



Environment & Transport Select Committee
1 March 2012

Service Improvement Through Working in Partnership

Purpose of the report: Policy Development and Review

Introduction:

1. This report provides an update on the partnership work that is underway and planned in order to maximise efficiencies and savings to the tax payer. This work includes joint working within Surrey with the district and boroughs and also regionally with the South East 7 (SE7).

Surrey Waste Partnership

Context:

2. The first Surrey Joint Municipal Waste Management Strategy (JMWMS) was produced by the Surrey Local Government Association (SLGA) in 2006.
3. In the latter half of 2010, Surrey Waste Partnership, formerly the Waste Members Group of the SLGA, revised its Joint Municipal Waste Management Strategy, which is now called 'A Plan for Waste Management'. Consulted over widely, including a full public consultation, and consultation with key stakeholders, this first revision to the Strategy was agreed and adopted by all authorities in Surrey by January 2011, with Surrey County Council having adopted it at its Council meeting in September 2010.
4. The new Strategy sets out a series of Policies, which are to be delivered by supporting actions. Each partner authority is responsible for producing its own Action Plan, revised on an annual basis and which will contribute to the delivery of a number of high level targets, including the achievement of an aspirational 70% recycling rate by 2013/14. The Action Plans set out the

activities that each authority will undertake to achieve the targets, drawing on best practice¹ and delivered for the benefit of the tax payer.

Delivering savings:

5. In March 2010, having identified waste as a high priority for efficiency savings, the Surrey Chief Executives and the Surrey First Task Group (now Joint Committee) asked the Surrey Waste Partnership to look into the optimum partnership model(s) for waste management in Surrey, consistent with the achievement of efficiencies. This coincided with Surrey Waste Partnership's Improved Joint Working Project that aimed to identify how to achieve sustainable efficiencies in Surrey whilst delivering its revised Joint Municipal Waste Management Strategy, now known as a Plan for Waste Management, associated Action Plans and World Class Waste Solutions.
6. The outcome was a report from AEA., the external advisors to the project, setting-out the opportunities for waste management in Surrey in the coming years (See annex A for the Executive Summary of this report,). The recommendations were phased into short (over the next 1 to 2 years), medium (2 to 7 years) and long term (7 to 10 years) opportunities
7. The analysis carried out demonstrated 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 were maximised through negotiation of the best price within the partnership and local efficiencies were maximised, then approximately £19M (cumulative over the 5 years) could be saved by the partnership. It suggested some £2m savings in the first two years of improved partnership working, c. £17m in the next five, and further efficiencies could be gained post 2014/15 by greater joint working to further sell recyclable materials and procure services together.
8. A breakdown of the key areas where savings were identified is provided below.

Summary of Cost Savings to 2014/2015 identified by AEA

2010/11 – 2014/15	Saving (£)
Reaching 70% Recycling	13.7M
Material sales Commingled (best price)	1.75M
Material sales Paper (best price)	1.5M

¹ Best practice waste management for Surrey has been identified through a comparative analysis of waste management practices and associated performance impact within Surrey and with the top recycling authorities in England. Best practice has not been defined as a 'one size fits all' model but as a series of activities that have proven to improve performance in the places where they have been implemented.

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Clinical Service (best price)	0.5M
Material sales Green Waste (best price)	1.4M
= £18.85M	

9. The potential savings of c£19m and proposed service improvements demonstrated clear opportunities for Surrey arising out of improved joint working. The savings estimated include both cash savings and avoided costs, and will also require some prior investment.
10. The AEA report was agreed and adopted by the Surrey Waste Partnership (SWP), Surrey Chief Executives, and the Surrey First Joint Committee between November and December 2010. Surrey Chief Executives and the Surrey First Joint Committee endorsed the SWP as the group to progress work to implement the key recommendations of the AEA report.
11. Joint work in garden waste removal and processing has benefited the Partnership by some £200k per annum. And two authorities (Reigate & Banstead and Guildford) have jointly tendered waste paper sales and have achieved joint additional income of £2m over the contracted two-year period.
12. Fuel purchasing has also been opened up with an awareness of who pays what, and opportunities for accessing two pre-tendered framework agreements. Moulded plastics purchasing opportunities have been identified.

Improving performance:

13. The largest part of the savings and associated opportunities identified by AEA related to achieving an overall 70% recycling rate in Surrey. The current phase of the Partnership's Improving Joint Working Project (May 2011-March 2012) has therefore focussed on increasing performance with a view to delivering savings for the taxpayer.
14. To this end the opportunities listed in the AEA report needed to be turned into deliverable activities for each partner authority and be integrated to the Action Plans that they have to draw up to outline how they will deliver their commitment to the joint strategy – A Plan for Waste Management.
15. The current phase of the project has:
 - Provided a framework to facilitate partner authorities develop their action plans by further evidencing AEA's recommendations through best practice research and analysis and by carrying a comparative analysis of Surrey's authorities' capture rate for recyclable materials.

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- Developed the financial mechanism that will redistribute part of SCC's avoided costs to the Districts & Boroughs to support new improvement initiatives, following a rigorous bidding process, and reward performance.
16. The Surrey Waste Partnership endorsed the funding mechanism in December 2011 and, to date, two of the twelve partner authorities have approved their revised Action Plans, with the remaining authorities planning to do by April 2012. Surrey County Council's Action Plan is scheduled to be submitted to the Cabinet for approval on 24 April 2012. See annexe B for a summary of progress for each authority.
17. A number of key themes occurred with consistent regularity during the action planning process. In descending order, the most frequently proposed areas and actions are set out below:

Absorbent Hygiene Products	Potential to collect separately for recycling e.g. nappies
Plastics	Introduce mixed plastics collection
	Promotion/communications of mixed plastics to residents
Food Waste	Introduce food waste collections to remaining flats
	Introduce collection of food from schools
	Targeted campaign to increase participation and capture rates
Paper and Card	Targeted campaign on paper recycling
Glass	Promotion/communications of glass recycling to residents
Metals	Promotion/communications of cans/metals recycling to residents
Street Sweepings	Investigate technology to reduce the weight of, and potentially recycle, street sweepings

18. This is indicative of what type of action will benefit from a joint approach in the forthcoming months.

Future collaboration:

19. In parallel with the Improving Joint Working Project the authorities within the Surrey Waste Partnership have started to investigate if and how they could achieve efficiency savings through joint waste collection service delivery and contracting.

Joint Contracting:

20. The six waste collection authorities with contracts with the private sector have been considering the opportunities and timescales for joint contracting, as there is potential for significant savings. During this year a project will investigate how a joint waste collection contract (or joint collection contracts) could be developed and will consider the extent to which this may lead to more effective and efficient services. To date, a number of initial meetings and workshops have taken place between officers and elected members of these authorities and some high-level analysis been carried out, indicating that savings could be substantial. At present, these authorities include, but are not limited to: Elmbridge, Mole Valley, Surrey Heath, Woking along with Tandridge and Waverley.

DSO Joint Working:

21. Similarly the Chief Executives and Directors from the five authorities with an in house direct service organisation (DSO) have had an initial workshop to consider the range of future opportunities for working more closely together. Again during 2012, a joint project will investigate options likely to range from 'do nothing' to clusters of two or more authorities with a shared DSO; a super DSO or private sector contracts replacing DSOs. Authorities with a DSO are Guildford, Runnymede, Spelthorne, Epsom and Ewell, and Reigate and Banstead.

Co-mingling position:

22. Currently, six of Surrey's District and Borough Councils segregate the recyclable material collected from the kerbside, whilst five collect all of this material in one container. There are merits and disbenefits associated with either collection system, and the debate polarises opinion within the waste industry. Work commissioned by the Surrey Waste Partnership in 2010 suggested collecting all recyclable material together with the exception of paper due to its additional value when collected separately.
23. The Campaign for Real Recycling (CRR) is a campaigning organisation comprising a number of materials reprocessing companies together with Friends of the Earth. The organisation believes that separate collection of recyclable materials at the kerbside is preferable to co-mingling as the quality of the materials is preserved. CRR has mounted a legal challenge to DEFRA's interpretation of the EU's revised Waste Framework Directive, which requires Member states to 'separately' collect paper, plastics, glass and metals by 2015.

24. Defra have transposed the EU Framework Directive into The Waste (England and Wales) Regulations 2011. These regulations set out requirements for waste collection authorities to provide the separate collection of waste paper, metal, plastic or glass from January 1 2015. The regulations add that collecting these materials together but separately from non-recyclable waste is a form of separate collection.
25. CRR does not believe that the definition of 'separate' collections in the EU Directive includes comingling. The Judicial Review hearing is scheduled for 13 June and could have implications for the whole material supply chain.
26. The County Council is committed to working with Surrey's District and Borough Councils through the Surrey Waste Partnership to maximise the value of our waste materials and improving Surrey's recycling rate to 70%. Collaborative working is key to achieving this ambition (and progress towards this has been outlined in the previous section). Synergies in collection methods have the potential to yield significant savings across the county. However, SCC does not favour one collection method over another, given the complexity of local circumstances and their implications for achieving best value.

South East 7

Context:

27. The South East 7 Partnership comprises the county councils of East Sussex, Hampshire, Kent, Surrey and West Sussex, and the two unitary councils of Brighton & Hove and Medway. The SE7 councils serve the interests of 5.5 million citizens, which is a population equivalent to the size of Denmark and larger than four EU Member States. These councils have the broad aim of securing the best value for money in delivering public services. By coming together the councils create opportunities through economies of scale, greater influence with partners, and capacity to be innovative. Several SE7 Projects are evolving, one of which is focused on 'waste and recycling'.
28. There are three key reasons for the SE7 to wish to work proactively to change the way in which waste is managed across the region: -
 - 1) Financial Costs:** The SE7 councils are budgeted to spend some £300 million on waste/recycling functions in 2011/12. Together with the 44 district councils in the SE7 area, a spend of £3 billion over the next decade is projected. Therefore there is an opportunity to review these costs and driving that figure down. Proactive, targeted action to reduce the quantities of waste handled (collected, processed, and disposed) by councils as well as increasing the amounts recycled and recovered will deliver a significant reduction in cost alongside wider efficiencies.

2) Environmental Performance: In 2010/11, 2.8 million tonnes of household waste was handled by the SE7, equating to 11% of England's total. This figure is projected to rise beyond 3 million tonnes per year, owing to population and waste growth. For 2010/11, this can be broken down to:

- 42% was recycled or composted
- 35% was used to generate electricity for homes and industry
- 33% was landfilled

Reducing the amount of untreated landfill to as close to zero as possible – whilst also managing the costs of treatment – will dramatically improve our collective environmental performance.

3) Longer Term Transformation: Achieving significant changes to costs and performance will lead to better value for money. However, the best value for money can be delivered where real changes are made to the way in which materials are managed throughout their lifecycle. Through working with the SE7 this change is achievable by working through all parts of the supply chain; from designers, manufacturer, packer fillers, hauliers, retailers and consumers to waste management companies and reprocessors.

Longer term transformation must happen on three fronts: -

- Achieve long term security of supply of materials. This means taking collective action to reduce use of virgin materials and maximise the benefits of closed loop cycles.
- Create the leanest possible supply chains – and reduce quantities of materials used.
- Get as close to 'zero untreated waste to landfill' as possible for all types of waste streams, and maximise value from discarded materials over and over again.

Current status of the SE7 Waste stream:

29. A programme of activity was developed in September for the SE7 Waste stream in order to identify where specific savings and efficiencies could be identified, and what opportunities were available. Research and planning is well advanced; we have made good progress, sharing best practice, and, in particular, looking at sharing ideas and initiatives to contribute to immediate savings targets. A proposed Action Plan based on this evidence base will be presented to SE7 Leaders in March 2012.

Developing the programme to deliver the savings:

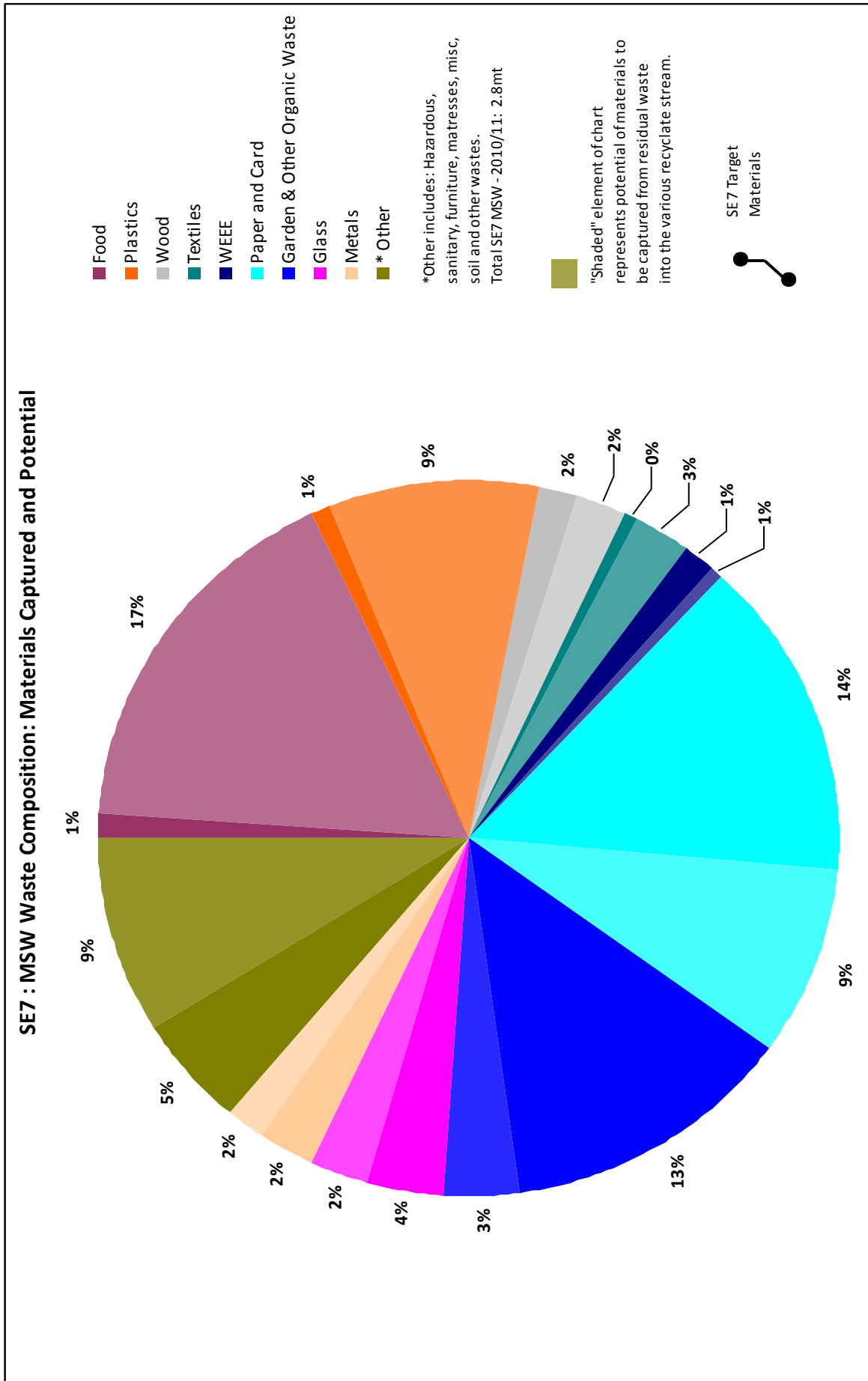
30. The programme that was developed in September consisted of themes as follows:
- Waste prevention
 - Materials
 - Infrastructure
 - Business Opportunities
 - Quick Wins
 - Finance, Legal risk
31. The purpose of each of these themes is described below, however overall the aim was to identify current information, data, positions and analyse where savings could be made. The outputs of each of these themes would provide the evidence base for the Action Plan that will be presented to SE7 Leaders in March.

Waste Prevention Theme:

32. Reducing the amount of waste handled by authorities in the SE7 area by 10% between now and 2020 has the potential to save at least £310 million. To achieve at least this reduction we are working to identify waste prevention/minimisation activities that could be optimally delivered on an SE7 basis. We are working closely with WRAP on this theme, as they lead on influencing waste prevention activities at a national level. Our objective is to identify those activities best led at a national level, by WRAP and others, and activities delivered optimally at regional and local levels, to maximise the waste prevention and minimisation potential.

Materials Theme:

33. We are working to prioritise the recovery and diversion of materials that can either save money or generate income. Analysisⁱ of household waste composition, compared with materials captured for recycling across the SE7 councils, demonstrates a significant opportunityⁱⁱ
34. Food waste, plastics, textiles, wood waste, textiles and other waste (which includes carpets, mattresses, and bulky furniture) have all been identified as under exploited materials with such potential.



35. For example, if 25% of the textiles that are currently either landfilled or processed by energy recovery facilities were captured and supplied to the market, we could generate a potential saving in excess of £7m per annum for SE7 authorities.
36. Waste Electrical and Electronic Equipment (WEEE) has also been identified as a priority; as a potentially valuable source of scarce materials which are lost from the UK economy through the current practice of the exporting WEEE for re-use.
37. Business cases for each of the six material streams are being prepared, with input from specialists at WRAP and the Environment Agency, to inform and validate these. These will be presented to the SE7 Leaders in March.

Demand for our Materials – Who wants what, for what? (Business opportunity Theme):

38. We are seeking to assess the demand for material in the SE7 area. This will be achieved by reviewing existing intelligence (SEEDA/WRAP/BIS), assessing raw material input into the SE economy, and through dialogue with key 'producers'. The objective is to identify approximately 5 key partners with requirements for our materials, in order to assess the most cost effective approach for supply. We are already in progressive dialogue with a number of key retailers and the petrochemical industry.

Infrastructure Theme:

39. The anticipated levels of materials generated in the SE7 area will be quantified and mapped against the existing planned facilities for material processing. This will enable the identification of additional reprocessing capacity requirements, including the potential to provide capacity to process commercial materials of similar composition as a source of income. An existing initiative by the South East Waste Planning Officers Group (SEWPAG) is to provide a clear picture of the existing infrastructure for processing and disposal of waste, as well as a projection as to future needs and potential across all waste streams - municipal, commercial, industrial and agricultural. The work of this group will inform the picture for the whole region including the SE7 area. This work will conclude in the summer of 2012.
40. The **Finance** and **Legal & Risk themes** underpin the work of the other themes. For example, such work will identify any contractual barriers to joint

working or sharing of facilities, and will include an assessment of how these may be overcome.

Conclusions:

Financial and value for money implications

There are major savings and efficiencies that can be made through partnership working within Surrey and within the SE7. The Surrey Waste Partnership savings have already been identified and the SE7 savings will be presented to Leaders in March 2012.

Equalities Implications

No discernable equalities implications have been identified.

Risk Management Implications

None identified

Recommendations:

That the Select Committee consider and comment on the work that is underway to achieve savings by working with our partners.

Next steps:

Further updates can be provided.

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Sources/background papers: None.

ⁱ Analysis used residual waste composition analysis by Defra - *Municipal Waste Composition: A Review of Municipal Waste Component Analyses 2009*