure value for money and opportunities for partnership working (joint health and safety training for staff, driver training etc)

We would strongly recommend that the authorities address this as a partnership and develop a strategy for negotiating with contractors across the key services detailed below.

3.2.1 Residual Waste

Although the residual waste contract with Surrey Waste Management (SWM) is a long term contract additional services such as green waste treatment are provided to a selection of authorities. From a contractor perspective there may be no incentive to lower the cost of residual waste treatment but, with the partnership's bargaining power for additional services, SWM may be inclined to negotiate benefits. As recycling increases less waste will require disposal and the emphasis will be on the treatment of recyclables, which should be a growth

area of opportunity for SWM in the future and something that they need to think about when fixing disposal prices.

3.2.2 Green Waste

The treatment of green waste is a key area where contract negotiations would prove beneficial and the partnership is already in the process of talking to suppliers.

Costs for treatment across the authorities range from £27 to £42.50 per tonne. If the minimum price were achieved for all participating authorities (£27 per tonne by Reigate and Banstead) £275k could be saved per annum on gate fees, based on tonnages currently collected. This saving would increase as more green waste is collected, although this must be balanced with waste reduction, particularly home composting which is always the cheapest and most sustainable option.

A total (cumulative) saving of **£1.4m** between 2010/11 – 2014/15 is possible if green waste tonnage remained constant and the best current best price was achieved for treatment.

If each authority using Surrey Waste Management (6 Waste Collection Authorities) achieved the best rate offered (£34.67, which is being achieved by Woking) the saving would be £105k per annum, which equates to a £525k (cumulative) saving between 2010/11 & 2014/15 assuming that tonnage remains constant and that there is no increase in recycling.

There may also be more favourable local outlets that could be explored. If possible Surrey Heath may want to consider options for taking their green waste to a SWM facility to achieve a better price and Tandridge may be able to use Reigate and Banstead's outlet, Countrystyle, these are both dependent upon collection routing and operational issues.

Negotiation of more favourable income streams in the short term would be beneficial and would allow time for decisions to be made on future service harmonisation and joint working in this area.

3.2.3 Clinical Waste

Cost of providing a clinical waste service to residents varies widely across the partnership even if the number of customers and population are taken into consideration.

Service costs range between £12K and £80K per year. If each authority achieved the lowest service cost then a saving of £500K (cumulative) between 2010/11 and 2014/15 would be available.

Clinical waste services are generally 'part time' services operating on a few days per week. This creates opportunities for joint service development and a regional collection scheme (or sub regional) should be considered as a future option. Epsom and Ewell have their current service provided by the London Borough of Sutton, this illustrates an acceptance of joint working principles and the potential to develop this within Surrey.

Further potential efficiencies are detailed in the benchmarking section of the report.

3.3 Benchmarking

Major service changes won't happen overnight, but a process of local efficiency gains needs to start as soon as possible. Authorities must challenge their services to do better and learn from best practice amongst the partnership.

The Waste Improvement Network² (part of Improvement Efficiency South East) have an easy to use benchmarking tool on their website, which will help each service scrutinise any inherent inefficiencies, whether it's a contracted out or in-house service.

3.3.1 Data Collection

Data collected from each of the authorities has varied in the level of detail and its completeness. Gaps from some authorities may have arisen from them not previously analysing their service data to the level of detail required for this project. To conduct future analysis each authority must be able to collect data in the same way so that it is easy to compare.

Data collection is also being conducted manually by some authorities, using officer time to conduct exercises such as entering weighbridge tickets. Although investment in IT software would require an initial outlay, non cashable savings, in the form of officer time, would be saved in the medium term and we would recommend that this investment is made.

Data must be collected regularly and comprehensively so that performance can be monitored closely.

3.3.2 Performance

Each of the partnership authorities have services that are performing well and services that could improve their efficiencies, irrespective of whether the service is contracted out or delivered in house by a DSO (Direct Service Organisation). For both contracted out and in-house operations, service levels must be challenged regularly to ensure that the WCAs are getting the best level of service available. Benchmarking/market testing should be done on a regular basis, for all services.

Are your residents doing their best? Could participation levels and capture rates be increased? Have you asked staff members for any suggestions on how individual schemes can be improved or whether they can highlight inefficiencies?

Productivity benchmarking is a useful tool to assess performance. It allows you to identify outliers in the service, look at cost differences and, at a frontline service level, look at households per round, staff per vehicle and households per staff member per day. If conducted by an officer it also allows local details to be considered such as access/geographical issues and housing stock types that may contribute to lower than average levels of productivity. Understanding staff roles, delivery issues and individual authority Key Performance Indicators can provide a better insight into data collected.

We would recommend that each authority benchmarks their service and then compares data with the partnership to identify both best practice and areas for potential improvements.

3.3.3 Bulky Waste Service Benchmarking

The partnership is currently looking at the structure of bulky waste services across Surrey to gain a better understanding of how they can be harmonised and improved.

Currently there is a large range in prices and a number of pricing structure options for the resident which includes discounts, variance in full and part load prices, appointments, additional prices etc.

² <http://www.win.org.uk/>

We would recommend that prices and approach are standardised so that a harmonised service is made available across the whole of the county. Prices need to be set at a level which encourages reuse which could mean that an appointment system is operated for all authorities so that good quality furniture is collected and isn't weather damaged in the process, although this would increase the price of the service.

Table 3 provides a headline summary of the bulky waste collections in operation and displays the variation in approaches. The amount of bulky waste collected by each authority varies widely and this should be examined further to understand whether this is due to the promotion of the service, access to local Community Recycling Centres (CRCs) or other factors.

Where data has been provided for cost of service and income gained there is a difference of approximately £5K overall benefit to a whole service cost of £17K. Some authorities have not provided full data sets for the service and have provided cost only or income only so that cost comparisons cannot be fully made. We would recommend that this is examined and analysed further.

There are both cashable and non-cashable savings to be made from the bulky waste service. Harmonisation to a standard pricing structure and level of administration should provide savings. Some authorities operate a community clear up service which will increase tonnages collected. These services provide benefit to local communities that may not have access to CRCs but the quality of material collected is often poor and has little potential for reuse. Tonnage collected and treatment/recycling routes for these schemes should be assessed further to fully understand the costs and overall benefits, particularly in line with the County Council's refurbishment programme for CRCs. Savings would be available in terms of staff time and vehicle usage (fuel) for the withdrawal of any supplementary community clear up services.

The potential for a Surrey wide reuse network is discussed in Section 3.4.2. For any harmonisation to take place the partnership must move towards a standardised collection system, where vehicles used and collection methods are similar and can be interchangeable. Currently the types of vehicles used vary and staffing levels are dependent upon vehicle size and type. Many authorities have reported that the service is operated on a driver only system, we would recommend that this is checked as bulky waste collections often require two people to be able to lift large items for collection.

We would recommend that both pricing structures and delivery of service is standardised across the partnership.

Table 3: Bulky Waste Summary Data (collated August and September 2010 from WCA returns)

Bulky Waste/Special Collections				
Authority	No of Crews	Crew Size	Vehicle Type/No.	Usage
Elmbridge	1	Driver +1	1 x 7.5t caged vehicle	Assume 2 Days per week - (0.8 fte)
Epsom & Ewell	1	Driver +1	1 x 7.5t caged tipper	5 Days per week
Guildford	1	Driver +1	HGV – type not stated	5 Days per week
Runnymede	1	Driver Only	LGV – Type Not Stated	5 Days per week
Spelthorne	1	0.8 fte	HGV – type not stated	Assume 2 or 4 Days per week depending on crew size
Surrey Heath	1	Driver +1	LGV – Type Not Stated	Assume 1.5 Days per week - (0.6 fte & 0.3 fte for vehicle)
Tandridge	1	Driver +1	LGV – Type Not Stated	5 Days per week
Waverley	1	Driver +1	LGV – Type Not Stated	5 Days per week
Woking	1	Driver Only	LGV – Type Not Stated	Assume 3 Days per week - (0.6 fte)
Mole Valley	1	Driver +1	LGV – Type Not Stated	Assume 1.5 Days per week - (0.6 fte)
Reigate & Banstead	2	Driver Only	HGV – type not stated	5 Days per week

3.3.1 Clinical Waste Service Benchmarking

The clinical waste service offered across the partnership varies widely and offers significant areas for both cashable and non cashable efficiency gains.

From our evaluation of the data collected we would make the following recommendations:

- Consistency in policy

Policy should be unified across the authorities. With the exception of trade customers it is the duty of the waste producer to package any waste generated appropriately for collection. Clinicians including district nurses should provide patients with the appropriate sacks or sharps boxes to package waste if they are leaving waste on site. They should however make an assessment of the waste arisings to determine whether the waste is potentially infectious as this will determine the treatment route.

- Working with local PCTs to limit customers

Each local authority should form a strong working relationship with their local Trust so that an on-going dialogue is formed regarding the number of clinical waste collections necessary within the community. Within many trusts the clinician visiting the patient within the community will not leave waste behind for collection hence limiting the amount of customers that a local authority must deal with.

- Limit costly treatment

The new Health Technical Memorandum HTM 07_01³ provides best practice guidance on the most appropriate treatment route for clinical waste arisings. Most sharps boxes must still be incinerated depending upon whether the content include a pharmaceutical residue but other waste arisings generated within domestic properties should be able to be treated either by alternative treatment plants (ATP, which includes Autoclave and Microwave Treatments) for infectious waste or deep landfill for sanitary products. Sharps boxes should be returned to the clinician that provided them whether this is a GP or through a district nurse. Each authority should also ensure that the sack of waste collected is either an orange sack for ATP or a tiger bag for deep landfill.

- Reduction in spot hire of vehicles and consideration of regional collections

Vehicle types were not stated for most of the authorities but one authority (Surrey Heath) reported that they use spot hire to provide the service. Even with a good hire contract, spot hire of any vehicles can be costly if it's done on a frequent basis. A part-time service such as clinical waste could be conducted on a Surrey wide basis which would negate the need for spot hire. It could be performed on a geographical basis with three clusters of service provision in the north, east and south with delivery offered by an in-house provider in these areas. We would recommend that this is looked into further.

- Combining clinical waste and nappy round, or removal of nappy round

We would recommend that if nappies are collected separately at the kerbside they could either be collected with clinical waste, or ideally that the service is withdrawn and a nappy washing services/real nappies may be offered in its place. If nappies are correctly packaged before disposal and families with young children are offered a larger or second bin to accommodate the increase in waste then an alternate weekly collection system for residual waste can work.

Table 4: Clinical Waste Benchmarking Summary (collated August-September 2010 from WCA returns)

Clinical Waste Collections				
Authority	No of Crews	Crew Size	Vehicle Type/No.	Usage
Elmbridge	1	1	Not Stated	Operates Thurs/Fri only
Epsom & Ewell	Contract with L.B. Sutton. Staffing and No of days not known			Not Stated but have a Nappy Collection service
Guildford	Use S/visors, pest Control staff. No of days not known			
Runnymede	1	1	Not Stated	1 day per fortnight
Spelthorne	1	2	Not Stated	0.4 fte – 1 day per week
Surrey Heath	1	2	Spot hire of Van	0.2 fte – Assume 1 day per week
Tandridge	Service not provided			
Waverley	1	2	Not Stated	Not Stated – Assume 1 day/week
Woking	1	2	Not Stated	0.4 fte – Assume 2 days/week
Mole Valley	1	1	Not Stated	0.2 fte – Assume 1 day per week
Reigate & Banstead	1	1	Box Van	0.4 fte – Assume 2 days per week

³ See briefing note in appendix and http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_073328.pdf

3.3.1 Garden Waste Service Benchmarking

The partnership has a project currently underway which is assessing the range of garden waste services on offer across Surrey. There are some consistencies in terms of offering a charged service, operating a fortnightly collection and promoting home composting but there are many variations across the partnership.

This is a key area for benchmarking and joint working. We have recommended that treatment costs are challenged and harmonised but we would also recommend that customer charges are harmonised. The price charged should be set at a level to encourage more home composting.

There are lots of opportunities to harmonise the service in terms of charges, collection method, and administration. With the amount of customers varying between authorities there may be opportunities for sub regional or regional collections.

Table 5: Garden Waste Service Benchmarking Summary (collated August and September 2010 from WCA returns)

Aspect	Elmbridge	Epsom & Ewell	Guildford	Mole Valley	Reigate & Banstead	Runnymede	Spelthorne	Surrey Heath	Tandridge	Waverley	Woking
Total subscribed	14,500	10,050	15,728	10,076	12,500	5,074	6,200	3,000	3,750	3,113	8,890
Tonnage	5,328 t	3,083 t	4,477 t	5,702 t	5,619 t	1,450 t	1,209 t	1,058 t	632 t	946 t	3,809 t
Bin or bag (S)	choice	Bag	Bag	Bin	Bin	Bin and Bags	Bin	Bin	Bin	Bag	Bin
Base charge	£32	£33	Bag cost: 2=£13.50, 3=£27, 4=£40.50	£34	£32	£45 1 bag- £20 2 bags -£35 3 bags- £40	£45	55	40	Bag cost: 2=£50, 4=£60	35
One off charges	£39					£34 (sale of W/B)					
Concessions	Yes	Yes	No	No	No	Yes	No	No	No	Yes	Yes
Months available	All year	50 weeks	50 weeks	50 weeks	50 weeks	50 weeks	Feb - Nov	50 weeks	50 weeks	50 weeks	50 weeks
Renewal time	Anniversary	Anniversary	Annual April	Anniversary	Anniversary	Annual April	Annual April	Annual March	Anniversary	Anniversary	Anniversary

3.4 Maximising recycling, reuse and waste reduction

Increasing sustainability by moving up the waste hierarchy (Figure 4) is the best long term option for the partnership. Disposing of waste cost money, whether it is increased landfill tax charges or disposal costs.

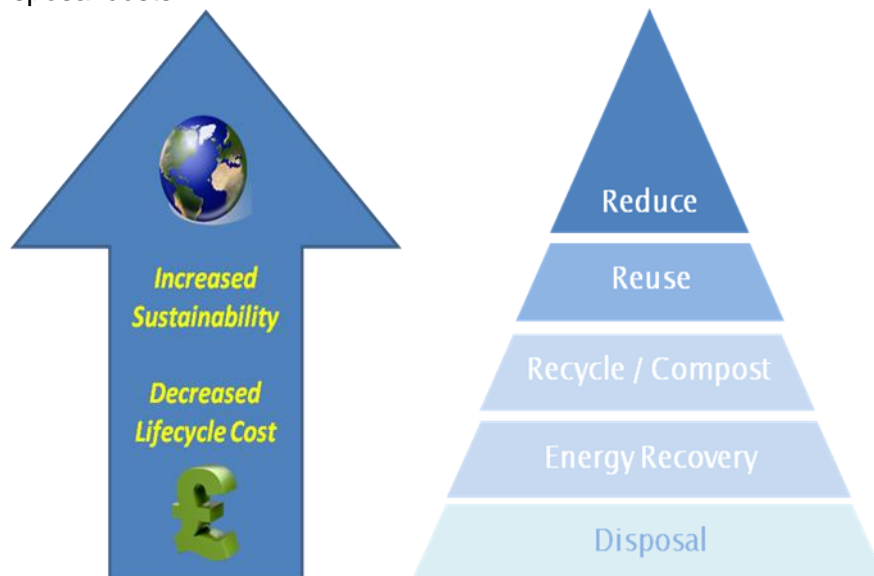


Figure 4: The waste hierarchy

3.4.1 Waste Reduction

If total waste is reduced then the partnership will not have to pay for its collection, management, movement or disposal. Waste reduction is difficult to achieve but the benefits are worth it. Waste arisings per household were in general on the increase across the UK through the early years of the 21st Century, but there has been a recent trend of reduction that is linked both to the current economic climate and to increased activity by authorities in delivering waste reduction activities. Across the partnership there has been a decline in waste arisings of 2% in 2009/10. The partnership also has a good track record of waste minimisation schemes including home composting, real nappies and smart shopping and needs to continue the promotion of these.

A 2% **decrease** in total waste would mean a £1.2M decrease each year in treatment and disposal costs, this equates to £5.8M (cumulative) saved between 2010/2011 and 2014/2015 assuming that recycling is increased by 5% each year to reach a 70% recycling target by 2014/15.

But, if recycling rates remain static the saving achieved will decrease. In contrast, a 2% **increase** in total waste year on year to 2014/15 would mean an additional £1.2M increase in costs each year in treatment and disposal costs, which equates to a £6.1M (cumulative) growth costs.

We would recommend that waste reduction continues to be a high priority across the partnership, so that total waste arisings continue to decline.

3.4.2 Reuse

Approximately 2,350 tonnes per annum of bulky waste, including furniture is disposed of across the partnership every year. Levels of bulky waste vary greatly between authorities from 37tpa to 500tpa.

Often perfectly good material that could have many more lives in the future is thrown away before it can be reused. If this material can be extracted from the bulky waste collection service it can be removed from the waste stream for reuse and the cost of its disposal avoided.

If 10% of the total waste collected from the bulky waste stream could be reused per year between 2010/11 and 2014/15 then a £110K saving in avoided disposal costs would be available. If more material could be extracted for reuse then the savings would increase.

There would be greater savings available through a Surrey wide reuse network. As detailed in the benchmarking section of this report, the current services vary widely in terms of number of days that they are carried out and the tonnage of material captured.

The London Reuse Network⁴ has just been awarded significant funding to start a pan-London reuse network that will provide a one-stop shop for the public, where they will be able to both get their furniture collected and buy refurbished goods. The network will also link with local authorities to ensure that good quality materials are captured from bulky waste streams and other waste streams including: domestic furniture, office furniture, hotel fittings, carpets, textiles, paint, large and small WEEE (i.e. fridges and other domestic appliances), small household items (bric-a-brac), books, CDs and DVDs, bicycles, children's toys and equipment, and wood.

We would recommend that the SWP monitors the London Reuse Network closely to evaluate its progress and also explores reuse outlets and third sector organisations within Surrey that may be able to operate a similar system. We would also recommend that each authority maximises reuse and recycling from their current bulky waste collection services to encourage high levels of reuse.

3.4.3 Recycling

Recycling is key to maximising sustainability and efficiency gains. The partnership currently has a 40.66% reported recycling rate (2009/10) for the Waste Collection Authorities (WCAs), which equates to a ~45% recycling rate overall when recycling tonnage from the 15 Community Recycling Centres (CRCs) are added. An overall rate of 64% recycling from the WCA's will ensure that the 70% recycling target is met.

In order to maximise recycling there are certain steps that the partnership must take:

1. Increase tonnage collected
2. Increase participation rates
3. Increase the number of materials that can be recycled at the kerbside
 - e.g. food waste, textiles, batteries⁵ etc.
4. Improve quality
 - better income stream for recyclables
5. Harmonise policy and enforcement
6. Harmonise collection systems
7. Implement an Optimised Recycling Scheme

⁴ <http://www.lcrn.org.uk/projects/london-reuse-network/what-were-doing>

⁵ http://www.wrap.org.uk/local_authorities/research_guidance/collections_recycling/batteries/battery_recycling_information/index.html Currently only certain types of batteries are recycled in the UK. Although new treatment facilities are coming online at the moment Nickel cadmium batteries and single use lithium batteries are sent to Europe to be recycled.

- AWC (Alternate Weekly Collection for residual waste), weekly food, dual stream, wide range of recyclable materials, high quality materials, strong policy and enforcement

Based on the figures provided by Surrey WCAs, an AWC for residual waste, with a commingled collection for recyclables and weekly food waste collection is the cheapest configuration for a collection system and has been proven to reach the targets required, taking into account collection and processing costs and income. A dual stream system however, in those local authorities across the UK where paper and card is segregated from commingled materials, enhances the income derived from paper and card, a material stream which has held its price (with some market fluctuations) and would serve to protect income streams in the future. Segregation would ideally be at the kerbside but for authorities that have high tonnages of materials collected from bring banks, schools and other schedule 2 properties and trade collections this can provide an additional income stream.

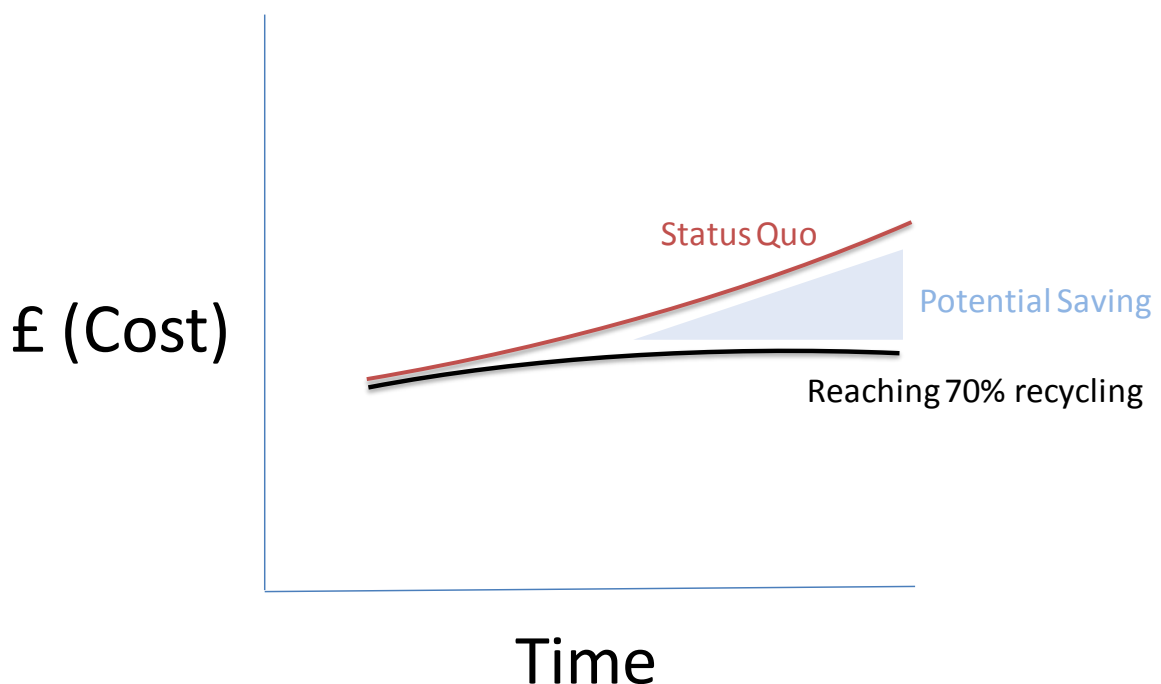


Figure 5: Graphical representation of saving available from increasing recycling

If SWP proceeds along a status quo or ‘do nothing’ path although there should be no substantial increase in delivering the service for the same or a slightly increased recycling rate the overall cost of the service will continue to increase due to the year on year increase in landfill tax.

If SWP increases its recycling rate to 70% then there will be an additional investment cost in terms of infrastructure, i.e. collection systems (e.g. associated vehicles, bins, etc) and treatment facilities (e.g. MRFs). There will however also be a decrease in landfill tax as more material is diverted from landfill

Increasing recycling will cost money to deliver but the overall savings achieved from delivering beyond the status quo will be worth the investment (Figure 5).

3.4.4 Achieving 70% by 2014/15

If each authority can reach a 64% recycling rate an additional 90,000tpa will not go to landfill. This diversion from landfill will achieve a net disposal saving of **£13.7M** (cumulative) between

2010/11 and 2014/15 assuming there is no growth in total waste and the increase in recycling rate is 5% per year.

If the 70% rate were met by 2014/15 then **£41M** (cumulative) between 2010/11 and 2019/20 would be achieved in net disposal savings. This assumes that 70% recycling will be reached by 2014/15 and the recycling rate will then remain constant to 2019/20

In the short term there may be some additional increase in collection costs. This may be the case if an authority is not yet utilising an AWC system, or has not implemented a food waste collection. However the ~£1.5 – 3M⁶ investment required for new infrastructure (cost of wheeled bins, roll out, communications and new vehicles or additional bin lifts) will be recouped in the longer term. The vast majority of high recycling authorities within the UK are on an alternate weekly system as it is proven to maximise recycling by the restriction of residual waste, whilst controlling budgets.

The faster the recycling rate can be achieved, beyond the 5% year-on-year increase modelled, the more money will be saved. Adopting a dual stream collection should also generate income / reduced gate fee which provides a net substantial benefit.

3.4.5 Achieving 70% by 2019/20

If the 70% recycling rate were not achieved until 2019/2020 the level of savings from avoided disposal would be reduced. Assuming a 2.5% increase year on year for recycling to 2019/20 the level of savings from avoided disposal would be £28.7M.

Increased recycling by Waste Collection Authorities may well result in increased collection costs. Where increased recycling is achieved through existing collection methods and resources (same household bins, same vehicles) this increase will not be large. If significant changes in resources are required to carry out increased recycling (such as change in bin types, new or modified vehicles) significant collection cost increases will be incurred.

Balancing against these costs are increased incomes to the Waste Collection Authorities, through recycling credits (at around £50 per tonne in 2010/11) and sale of materials, which would be at a premium rate if the recommendations in this report were implemented.

It should be recognised that savings will normally occur to the Waste Disposal Authority through 'saved' costs of disposal. Consideration should be given to recognising this financially in the form of a transfer of some of the savings to the Waste Collection Authorities. The methods to be considered would include a financial reward for reaching certain recycling targets, a contribution towards costs and/or a replacement to the recycling credit system.

The partnership has a background of entering into such arrangements, where the County Council has made a financial contribution to those WCAs implementing a household food collection system in tandem with a general review of their collection methods, and replaced the payment of a recycling credit with payment for gate fee and haulage direct to the reprocessors.

⁶ A London authority has recently paid £17 a unit for 20,000 bins (180L). We would expect the price to be reduced further for a larger bulk purchase but based on this an authority with 40,000 households the cost of 3 sets of wheeled bins alone would be £2M. We would expect communications for a major scheme change to cost in the region of £200K (leaflets, press and a doorstepping campaign). Cost of new vehicles would be dependent upon whether they are part of a contract change or new procurement is required. Retrofitting bin lifts to existing vehicles would be approximately £20K per vehicle for equipment and fitting.

3.4.6 Maximising Recycling Calculations 2010/11 – 2014/15

The following tables detail step by step how we have calculated the savings available from diverting residual waste from landfill. It should however be noted that the realised savings would be lower than those shown in the tables as the Waste Disposal Authority would seek a cheaper method of disposal than landfill over time and waste minimisation would continue to reduce the volume of residual waste tonnage requiring disposal.

Table 6: Disposal costs per tonne

Financial year starting	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
LF TAX	£40.00	£48.00	£56.00	£64.00	£72.00	£80.00
Disposal cost	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00
Total	£70.00	£78.00	£86.00	£94.00	£102.00	£110.00

Recycling rate for 2009/10 for WCA's was 40.66. A 64% rate is required to reach the overall 70% target.

Total tonnage collected in 2009/10 for the WCA's was 386,091. Therefore, with a 40.66% recycling rate a 1% raise in recycling requires 3,861 tonnes of recycling to be diverted from the residual waste stream. For the WCAs to achieve a 64% recycling rate that would contribute to the overall 70% recycling rate an additional 90,113 tonnes must be diverted from residual waste. This is the difference between the tonnage currently collected for recycling and the additional tonnage requiring diversion to reach 70%.

Table 7: Cost of disposing of recyclable materials not currently recycled

Financial year starting	2010/11	2011/12	2012/13	2013/14	2014/15	Cumulative cost
Cost to dispose of recyclable materials not currently recycled	£7,028,864	£7,749,773	£8,470,682	£9,191,591	£9,912,500	£42,353,411
Cumulative cost to dispose of recyclable materials not currently recycled	£7,028,864	£14,778,637	£23,249,319	£32,440,910	£42,353,411	

Table 8: Avoided cost of disposing of recyclable materials not currently recycled assuming linear rise to 64% by WCA's

Financial year starting	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Cumulative cost
Recycling rate achieved	40.66%	45%	50%	55%	60%	64%	
Tonnage recycled	156,985	173,741	193,046	212,350	231,655	247,098	
Additional Tonnage of Recycling		16,756	36,061	55,365	74,670	90,114	
Avoided disposal cost		£1,306,995	£3,101,237	£5,204,352	£7,616,340	£9,912,500	£27,141,424
Recycling credit payments		£823,239.45	£1,771,671.99	£2,720,104.53	£3,668,537.07	£4,427,283.10	£13,410,836
Annual saving		£483,755.55	£1,329,565.01	£2,484,247.47	£3,947,802.93	£5,485,216.90	£13,730,588
Cumulative saving		£483,755.55	£1,813,320.56	£4,297,568.03	£8,245,370.96	£13,730,587.86	

Recycling credits are paid at £49 per tonne, and we have assumed that this price does not change over the years modelled

After 70% is reached in 2014/15 we have modelled that the recycling rate would remain at 70% up to 2019/20. If this occurs the saving achieved increases to £41M (cumulative) over the period.

3.4.7 Maximising Recycling Calculations 2010/11 – 2019/20

If a 2.5% increase were achieved every year instead of a 5% increase the 70% target would not be achieved until 2019/20. Following the same calculations as above this would mean that the saving achieved from avoiding landfill is reduced to £28M (cumulative).

Table 9: Total landfill avoidance saving (2.5% increase in recycling year on year to 2019/20)

	2010/11-2019/20
Avoided disposal costs	£53,076,934
Recycling credits	£24,350,057
Total saving	£28,726,877

The realised savings would be lower than those shown in the table above, as the Waste Disposal Authority (WDA), would seek cheaper methods of disposal than landfill, and waste minimisation would continue to reduce the volume of tonnage requiring disposal.

Food Waste

Food waste collection is an essential element for a high performing recycling collection system. There is also a legislative need to divert Biodegradable Municipal Waste from Landfill to comply with the EU Landfill Directive, and this can be assisted by the implementation of a kerbside food waste collection service. Most of the partnership authorities now have food waste collection services and we would recommend that those authorities that currently do not have a food waste service begin trials or consider implementation as part of their service development programme.

Tonnage collected from food waste contributes to the overall recycling target. Maximising scheme performance will help to increase tonnage and achieve cost savings. The average amount collected per household for a food waste collection scheme ranged between 1.5 and 2.2 kg/hh/week. If all the partnership's current food waste collection schemes achieved 2kg / hh / week it would reduce disposal tonnage by an additional 28,000 tonnes per annum, which equates to a saving of **£7M** (cumulative) between 2010/11 and 2014/15. We recognise that 2kg/hh/week may be difficult for flats collection schemes where generally amounts collected per household can be around 0.5 - 1kg/hh/week, but any amount collected will contribute to the partnership average and as flats schemes become more embedded the amount of food waste collected should increase.

We would recommend the following:

- Authorities without a current or planned food waste collection service should implement one
- Those authorities with a current kerbside collection of food waste should consider rolling out a food waste service to flats where appropriate
- All authorities to maximise the diversion of food waste from landfill by home composting and encouraging use of food waste collection services.

3.4.8 Communications

Each authority manages its own communications with residents about waste collection, recycling, reuse etc. Tailored communications per authority are essential but there are opportunities for both cashable and non-cashable savings to be made. The partnership is planning to set up a communications group that will meet regularly and we would recommend that the following opportunities are discussed further within the group.

Where are potential savings available?

1. Reduced design costs through use of artwork design templates for leaflets and calendars etc.
2. Advertising design and purchase can be centralised and costs reduced
3. Using a well researched, widely recognised and successful brand like Recycle Now takes the risk out of developing one's own marketing and promotional style
4. Cost savings in joint print runs for more generic items such as posters, more general information materials etc

Savings are available in communications but spend on communications needs to be maintained to encourage behavioural change and maximise waste reduction and reuse. This is critical as the Partnership strives to meet its 70% recycling target. Authorities should be spending in the region of £1.50 per household per year (+) as recommended by WRAP⁷.

⁷ http://www.wrap.org.uk/downloads/Improving_recycling_through_effective_communications-sm.c7b18f51.2732.pdf

3.5 Maximising materials collected for recycling and reuse

Maximising recycling through the introduction of new materials at the kerbside including batteries, textiles and food waste (where appropriate and feasible) will provide opportunities for additional tonnages collected and increased customer satisfaction.

Some authorities are currently operating a vehicle pod system to collect batteries and textiles. This may be an easy option to implement for other authorities within the partnership. For those that do not have the option for a pod collection then spare vehicle capacity should be examined to ascertain whether a monthly textiles collection may be possible. Local charities and third sector organisations should also be encouraged to offer approved textiles collections to promote reuse and remove textiles from the residual waste stream at the kerbside.

Mixed plastics and Tetrapak are material streams that are frequently requested by residents and one that is becoming more accessible in terms of treatment routes for local authorities. For those partnership authorities that are not currently collecting mixed plastics or Tetrapak then discussions should be had with suppliers regarding opportunities for incorporating into future collections when processing ability becomes available.

Communications and engagement must be maintained so that the tonnage collected of existing materials continues to increase. Where kerbside participation is good then hard to reach areas, such as flats, should be focused on to increase performance. Food waste collections should also be considered for flatted properties. Some good examples of doorstep and “bring to” collections for flats are currently operating in the London Boroughs of Kingston upon Thames, Tower Hamlets and Hackney and these should be researched to inform local decisions on infrastructure and best practice.

Maximising recycling will require an investment cost, whether this is for additional communications or provision of bags, bins or sacks and vehicles. This is an invest to save decision, though the cost benefit from being able to divert materials from landfill, and sell materials will outweigh the investment required. In addition to enhanced material sale income, WCAs will also receive recycling credits as a result of their increased recycling.

3.6 Investigation of joint infrastructure

There is currently a project underway which is mapping the extent and usage of infrastructure across 13 public authorities in Surrey (the 12 local authorities and the police authority) under the auspices of Surrey First⁸. When complete this could enable the Surrey Waste Partnership to see whether opportunities for joint infrastructure usage are available, whether this is via depot sharing or the use of non-waste sites (such as transport fleet sites) for waste activities. Site / Depot sharing already takes place effectively in some areas and the partnership should examine whether there are other sites that can be used to improve efficiency.

As the tonnage of recyclable materials collected increases there may also be opportunities for further joint recycling infrastructure to be developed, such as transfer or bulking stations. We would recommend that as part of the benchmarking exercise routes to treatment facilities are also mapped (using GIS) to see whether there are opportunities available.

⁸ Surrey First is a shared services project that will examine ways to improve joint working and increase efficiency between the twelve Surrey Councils and the Surrey Police.

3.6.1 Bring Banks

Another partnership project is currently underway examining the bring bank network across Surrey. A range of collection approaches, vehicles used and crew sizes are used to deliver the service and we would recommend that subsequent to the findings of the partnership project that these are reviewed and harmonised. In some areas across the UK bring bank usage and tonnage collected is in decline and we would recommend that this is reviewed as changes are made at the kerbside.

The partnership needs to understand how much material is collected on a site by site basis to assess whether the tonnage collected, particularly of mixed paper could contribute to a materials consortium (paper collected from bring banks would be mixed with paper collected from the kerbside for sale).

If the bring bank network is rationalised we would recommend that alternative materials are provided in their place that are serviced by charities or local organisations. Books, shoes and small WEEE (Waste electronic and electrical equipment) are popular materials that are not generally collected at the kerbside.

3.7 Development of recyclable materials consortia

Good quality recyclable materials will achieve higher market prices for sale and is an important income stream for many of the partnership authorities. We have recommended that a dual stream system is introduced in the future to allow for the collection of paper and card alongside commingled material. This will help to future proof income streams. The dual stream system needs to be considered when planning future service changes.

With respect to the sale of recyclable material, the greater the tonnage for sale the better the bargaining power with contractors. A recyclable materials consortium is needed to 'sell' materials in this way effectively and this will require greater level of partnership working. This is discussed further in Section 3.8.

In the following sections we have highlighted the two key dry recyclable material streams that would be collected through a dual stream system. In the short term opportunities are available for other materials streams where authorities are collecting using a kerbside sort method. We would recommend that all recyclable material income/costs are compared, from both kerbside, bring banks, Schedule 2 collections (schools etc.) and trade premises so that an overall strategy can be developed and agreed.

3.7.1 Commingled Materials

If every authority achieved the best price available (£21.50 per tonne from the profit sharing structure that Surrey Heath has) for their co-mingled collected materials then a saving of £350K per annum could be achieved. This is based on tonnages currently collected, assuming no increase in tonnage per year, and this equates to a £1.75M (cumulative) saving for the period 2010/11 – 2014/15.

The savings increase as the recycling rate improves, so there is an incentive to collect more recyclable materials. Greater benefits would be achieved by working together to sell recyclable materials and this should be considered as a key partnership project that should be started as soon as possible. Renegotiation and re-letting of contracts can also provide additional benefits of increasing the range of materials accepted, so, for example, this may be an opportunity for mixed plastics and Tetrapak to be included in kerbside collections. From reviewing the figures supplied it has been identified that different gate fees are also being paid by different WCAs to the same supplier. There may be some local circumstances

and long term contracts that have an effect on price structures but we would suggest that the authorities work together to approach contractors and negotiate the best price available.

3.7.2 Paper

If everyone achieved the best price available (£44.5 per tonne for Reigate and Banstead after removing transport costs) for their mixed paper then £300K per annum saving could be achieved.

Again, local circumstances may dictate costs but authorities with higher tonnages collected are getting better prices. This saving would equate to £1.5M (cumulative) in additional income from 2010/11 and 2014/15, which would increase as tonnage increases.

We would recommend that the partnership reviews the contracts they currently have with reprocessors or merchant facilities for recyclable materials to investigate whether a better contract could be obtained. The partnership should also investigate whether local bulking (as at Reigate and Banstead, for example) would be an option for achieving a better income per tonne.

3.8 Development of an Intermediate Inter Authority Agreement (IIAA)

A recyclable materials consortium agreement will take several steps to achieve and may be a staged process in terms of authorities joining the consortia when they are ready, recognising that some collection systems or infrastructure changes may be required for an authority to come online. Contracts must also be reviewed to establish break points. Tonnage obtainable must be confirmed and dates for when authorities may be able to join calculated prior to the start of a procurement process. Because of the complexity of the offering a competitive dialogue procurement process may be required to ensure that everyone's needs are catered for.

Development of an Intermediate Inter Authority Agreement (IIAA) to encourage joint working through the sale of recyclable materials would provide a legal framework to operate within. The IIAA would define a lead authority for the process and delegate powers of negotiation to that authority. It would also enable a profit share structure to be agreed if this was determined to be the best option for maximising income gain.

We would recommend that this is discussed by the partnership as soon as possible. The procurement process could begin within six months if the commitment and resource is available to conduct the research and prepare a suitable output specification. An IIAA would provide additional security to bidders, demonstrating a committed partnership.

The saving opportunities for going to procurement sooner are greater as the market conditions and additional tonnage available will provide additional cost savings in the short term. However if procurement is conducted before collection systems are harmonised and contracts are aligned the process will be more complex and may require additional resources. A framework contract may be an alternative way of allowing authorities to join when they are ready but if all authorities are not committed to the procurement process then prices may not be guaranteed for those authorities joining at a later stage.

Many authorities have either gone through this process, or are currently undertaking a procurement process at the moment so best practice; advice and model documents for both the procurement and the IIAA are available. Hertfordshire would be a key authority to contact. More details of governance structures can be found in Section 1.1.

3.9 Summary of Short Term Opportunities

Table 10 provides an overview of the short term opportunities available to the partnership and highlights any dependencies connected with the opportunities.

Table 10: Summary of Short Term Opportunities

Key Recommendations	Dependencies / Comments
1. Data sharing between the partnership to inform contract negotiations for current and future sale of recyclable materials	This has already started but should continue at regular intervals throughout the project.
2. Negotiation of 'best price' with all current contractors and service providers	This requires a partnership approach to maximise opportunity for savings
3. Benchmarking for each authority to identify local efficiency gains	This should be conducted by each authority
4. 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	This is where the greatest short term savings are available but will require some investment from authorities in terms of communications, resources and infrastructure to maximise rates.
5. Maximising recycling through the introduction of new materials at the kerbside including batteries, textiles and food waste (where appropriate and feasible)	The introduction of new materials will require some investment but this will be an invest to save opportunity.
6. Investigation of joint infrastructure arrangements and alignment or integration with street scene services	This should be part of the partnership's discussions going forward. Bulking and transfer points should be investigated as soon as possible so that opportunities connected to materials sales can be further realised.
7. Consider a more developed funding arrangement that includes the redistribution of some savings from the WDA to WCAs in addition to achieving efficiencies	This will need to be discussed and agreed amongst the partnership and could be used to stimulate an increase in performance through waste reduction and maximising recycling.
8. Development of recyclable materials consortia for key materials including paper.	This is a key opportunity that should yield additional income for the partnership that can be reinvested into services to further maximise recycling. This will be a more complex process in the short term if collection systems are not harmonised.
9. Development of an Intermediate Inter Authority Agreement (IIAA) to encourage joint working through the sale of recyclable materials.	Using the sale of recyclable materials as a tool to improve joint working will provide the partnership with a very positive start to a formalised working arrangement.
Saving Achieved in the short term £~2M	Achieved by raising the recycling rate by 10% and savings made through benchmarking and best contract price negotiations.

4 Medium Term Recommendations

The following section provides recommendations for medium term opportunities that can be implemented or should be started within the next two to seven years.

4.1 Harmonisation of collection systems

Movement towards harmonised collection systems with all authorities on an Alternate Weekly kerbside collection for residual waste, weekly collection of food waste, and a dual stream system for recyclable materials will be key to maximising recycling and future-proofing income gained from their sale. This should be complemented by strong policy and enforcement activities.

Harmonising services will enable greater efficiencies in the long term and will simplify recycling systems for residents across Surrey. If everyone has similar approaches to recycling, then efficiencies can be gained in terms of delivery of services, staffing and procurement of goods and services.

We would recommend that the following seven steps are followed to achieve a harmonised service:

1. Consistency in the range and types of recyclable materials collected across each authority
 - wide range of materials
2. Consistency in frequency and method of collection
 - AWC
 - food waste
 - dual stream to maximise quality
3. Consistency in Policy
 - lids down, no side waste
 - no clear all policies
4. Consistency in pricing for customers (bulky waste, trade waste & garden waste)
 - simplification of message
5. Consistency in communications
 - access to the same services throughout Surrey
6. Maximising Infrastructure
 - joint facilities, depot sharing
 - planning without borders
 - using available non-waste infrastructure
7. Surrey wide service planning
 - ensuring efficiency for services that can be delivered Surrey wide
 - clinical waste, bulky waste

4.1.1 Policy

Harmonisation of policy is a key area that the partnership needs to work together on and maximise efficiencies through removal of costly policies that encourage additional waste arisings. We would recommend that the following areas are examined and have provided recommendations for each area.

Policy Area	Action Recommended
“Clear all” Policy	Partnership to remove all “clear all” policies with the support of enforcement and education.
Lids down, No side waste	<p>Restriction of residual capacity is key, particularly for an AWC system. Most authorities using wheeled bins have a lids down, no side waste policy but it must be enforced to obtain the benefits.</p> <p>Where sacks are used, excessive usage should be monitored and advice provided to residents.</p>
Clinical Waste Collections	<p>All sacks and sharps bins to be provided by the appropriate HealthTrust for residential collections and not by the authority.</p> <p>All collections should be compliant with HTM 07_01, particularly in terms of treatment route</p> <p>Authorities should liaise with local Trusts and Healthcare centres to control number of collections made.</p> <p>Where nappy collection services are also provided these should be aligned with clinical waste services or nappy laundry services should be promoted.</p>
Capacity of residual waste bin	Most authorities provide a 240l residual waste bin. With an AWC this is a large capacity container. We would recommend that any future bins provided are 180l (or smaller) as standard and that 240l are retained for families with children in nappies.
Charging and replacement of bins	<p>There are differences in policy on wheeled bins. We would recommend that policy is harmonised in terms of pricing and replacement of bins. Wheeled bins should only be replaced where damage is proved to be the fault of the council or where a crime number is provided for stolen bins.</p> <p>Future purchase of bins should be harmonised so that bulk purchase is possible.</p>
Schedule Two collections	There are a range of policies in operation

Policy Area	Action Recommended
	across the partnership for Schedule 2 collections. We would again recommend that this is harmonised particularly for schools. A charging system (for collection as per Schedule 2 rules) for residual waste will help to develop ownership amongst the recipients of the service so that they are encouraged to maximise reduction and reuse.
Alignment of customer pricing structures for services	Where charged services are provided we would recommend that a standardised pricing structure is introduced across the partnership.
Community clear up and additional Garden waste services	<p>We would recommend that these services are reviewed and, where infrastructure from CRCs, kerbside and bulky waste services supports it, they are phased out.</p> <p>In the short term steps should be taken to maximise recycling and reuse from the collections.</p> <p>Tandridge and Woking currently provide a community clear up service and Tandridge and Waverly provide communal green waste collections.</p>

4.1.2 Joint procurement of goods, services and infrastructure

Joint procurement of goods and services is dependent upon harmonisation of collection systems and policy. Buying together often saves money but the efficiencies increase with bulk purchase of the same material.

The partnership is currently examining a number of areas where joint procurement could take place, including fuel for vehicle fleets and wider council services.

Other areas that should be examined, and have been discussed within this report, include IT software, and communications media, but equally use of consultants (for the provision of technical advice), purchase of vehicles, tyres, bins and infrastructure should be considered (particularly if joint bulking operations move forward).

We would recommend that where possible the partnership shares information on anything that it will purchase in the future so that opportunities for bulk buying or contract negotiation can take place.

4.2 Maximising recycling and waste reduction

Continued efforts to maximise recycling and minimise overall waste arisings must continue into the medium term if the 70% target is to be reached by 2014/15. As both the WCAs and WDA approach the 70% mark the percentage increases will get harder to achieve and efforts should be focused on the hard to reach areas rather than the low hanging fruit. This means ensuring segregation of all residual black sack waste at CRCs, maximising materials collected and focusing on flats and other hard to reach areas for WCAs.

4.3 Contract Alignment

Similar collection systems are already in use by most authorities but aligning systems will make joint working easier. Some authorities are already working together, for example Elmbridge and Spelthorne have jointly procured their MRF contract achieving a saving of £340K per annum over the life of the contract.

Model contracts are available for use both within the partnership and externally from WIN and other authorities. Officer time can be saved by tailoring model contracts to meet local requirements.

As discussed previously going to market together can increase market leverage with increased tonnage available.

Contract break points and opportunities for extension must be examined on a partnership basis to determine the overall savings available if contracts can be aligned. Negotiating an extension or an early break may prove to be economically viable in the long term but this needs to be examined to understand potential penalties on a local basis.

We would recommend that the partnership start to examine contract alignment as soon as possible. Ideally a lead authority would be used to develop a model framework contract that other authorities could use. Once this is in place then clusters of authorities could go out to market together. Examining the contract end dates there are a number of points that may provide opportunities:

2012 – 2014

Waverley and Mole Valley will be ready for procurement.

2017 – 2019

Elmbridge, Woking, Surrey Heath, and Tandridge will be ready for procurement.

Ideally those WCAs with in-house providers will look to benchmark/market test their service prior to 2012 and then again in 2014 to provide a baseline against which to decide when and how to align or procure services. Market testing can be a labour intensive process but if the partnership is considering either joint management or joint procurement of services then it's an important process, particularly if a DSO is considering bidding to run additional services.

4.4 Development of joint services for bulky waste and clinical waste

Standardisation of service is required for both the bulky and clinical waste collection services prior to the development of joint services. We would recommend that the partnership conducts an evaluation of routes to treatment (considering both treatment technology required and outlets available and also transport and collection infrastructure) for these services to ascertain whether a sub regional or pan-Surrey service may be more appropriate, this evaluation will then inform the procurement route taken. Where appropriate, in-house service providers would be invited to tender for these services.

4.5 Development of an Inter Authority Agreement (IAA).

At the end of the medium term the partnership should consider the development of an Inter Authority Agreement (IAA) to supersede the IAA. This could be combined with the firming up of a more developed funding arrangement that includes the redistribution of some savings from the WDA to WCAs.

More details about governance structures can be found in Section 1.1.

4.6 Development of a suite of model contract documents

As mentioned earlier the development of a suite of model contract documents and an overall framework will be key for realising efficiency gains in the future. The tailoring of existing documents will enable the non-cashable savings in terms of officer time and cashable savings in terms of advisors. Although officers are very proficient at procuring products and services additional advice may be required dependent upon the procurement route chosen.

4.7 Joint contracting of services

The joint contracting of services for adjoining authorities, utilising in-house or external providers, is likely to achieve efficiency gains and improve joint working. Savings are likely to be achieved by going to market 'en masse', which provides a more attractive proposition to the market.

Savings are both cashable and non-cashable and are available in administration, insurance, cost of advisors and overhead costs and achieved from not having to buy each service separately, multiple times.

Additional savings will come from the strong current market, which provide opportunities for a good deal. Savings are dependent upon your starting position, BUT we have seen recent savings in other authorities of £0.5M+ per year, per authority for seven years.

We would recommend that the partnership looks to procure services together and have provided earlier in this report an indication of key times and clusters of authorities for which it may be appropriate.

Joint contracting of service will achieve maximum efficiencies where collection services are harmonised. Local identity may not be an issue for joint services, removable signs for vehicles, joint branding could all be options for the service. Efficiencies would be maximised on the ground from strategic delivery.

4.8 Maximised recycling and recovery from new waste treatment infrastructure

New infrastructure will provide increased opportunities for diversion from landfill and will also provide a beneficial route for food waste treatment (this will come through Anaerobic Digestion, for example).

4.9 Summary of Medium Term Opportunities

Table 11 provides an overview of the medium term opportunities available to the partnership and highlights any dependencies connected with the opportunities.

Table 11: Summary of Medium Term Opportunities

Key Recommendations	Dependencies/Comments
1. 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.	This is a critical stage for maximising efficiency gains and improving joint working. Investment will be required by some authorities for this opportunity but the long term benefits should outweigh any investment costs.
2. Continued efforts to maximise recycling and minimise overall waste arisings with a focus on hard to reach areas and flats.	As both the WCAs and WDA approach the 70% mark the percentage increases will get harder to achieve and efforts should be focused on the hard to reach areas rather than the low hanging fruit. This means ensuring segregation of all residual black sack waste at CRCs and focusing on flats and other hard to reach areas for WCAs
3. Contract Alignment	Joint procurement of services is dependent upon contract alignment. Break points and extensions must be examined to determine the overall savings available if contracts can be aligned.
4. Development of joint services for bulky waste and clinical waste.	Harmonisation of services will be required prior to enable development of joint services.
5. By the end of the medium term the development of Inter Authority Agreement (IAA) to supersede the IIAA and firm up a more developed funding arrangement that includes the redistribution of some savings from the WDA to WCAs	This will need to be discussed and agreed amongst the partnership and could be used to stimulate an increase in performance through waste reduction and maximising recycling
6. Development of a suite of model contract documents that WCAs can use.	Model contract documents for services are widely available both within the partnership and via WIN. The Chartered Institute of Wastes Management model “Conditions of Contract” are now widely used.
7. Joint contracting of services for adjoining authorities, contracted service or an in-house provider.	Joint contracting of services could be conducted without the move to a joint collection authority. Systems would need to be harmonised and aligned and authorities would need to be next to each other to gain maximum efficiencies
8. Maximised recycling and recovery from new waste treatment infrastructure coming online.	New infrastructure will provide increased opportunities for diversion from landfill and will also provide a beneficial route for food waste treatment (Anaerobic Digestion)
Saving Achieved in the medium term £~17M	Savings achieved from increasing the overall recycling rate to 70%, income gained from material sales, benchmarking and procurement preparation.

5 Long Term Recommendations

The following section provides recommendations for long term opportunities that can be implemented or should be started within the next seven to fifteen years.

5.1 Development of joint collection authorities

The next step following the harmonisation of services and joint working would be to look at joint waste collection authorities for neighbouring clusters. This could either be the running of a joint service by a contractor or by an in-house service provider. The opportunity would be an invest to save option. Investment would be required in terms of significant resource for change management and potentially if the change is conducted after collection contracts have been procured costs to re-procure will be required.

Efficiencies gained would be in terms of contract management, routing, vehicle usage and an overall cost of service reduction. Of the authorities that have made the decision to develop joint waste collection authorities or unitary authorities the processes are still ongoing, so defined cost savings are not yet available.

We would recommend that this is discussed over the next year so that it can be factored into the decision making process for any joint procurement undertaken.

5.2 Maximised recycling and recovery from new waste treatment infrastructure continued

Maximising recycling and recovery from new waste treatment infrastructure coming online would continue to reap benefits into the long term, particularly with the development of infrastructure to divert residual waste from landfill.

5.3 Summary of Long Term Opportunities

Table 12 provides as overview of the long term opportunities available to the partnership and highlights any dependencies connected with the opportunities.

Table 12: Summary of Long Term Opportunities

Key Recommendations	Dependencies / Comments
1. Joint collection authorities (horizontal alignment structure).	The partnership should start discussing this as an option in the short term, but should gather data on cost savings by other authorities who have carried out similar exercises.
2. Maximised recycling and recovery from new waste treatment infrastructure coming online (cont).	
Savings Achieved in the long term are dependent upon which partnership route is chosen	

6 Implementation

We have recommended opportunities with fairly challenging timetables for their implementation. With sufficient support for the opportunities and resource dedicated to implementation, the partnership will be able to achieve the savings identified. Speed of change is vital to maximising savings.

6.1 Scale of Savings available for joint working

The cost of service is currently ~£40M per year but even if the status quo is maintained costs will continue to increase. From the opportunities recommended we have calculated that improving joint working will increase the savings for the partnership.

6.1.1 Working in isolation

Savings available from working together are **£13-14M** (cumulative) between 2010/11 and 2014/15, achieved by benchmarking & increasing recycling rate to 64%.

6.1.2 Working together

Savings available from working together are **£13-14M** (cumulative) between 2010/11 and 2014/15, achieved by benchmarking & increasing recycling rate to 64%.

An additional **£5.15M would be available from** Joint working on recyclable material sales and services.

Additional savings beyond 2015 should be possible from joint procurement and alignment of collection services, as yet these remain undefined.

6.1.3 Maximising savings through joint working

To deliver maximum savings there is a need to optimise joint working both on a consortium for recyclable material sales, and aligning services and procurement.

Degrees of joint working will allow savings to be made but not as much as is available by working together.

Table 13: Summary of Cost Savings to 2014/2015

2010/11 – 2014/15	Saving (£)
Reaching 70% Recycling	13.7M
Material sales Commingled (best price)	1.75M
Material sales Paper (best price)	1.5M
Clinical Service (best price)	0.5M
Material sales Green Waste (best price)	1.4M
	= £18.85M

Further Savings will be made beyond 2014/15 in costs associated with diversion from landfill, so the benefits of waste diversion & recycling will continue.

Alignment of services and joint procurement could also have the ability to save authorities anything between zero and up to £5.5M (cumulative) per annum savings for the 11WCAs (0.5M per authority). This estimate has been based on work we've conducted recently with other authorities including Thurrock and Charnwood (detailed below):

- **Thurrock Council** - £2.3M savings across all service areas. This represented an overall saving of 18% annually to the authority compared to the costs incurred for the delivery of these services in previous years. This was as a result of disaggregating contracts and using niche local providers to undertake services thus increasing competition and removing the overheads associated with an integrated contract.
- **Charnwood Council** - Achieved significant savings (£1.3M or 20% annual savings) on their collection and cleansing contract by re-letting their contract in a competitive market and designed an incentive based contract with a mainly output based specification which has driven up performance substantially from 42% to 57% resulting in significant landfill tax savings.

6.2 Implementation Timeframe

Table 14 overleaf provides a high level view of implementation for the options developed. It must be remembered that many of the opportunities are interdependent on other activities and should not be selected alone.

6.2.1 Interrelationships

As detailed previously some of the opportunities presented within the report are dependent upon other opportunities having been implemented before maximum efficiencies can be gained. The key example of this is harmonisation of service. Without ensuring that services across the partnership are harmonised the consequent sale of materials, improved joint working and joint procurement will not be realised and the scale of savings reduced.

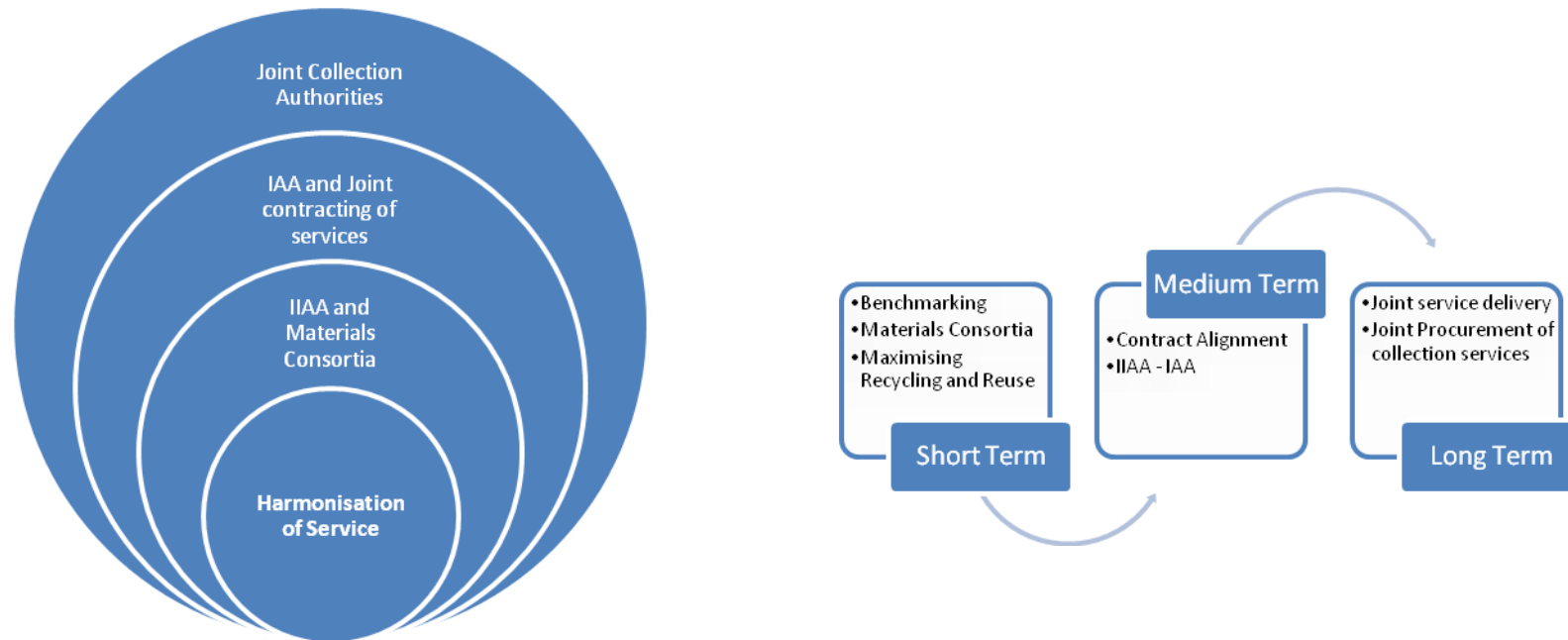


Figure 6: Importance of harmonisation to other opportunities and implementation overview

Table 14: Implementation timetable

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Key dates	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Recycling target year for maximum efficiencies															
Opportunities for contract alignment															
Short Term Opportunities															
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 partnerships recycling rate by at least 5% per year to 2015 and encouraging waste reduction to achieve a 2% per annum reduction in total waste															
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 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															
Movement towards harmonised collection systems with all authorities															

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Key dates	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
on an Alternate Weekly Collection, weekly food, dual stream, collecting a wide range of high quality materials, with strong policy and enforcement.															
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 (WCA's) 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															
Joint collection authorities (horizontal alignment structure).															
Maximised recycling and recovery from new waste treatment infrastructure coming online (continued).															

6.3 Governance Considerations

Improving joint working will necessitate a movement from the current MOU to a more formalised legal agreement. We have outlined within this report when we think that changes from the current status quo through to an IAA should happen and beyond the seven year timeframe when joint collection authorities may be considered.

With the recent approval of the revision of the JMWMS, which contains targets connected with maximising recycling, a formalised structure should provide the vehicle required for achieving a world class waste solution.

We would recommend that governance is given consideration at the earliest opportunity. As discussed previously the formation of recyclable materials consortia provides an opportunity to take the next step and develop an IIAA. This would provide a staged method of entry for authorities depending upon whether they join the consortia initially or not.

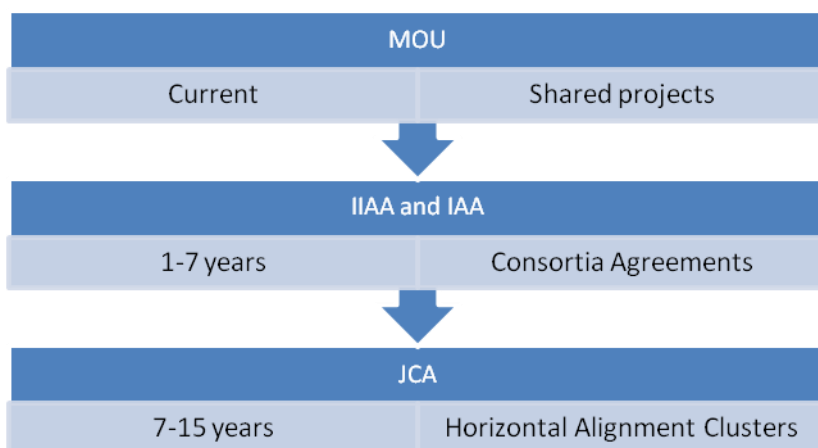


Figure 7: Changes to governance

Table 15 overleaf provides an overview of the different types of partnership working agreements. The definitions can be tailored to the needs of SWP. Table 16 provides an overview of partnership options.

Table 15: Partnership Working Agreements

Term or abbreviation	Definition
MoU	Memorandum of Understanding. Document which details the broad arrangements for partnership working between the WDA and constituent WCAs to deliver the aims of the municipal waste management strategy (MWMS). Current partnership agreement for SWP
IIAA	An Intermediate Inter Authority Agreement is a stepping stone to an IAA. The agreement is effectively a formal contract between partners, committing them to: <ul style="list-style-type: none"> • Consult and involve each other before making significant changes to waste services and facilities • Make all reasonable endeavours to

Term or abbreviation	Definition
	<p><i>implement and operate the Joint Municipal Waste Management Strategy</i></p> <ul style="list-style-type: none"> • <i>Not take actions with adversely affect the statutory or contractual responsibilities of partners</i> <p>With respect to the SWP an IIAA could be based on the formation of materials consortium allowing a legal framework in which the partnership can assign a lead authority to procure.</p> <p>It would be an interim arrangement which all parties anticipated would mature into a full IAA.</p>
IAA	<p>The purpose of an inter-authority agreement is to establish a clear and accountable framework under which the authorities can work together, in the context of a Joint Municipal Waste Management Strategy, to deliver their respective responsibilities</p> <p>It builds upon the IIAA and MOU and specifies roles and responsibilities to ensure delivery of strategy aims and objectives. The IAA would be signed by all parties in recognition of the partnership approach to be taken. Decision making powers would be delegated to a joint committee who would take key decisions on partnership arrangements.</p> <p>Legal agreement on recycling targets and other KPI's. Payment mechanisms could be linked to targets achieved and includes stretch targets to encourage increased levels of performance.</p> <p>Heads of Terms required for a legal agreement.</p>

Table 16: Joint Waste Authority and Joint Waste Committee and how they fit with other partnership options (Reference: WIN)

	Typical examples	Formality	Legal safeguards	Delegation to partnership	Ease of set-up	Ease of Dissolution
Informal agreement	Working group for specific projects	LOW	LOW	LOW	HIGH	HIGH
Formal agreement (not legally binding)	MoU or agreement of joint strategy	MED	LOW	LOW	MED	MED
Formal agreement (legally binding, with partnership board)	Contracts and SLAs between authorities (IAA)	MED	MED	LOW	MED	MED
Joint Committee (with lead authority)	Joint decision-making. Functions discharged through single team	HIGH	HIGH	MED	MED	MED
Joint Waste Authority	Separate legal entity	HIGH	HIGH	HIGH	LOW	LOW
Committee + regulated company	Joint decision-making. Functions discharged to separate company	HIGH	HIGH	MED	MED	LOW

6.3.1 Further Information

Further information on governance structures and preparation of an outline business case for moving to a more formalised legally binding proposal can be found in the following documents and webpage's We would suggest that these are reviewed as part of the governance considerations.

Department of Communities and Local Government
Strategic Partnering Taskforce, Rethinking Service Delivery
Volume Two: From Vision to Outline Business Case
<http://www.communities.gov.uk/documents/localgovernment/pdf/135100.pdf>

Department of Communities and Local Government
Rethinking Service Delivery, Volume Three
Shared Service and Public/Public Partnerships
<http://www.communities.gov.uk/documents/localgovernment/pdf/151096.pdf>

Defra Partnership working web pages
<http://www.defra.gov.uk/environment/waste/localauth/partnerwork/index.htm>

Waste Improvement Network
Partnerships Forum
<http://www.win.org.uk/site/cms/contentChapterView.asp?chapter=13>

7 Summary

7.1 Key Recommendations

The list below provides a summary of the opportunities and recommendations presented to date.

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 partnerships 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
- 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 (WCA's) 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)

7.2 Next Steps

The partnership is at a key stage in terms of decision making. It must maintain momentum and remember that the speed of change will increase the scale of savings that can be realised.

Constituent authorities must remember to talk to the partnership before acting on service changes, contract negotiation or procurement. Opportunities have been identified but there is strength in numbers and greater scales of savings can be achieved by working together, for example by combining tonnage.

The partnership should seriously consider resource issues, a Partnership Manager is required from an operational perspective who can provide an overview and prompt action and drive activities.

Each authority must look inwardly at their own service and challenge it to do better.

The partnership has made fantastic progress to date and is ready for the challenges and greater efficiencies that improving joint working will bring.

AEA group
329 Harwell
Didcot
Oxfordshire
OX11 0QJ

Tel: 0870 190 8195

