



## East Kent Joint Waste Partnership set to generate savings of £30m.

The project developed between Kent County Council and the four Councils in East Kent will see improved recycling, waste collection and street cleansing services for residents combined with significant cost reductions through joined-up working arrangements.

The East Kent Joint Waste Partnership, a subset of the Kent Waste Partnership, comprises Dover District Council (DDC), Shepway District Council (SDC), Thanet District Council (TDC), Canterbury City Council (CCC) and Kent County Council (KCC). All involved have entered a legal agreement to transform the waste services they provide to the public and generate recycling rates of 50% while providing savings to the tax payer of almost £4m per year.

The scheme was jointly funded by IESE (formerly Improvement and Efficiency South East), the Kent Waste Partnership and the councils involved. Waste Consulting LLP was employed to facilitate and project manage the venture. The project forms part of a county-wide strategy to deliver higher rates of diversion from landfill across the whole of Kent.



## Project Overview

The first stage will see a 10 year contract with Veolia Environmental Services (VES), bring new collection and cleansing services to DDC and SDC and provide for the development of new processing facilities in East Kent by 2013 to service all four districts. Interim recycle processing arrangements will be utilised also in the meantime. The new facilities will coincide with the second stage of the project which will see the procurement of a Collection and Cleansing Contractor for CCC and TDC. The collection methodology within this second procurement will provide waste material streams for processing consistent with that implemented at Phase One.

- Minimise exposure to the escalating costs of waste disposal
- Deliver cost efficiencies in collection systems,
- Increase the rate of recycling
- Develop a coordinated approach to managing waste across the two tiers of Local Government
- Facilitate the development of processing facilities within the East Kent area.
- Remove the budget constraints from individual authorities
- Remove the distorting effect of the recycling credit mechanism.

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## Vision and drivers

The key aims of the East Kent Joint Waste Project were to:

## Background

The East Kent Joint Waste Management Group (EKJWG) was formed in 2007/8 of officers from the four East Kent Collection Authorities and Kent County Council. The group was charged by the Leaders and Chief Executives to deliver the vision detailed above.

Existing collection arrangements across the 4 districts were extremely diverse with residual collections varying from weekly to fortnightly and recycling collections from weekly kerbside sort to fortnightly commingled. Some services were provided by in-house Direct Labour Organisations (DLO) and others were contracted out. Recycling performance varied from 22% to 45% and in total amounted to 33% for the area.

Existing service provision for each district is detailed below:

WCA	No. H/holds	Residual Receptacle	Frequency Residual	Recycling Receptacle	Material	Frequency Recyclables	Method
Canterbury	62,000	Wheeled Bin 60,000 Sack 2,000	Fortnightly Weekly	Clear sack	Paper Card Plastic Cans	Fortnightly	Commingled
Dover	46,000	Sack	Weekly	Box/Bag	Paper Card Cans Textiles Glass	Fortnightly	Split Bodied Collection Paper/Cardboard and Glass/Cans/ Plastic
Shepway	47,000	Wheeled Bin	Fortnightly	Box/Bag	Paper Card Plastic Cans Textiles	Weekly	Kerbside source segregated
Thanet	60,000	Wheeled Bin 40,000 Sack 20,000	Fortnightly Weekly	Wheeled bin (35,000) Bag (5,000) Paper & card only (15,000)	Paper Card Plastic Cans Textiles	Fortnightly	Commingled

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## Options

The EKJWG evaluated the cost efficiency of various collection methodologies using models developed by WasteConsulting. The models assessed the impact on district and county costs collectively and individually. Model variations included assessments of:

- Commingled dry recycling collections
- Combined food and garden waste collections and
- Alternative district views where material income was retained by the District.

The group also reviewed the potential advantages and disadvantages of including additional services within the contract. The group consensus was for the inclusion of Street Cleansing services within the contract scope to maximise efficiency of contractors management structure and avoid disputes between different collection and cleansing contractors.

The process was further refined through Competitive Dialogue and feedback from Customer Questionnaires.

Consideration was also given to different service change options from complete service change on Day One (termed big bang approach) to phased implementation of services across the two districts. After careful consideration of the risks associated with the size and scale of the service change the group decided for a phased implementation with changes being made in SDC in advance of DDC allowing more time for containerisation surveys in the latter.

## What the Phase 1 contract includes

### The Contract provides for:

- Waste and recycling collection services,
- Street cleansing services,
- The transfer/processing of dry recyclables, and
- The transfer and processing of food and garden waste.

From the outset VES will provide joint collection, recycling and street cleansing services for DDC and SDC. VES will initially undertake collection services in accordance with the Councils existing collection arrangements and then manage the transition to new collection services across Dover and Shepway within the first year of its contract.

### The new collection service will consist of:

- Weekly collection of Food Waste (with either dry recyclables or residual waste)

- Fortnightly Split Bodied collection of Dry Recyclables – Cardboard/Paper one side Glass/Cans/Plastic the other.
- Fortnightly collection of Residual Waste
- Fortnightly collection on Garden Waste.

The new joint arrangement is designed to maximise efficiency and boost recycling with a new weekly food and kitchen waste service introduced in addition to the existing recycling services. Both Dover and Shepway will move from weekly residual to alternate weekly collections.

### A summary of collections is as follows:

- 180litre wheeled bin for residual waste; collected fortnightly
- 240litre wheeled bin for commingled dry recycling (mixed plastics, glass, cans and cartons/Tetrapaks); collected fortnightly
- 55 litre kerbside box/55 litre bag for paper and card; collected fortnightly
- 25 litre caddy for food waste; collected weekly.

Phase two will commence in 2013 when the new processing facilities in East Kent are expected to be on stream. In addition to the Phase One partners, TDC and CCC will commence delivery of their recyclable waste materials to the new VES processing facilities.

### The processing services include:

- Interim Dry Recyclate processing facilities and haulage
- New Material Recycling Facility for: Mixed plastics including PET, HDPE, TetraPak, aluminium and steel cans and tins, glass bottles and jars.
- Interim Compost Facility for: Biodegradable garden and park waste and biodegradable kitchen and canteen waste
- Compost Facility for: Biodegradable garden and park waste
- New AD Facility for: biodegradable kitchen and canteen waste
- Paper and Card outlet/processing facility

## Implementation and delivery of the project

Following an extended period of competitive dialogue the contract was awarded to VES on the 9th November. With contract commencement fixed for 16th January 2011 lead in time was less than 10 weeks including the Christmas holiday period.

However the phased implementation of new services over the first contract year with existing services continuing up to May 2011 enabled VES to considerably shorten normal contract lead in times.

As at the end of January 2011 the transition in service provider has gone extremely smoothly. Service changes will be implemented in SDC from May to August 2011 and within DDC from September to December 2011. Interim processing facilities have been put in place for the existing collection service and the new collection service, pending the construction and development of new facilities in 2013.

### Process – managing the project

The process was managed through 4 distinct phases:

Phase	Workstream	Timescale
1	Initial assessment of financial/service outcomes and political feedback from Officers Group/ Lead Members/Scrutiny Group and Chief Executives	2007/8
2	Completion of detailed Business Case and District views reporting back to Scrutiny Group, Chief Executives and Lead members Forum and individual Council Committees.	Sept 2008 to June 2009
3	Procurement – Competitive Dialogue managed through Procurement Board	July 2009 – November 2010
4	Implementation	November 2010 – January 2012

In order to manage the process a joint officer group was formed consisting of lead officers from all 5 authorities. This group identified resources from within their councils to assist the progress of the project and controlled the budget in respect of securing external support where required.

#### External support was provided for the following:

- Overall Project Management
- Waste Modelling and development of the business case
- Independent arbitration between authorities
- Policy Review across councils
- Managing the Competitive Dialogue process
- Legal Support re contract documentation
- Legal support re inter authority agreement

#### Internal resources supplied by Councils included:

- Senior Waste Officers
- Waste Team members
- Lawyers representing all authorities
- Procurement Officers from DDC and KCC
- Property managers from SDC/DDC

- HR Advisors
- 151 Officers from all authorities

### Managing the changes

The EKJWG reported to the following different forums at key stages of the process:

- a) Programme Board consisting Lead members from all 5 authorities,
- b) East Kent Chief Executives and Leaders Forum
- c) East Kent Joint Waste Scrutiny Panel
- d) Individual Authority Committees
  - I. from all 5 districts for approval to enter into a joint authority agreement prior to procurement
  - II. from SDC/DDC/KCC to appoint Veolia as the winning contractor.

In addition to the above, public consultation was undertaken through questionnaires and workshops over an 18 month period. There were more than 2,000 responses to the survey, and the workshops gave the opportunity for people to learn about the proposals, give their views, and influence decisions.

### Investment and costs – e.g. new vehicles, commodities, consultancy, legal etc.

The total external project costs amounted to 4-500k over the 3 – 4 years. This includes for all project modelling, development of the business case, project management, support to the competitive dialogue procurement process, external legal support to the procurement and development of inter authority agreements and assistance in the contract mobilisation. It does not reflect the officer time invested by the partner authorities which has proved difficult to accurately quantify but should not be underestimated.

In adopting these joint working arrangements all income and costs of processing are received and borne by KCC. This removes the risk of recycle market volatility from district budgets. However to ensure Districts are at no financial disadvantage from entering the Project where districts previously received income directly for materials, the value of this income (based on the year prior to entry) is reimbursed to them by KCC.

Furthermore any additional revenue costs arising from an increase in the cost of associated with the change in collection costs is also funded by KCC.

These costs are refunded to the districts through an enabling payment by KCC. The split between

additional service cost and End market recycling income is shown in the table below:

Breakdown of Enabling Payment	£ p.a.
Additional Service Costs	£ 930,711
End Market Recycling Income	£ 385,985
<b>Total</b>	<b>£1,316,696</b>

The change in collection methodology also requires a change in containerisation provision for all participating collection authorities. The capital cost associated with this investment is to be met by KCC from the savings in disposal costs as part of their transitional support to the individual Districts. The funding provides for food caddies/bins, and makes up any shortfall in the existing provision of recycling and residual wheeled bins.

The total investment funding required over the two phases is shown in the table below:

Phase	Containerisation Cost
Phase One	£3,374k
Phase Two	£1,045k
<b>Total</b>	<b>£4,419k</b>

### Efficiency Savings

The Phase One contract delivered savings of £700k per annum directly to SDC and £200k per annum for DDC from 2011.

KCC is forecast to save an average of £2.9m per annum in waste disposal costs once all four districts have rolled out the change in collection methodology, expected to be achieved in 2013/14.

The Contract also contained limitations to the review mechanism and an annual requirement for 0.5% efficiency improvement. The combined impact of these measures is also expected to reduce the lifetime contract cost by a further £0.5mn.

Over the contract term these savings will amount to nearly **£30m**.

### Other improvements/savings

In addition to the district and disposal savings the contract delivers a substantial enhancement to the regions recycling performance, providing sufficient tonnage to drive the development of local processing

facilities and meeting the key aims and objectives detailed above.

The introduction of food waste collections and the expansion dry recycling materials is predicted to drive up recycling rates are from a current average level of 33% across the 4 districts to 49% once new services have bedded in.

The table below models the impact across all four districts:

Cost/performance details	Recycling performance for 2007/08	Post Implementation
Canterbury	45%	58.7%
Dover	22%	43%
Shepway	39%	49%
Thanet	28%	41.7%
<b>Total</b>	<b>33%</b>	<b>49.0%</b>

### Additional service improvements incorporated within the contract/project include:

- Supply and delivery of dry recycling wheeled bins/food waste caddies and bins across both districts
- Supply and delivery of 180l residual waste wheeled bins across DDC
- Introduction of recycling services to flats
- Introduction of Battery recycling
- Introduction of Nappy Waste collection service
- Enhancement of street cleansing standards through continuous improvement performance indicators and incentives
- Reduction of the councils overall service carbon footprint by 10% by 2015 (as measured in accordance with NI 185).
- Improvements to local depots
- Waste Call Centre Services
- Single client function across the First Phase Partners aided by the use of an innovative, web-based contract management tool developed to manage all actions and tasks to be undertaken by both the contractor and the client team.

### Key factors leading to success

- Early and ongoing discussion/agreement with Chief Executives and Lead members
- Involvement of Sn 151's from all authorities

- Open discussion and agreement of political and financial issues across the Districts and County throughout the process,
- Identifying the internal resources available and securing funding for those resources needed from external suppliers
- Working up alternative views for Districts to demonstrate the true benefit of the Project view.
- Establishing a sound and flexible working relationship with consultants

### Challenges and how these were overcome

- Agreement of common collection arrangements – agreed through discussion with Officers, lead members and Chief Officers from commencement.
- Inter Authority agreement – involvement of lawyers from all authorities agreeing changes around the table and use of third party lawyer support where necessary.
- Financial arrangements – involvement of Authority Sn 151 officers throughout the process
- Policy Moderation – overcome through joint workshops

### Future plans

Following the success of the East Kent Joint Waste Project, modelling is currently being undertaken in respect of the other 8 Kent Districts. This will be discussed through the Kent Waste Partnership and business cases developed where appropriate. There is significant potential scope for future projects with three coterminous contracts in 2013 in adjoining districts and options for joint working across DSOs.

This is a good example of where joint working across districts and the two tiers of government can deliver service improvement and savings at the same time to the benefit of the taxpayer as a whole.

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