

Identifying and delivering efficiencies in waste

Case Study - The Kent Waste Partnerships
East Kent Joint Waste Project (EKJWP)

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East Kent

East Kent waste authorities - the challenge and the approach

The Kent Waste Partnership (KWP) comprises the 13 principal councils of Kent. These are the twelve district councils in their roles as Waste Collection Authorities (WCAs) and Kent County Council as the Waste Disposal Authority (WDA).

The KWP seeks out opportunities to deliver efficiencies to taxpayers. Significant gains can be secured at the time of major contract renewals. This is especially so at times when two or more councils have similar timescales for renewal though substantial work is required to ensure such opportunities are not lost. It is with this context that five of the KWP's councils created the East Kent Joint Waste Project (EKJWP) comprising 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% or more while providing savings to the local tax payer of almost £4m per year and up to £30m in total.

The key aims of the EKJWP are to:

- Minimise exposure to the escalating costs of waste disposal
- Deliver cost efficiencies in collection systems,
- Reduce waste arisings and 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
- Develop a financial incentive scheme to improve the waste services of all East Kent authorities.
- Proactively engage with the public on delivering improvements to public services

The scheme was primarily funded by the councils involved with support from the KWP and Improvement and Efficiency South East (IESE), to secure the resources of [WasteConsulting LLP](#).

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. A mixture of various services was offered by Districts, for example green waste collections were charged for by some and offered for free by others. No authority offered food waste collections.¹ Recycling performance varied from 22% to 45% and in total amounted to 33% for the area.

Importantly, the five councils were proactive, and transparent, in examining the costs to taxpayers of the existing services. Modelling of scenarios demonstrated a potential 'win win' of significantly improved value for money and improved environmental performance. This could become a reality if the councils were able to agree greater harmonisation of local services including two key aspects. Firstly, a more harmonised method of service delivery - in effect, a more consistent 'customer offer' across the East Kent area. Secondly, that full advantage should be taken of contract renewal opportunities. Dover and Shepway councils' contracts were due for renewal in 2011. Canterbury and Thanet councils' contracts were due in 2013.

Options

The EKJWG evaluated the cost efficiency of various collection methodologies. The aim was to arrive at a consensus on a 'nominal optimum method' (NOM) of service delivery that provided taxpayers with the best environmental performance at lowest overall cost per household. 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 potential disputes between different collection and cleansing contractors.

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

Public engagement was essential part of how to deliver service change options offered. One issue was how and when to implement change; from an all encompassing complete service change on Day One (termed the big bang approach) to phased implementation of services changes across districts.

The EKJWG was supported throughout the process with independent financial and technical advice and 'project facilitation'. This involved understanding the different aspirations of the collection and disposal authorities, being an 'honest broker' and offering solutions to the five councils to ensure the common goal was achieved.

Governance

In order to manage the process a joint officer group was formed consisting of lead officers from all five councils. 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.

Areas addressed:

- Public consultation
- Overall Project Management
- Waste and Financial 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

Resources:

- Senior Waste Officers
- Waste Team members
- Lawyers representing all authorities
- Procurement Officers from DDC and KCC
- Property managers from SDC/DDC
- HR Advisors
- s151 Officers from all authorities
- IESE (procured the services of Waste consulting)

Process

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

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

Method and Instruments

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 some of the final contract specification.

The total external project costs amounted to £400-500k over the 3 – 4 years, representing a pay-back in less than two months based on the forecast project savings identified. 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.

Phase 1 of 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.

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.

Timetable

The process is 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. Leading to Formal/Governance arrangements – Inter Authority Agreement	Sept 2008 to June 2009
3	Procurement – Competitive Dialogue managed through Procurement Board, including evaluation and award	July 2009 – November 2010
4	Implementation	November 2010 – January 2012

Efficiencies and improved performance

Efficiency savings

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. These savings will be used to stimulate further improvements in performance across all authorities.

The Contract also contained limitations to the review mechanism and an annual requirement for 0.5% efficiency improvement from the contractor. 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 are projected to be nearly £30m.

Improvements in overall performance

Phase 1 of 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 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.

In addition to the district and disposal savings the contract delivers a substantial enhancement to the regions recycling performance, and local economy, 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 2009/10	Post Implementation
Canterbury	45.3%	WDF %
Dover	30.8%	WDF %
Shepway	36.4%	WDF %
Thanet	25.7%	WDF%
Total	34.5%	WDF%

Lessons learnt (August 2011)

The group 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. This is viewed of a core element of the success of programme.

Consideration was also given to different service change options from complete service change to phased implementation of services across participating Districts. After careful consideration of public responses to 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. This strategic and considered approach in taking into account public response, while delivering improved services and continual evaluation of the scheme as it was rolled has been a major success factor. As a result the change in service provision has gone extremely smoothly.

Development of robust and professional contract management arrangements was essential in delivering the enhanced services effectively and creating the appropriate environment for managing the relationship with the contractor. The need to work with a single contractor consistently across collection, street cleansing and disposal services and by district and county staff presented an opportunity to develop a web-based tool to facilitate this.

As a result of the councils' strategic approach and public engagement, service changes are currently being implemented in SDC from June 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.

Key factors leading to success

- Early and ongoing direction from and discussion/agreement with Chief Executives and Lead members
- Involvement of s151's from all authorities throughout the process
- 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
- 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 s151 officers throughout the process
- Transparency on the aims and objectives of the partnership.
- Policy moderation – overcome through facilitated joint workshops

Next steps

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. The project forms part of a county-wide strategy to deliver higher rates of diversion from landfill across the whole of Kent. The project is an excellent 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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