

Towards a Route Map for Integrated Service Delivery

Objective of Paper

This is a discussion paper regarding the direction and pace of travel for the JWC. It has been observed during the first three years of the formal partnership that any move to exploit potential economies of scale and other benefits of closer integration is made more complex by the various models of collection, contract end dates and various views on the nature, speed and desirability of closer integration. In order to move forward the Committee needs to reach a consensus on the destination and have a plan to reach it, picking up key opportunities along the way.

This paper is the start of a process to reach clarity on the destination. The destination may change and further onward destinations will emerge along the way but the journey must begin with a single step.

Background

The original business plan (2012-15) drafted by Eunomia for the partners envisaged that:-

The five Gloucestershire Authorities will be working together in partnership to deliver a more efficient waste service, by considering waste collection and disposal as a holistic, single system provided to the council tax payers of the County. This will be governed by a Joint Waste Committee that will have delegated powers to act in the area of waste disposal and collection. The Joint Waste Committee will comprise of representatives from each of the participating Districts and the County on a one council two vote basis with a constitution that ensures the Committee cannot act in a manner that is detrimental to any of its member's financial or reputational standing.'

The JWC's Inter Authority Agreement (28th March 2013) sets out the basis of the Partnership as follows:

The Partner Authorities wish to create a statutory joint waste committee to be known as the Gloucestershire Joint Waste Committee to undertake the functions and the administration of the Principal Contracts to improve the quality and efficiency of their waste collection, recycling, waste disposal and allied services as set out in this Agreement.

The Partner Authorities wish to establish a clear and accountable framework under which they can work together in delivering their waste disposal and waste collection responsibilities and to promote the economic, environmental and social well-being of their respective areas. They wish to be able to respond in a more effective and co-ordinated way in relation to the development and implementation of the Joint Waste Management Strategy and to introduce and promote joint working arrangements that will be in the best interests of the council taxpayers of the Partner Authorities.

Each of the Partner Authorities recognises in particular the need to address central government and European targets for waste minimisation, recycling and recovery of waste and the promotion of sustainable development including the use of waste as a resource.

External Issues affecting the Partnership now

- Austerity and financial pressure on partners
- Recycling targets
 - Waste Framework Directive - UK target of 50% recycling of MSW by 2016 (with a four year derogation to 2020)
 - Gloucestershire JMWMS target to reduce residual waste to 480 kg/household by 2020
- Public demand to recycle more materials via the collection service
- The advantages of consistency in collection methodology
- Industry demands for quality material
- The impact of lower prices for collected material

EU Circular Economy package

- These are still at proposal stage
- The proposals include a 65% recycling target by 2030
- Recent European Parliament debates suggest that many MEPs would prefer this to be 70% as per an earlier proposal
- The referendum outcome may be critical to UK view and future approach

UK Govt – Policy Drivers

Waste (England & Wales) Regulations 2011 as amended includes a requirement for separate collection of four materials unless it is not necessary or “Technically, Environmentally or Economically Practicable”.

The Environment Agency and Defra are not showing any signs of enforcing the Regulations against local authorities and EA officers have (privately) argued they may not have the powers to do so anyway. Some EA action against non-compliant businesses may be forthcoming.

As a result, the Regulations effectively have the status of “guidelines” rather than hard direction or enforceability. LAs with a wide variety of approaches to collection have made their own argument for compliance without being subject to any formal scrutiny. Challenge may however still come from lobby groups and recent debate within the EU Parliament reflects a real concern about the way “work arounds” for the requirement for separate collection are being applied within some member states. Dependent on UK’s trajectory re the EU membership and the Circular Economy Package, there may be pressure to review the use of exemptions to separate collection. Clearly we cannot be comfortable that the debate about acceptability of co-mingled collections has entirely gone away.

The UK Government seems mainly concerned about the likelihood that England will not achieve 50% recycling by 2020 under waste framework Directive. England's recycling rate (at around 45%) has only improved marginally in recent years and the most recent figures suggest it has declined for the first time

Innovative and leading LA performance started to flat-line earlier than the national rate; increases in national performance in England have mainly come from late adopters of good practice catching up.

Austerity has forced many LAs who were not already doing so to start to charge for garden waste which has reduced organic recycling rates in those areas.

UK Govt – Policy in Practice

UK Govt is generally reluctant to introduce new Regulations and prefers voluntary agreements such as Courtauld 2025. However one of the most high profile recent voluntary agreements, the Dairy Commitment, contained a commitment to incorporate a minimum recycled HDPE polymer content in plastic milk bottles. But the commitment was not honoured, contributing to the failure of two high profile plastics reprocessors.

Defra Minister Rory Stewart has proposed a 25 year Environmental Plan – currently in preparation but expected to be a framework rather than a fully formed plan and (rather like this report) “a set of starting points for dialogue and discussion”. This is expected post referendum, pre-parliamentary summer recess.

There appears at last to be a tacit acceptance at government level that incentive schemes (the main policy interest from DCLG in recent years) have very limited impact.

Areas of Defra interest in waste are known to be:

- Separate food waste collection in areas not served as a means to boost recycling levels
- Consistency in service methodology (eg bins, boxes etc) and materials collected between local authorities
- Innovative use of IT and other technology to make services more efficient

WRAP are working on two documents regarding consistency, also expected to be published post referendum, pre-parliamentary recess.

The first (framework for consistency) document sets the context and sets out what consistency might look like in practice. It is expected to be based on three systems – separate collection, two-stream and fully co-mingled.

The second document is expected to set out evidence for the framework and a business case for convergence.

Importantly however, from conversations with WRAP, it is not expected that Defra will offer any new resources to support service convergence and the adoption any recommendations will be voluntary.

Industry Issues

Senior colleagues in the Chartered Institute of Waste Management have indicated the resource management industry in general is depressed, partly due to the reduced value of recovered materials and the lack of national policy drivers to encourage innovation.

Recent soft market testing by the JWT has revealed that recycling service providers are no longer willing to take more than a 50:50 share of risk on material values.

The recent WRAP gate fee survey (published May 26th 2016) shows that MRF gate fees (another indicator of material value) are rising and are expected to rise further.

Impact of Change

Work in Gloucestershire and elsewhere suggests that the relative total system costs and performance of kerbside sort vs co-mingled (either single or two-stream) remain broadly comparable.

It also indicates, most things remaining equal, that there is a cost of switching from one system to the other which makes the status quo the most economic option *in the absence of any other major changes* such as changes in frequency of collection.

If considering a move from kerbside sort to co-mingled, some costs increase due to loss of income, payment of MRF gate fees and capital costs of containers (usually converted to a revenue cost of payback over a period of 10 or so years). Savings are derived from lower vehicle / crew costs.

The reverse applies to switching from co-mingled to kerbside sort – the system is more labour and (vehicle) capital intensive but avoids (rising) MRF fees, provides (albeit suppressed) income and more local employment. There is a cost of recovering wheeled containers. Provision of boxes or sacks is cheaper per unit but on average will need replacement more frequently than wheeled bins.

Achievements to date

The Joint Committee is established with a number of programmes and projects have been delivered or are in train. These are set out in the business plan and include

- Food Waste initiative
- FoDDC Contract Review
- TBC Service Review
- HRC Contract Review
- Joined up working on depot and transfer station provision

- The Joint Waste Team has bedded in as a single entity
- A review of staff structure to facilitate more flexibility and resilience is nearing completion

Partnerships

Partnership working in Gloucestershire and elsewhere has demonstrated the following benefits in particular:

- Shared staff resources with attendant resilience
- Overview of the whole system and ability to make connections (eg current work on depot / transfer station provision linking WDA and WCA needs)
- Delivery of common projects such as the food waste initiative

In addition the link with Somerset has benefitted in terms of resource sharing; both the formal part time secondment of the Head of Service and other technical support for short term projects on an ad hoc basis.

In setting up the JWC the partners had a dilemma: –

- Do we agree on a very clear end destination and set up the partnership to achieve that? or
- Do we set up the partnership to enable us to become more comfortable with joint working and use that platform to determine the destination?

There was insufficient consensus around the first approach but sufficient confidence for GCC, FoDDC, CBC and CDC to take the second approach and, once in place, for TBC to firm up their provisional intention to join.

Option 2 was a positive step but always going to have challenges as well as benefits. In the first three years of operation the following issues have become clear:-

- Key decisions such as the specification and funding of service models is retained by the partner authorities.
- The Committee is often seen as accountable for outcomes without responsibility for budgets and delegated authority to make key decisions.
- The current model does not preclude significant input and debate from the JWC, but the absence of collective responsibility has caused tensions around potentially missed opportunities for service alignment.
- The budget is not devolved which is a further missed opportunity to look at the benefits of a total system cost.
- While improvements have been made in management accounts reporting, comparing the relative cost of service provision between partners is problematic due to differing accountancy practice.

- There are inequalities in terms of resource input and demand between the partners. While one of the benefits of partnership working is the rotation of priorities, to be equitable the resource input needs to be fairly balanced.
- There are different degrees to which partners have maintained a separate internal client function, which can lead to inefficiencies and potential tensions in relationship management.
- The future funding for the Head of Service and for joint projects needs to be resolved in the short term to put the partnership on a more sustainable basis.

Options for a Future Operating Model

There are various scenarios for a future operating model, including:-

Status Quo

- Retention of a single pool of staff and a consultative Joint Committee but responsibility remaining firmly with each partner for key decisions.
- Not to progress beyond this stage would require clear recognition that partners might have limited influence on key decisions made by other partners.
- There would need to be staff retained at each authority who would continue to manage communications, accountancy, procurement etc
- The JWT could continue to collate, compare and challenge but the spending on waste services would continue to be determined and monitored by each partner. The JWT could continue to collate, compare and challenge.

Partial or Full Disaggregation

- Disband or reduce the membership of the formal JWC and return to an informal partnership forum in the mould of the GWP
- Partners would employ and manage their own staff (or under a service level agreement with the current administering authority).
- This would re-introduce inefficiencies particularly due to the need for the major common service provider (Ubico) being overseen by several client organisations, each being a complex decision making unit in their own right. The individual authorities would still need to collaborate on other more strategic and educational issues. This would increase the level of management required within Ubico to interface with multiple clients who may not moderate demands and timeframes to fit with a wider picture or be able to provide the resources required.
- There would be a loss of resilience and core strength as partners (who have stable staff base) would have little incentive to allow their staff to cross-cover for others.

Further Integration

Further integration could occur gradually or by one large step change (rapid integration)

- Full integration would require a revised Constitution under which the Committee has decision making powers (subject to continuing with safeguards around not committing increased expenditure for any partner without approval)
- With the above caveat, the partners would need to delegate control of their waste budget to the Joint Committee, aligning accountability with responsibility.
- There would continue to be a caveat that the Committee could not commit any partner to increased cost without agreement of that partner.
- This would provide greater transparency in budgeting and monitoring spend as the contractors are held accountable to one body with a clear overview of the whole cost base. This would also promote tighter budgeting and potentially drive out inefficiencies leading to savings.
- There would also need to be recognition that the whole service – and interface with support officers (eg customer services, communication officers) is managed through the waste team without intermediaries or internal clients. Any intermediate resource currently used mainly to support waste services would need to be transferred to the Joint Committee's control or managed via an SLA.
- Key projects involving wider general expertise (eg procurement, legal) would be managed through the team through an SLA with the administering authority or one other designated partner or shared service provider.
- This should provide scope for back office savings across the partnership as there would be accumulated experience in one place which should be more efficient than a more diffuse process whereby a number of specialist officers get involved in waste projects very infrequently.

Operational opportunities for integration whether through rapid or gradual integration include:-

Development areas

With a Joint Core Strategy covering 31,000 new homes, an agreement could be reached to put new properties on one or other system regardless of which side of the borough boundary they fall. The economics of preparing to deliver a service to new properties could be different to the economics of changing services to existing households. This could justify a different system in the new development to the rest of the Borough or City. This has not yet been modelled.

Shared equipment

The re-equipment of TBC and the proposed approach at CBC, regardless of the service model selected, will require a high degree of commonality. RCVs and food waste collection vehicles for example are expected to be similarly specified. This enables vehicles to be used on rounds within both Boroughs, or for cross boundary rounds to be created. It also allows for common servicing and associated maintenance support.

Joint Procurement

At present fleet renewals are not aligned and so vehicle specifications are generally drawn up “in series” rather than “in parallel” but a common procurement strategy and process is now being developed with Ubico.

Commonality of materials as per the Defra policy aspiration

The range of materials collected is being expanded at each point of service change (eg the addition of plastic bottles and card, textiles and small WEEE at kerbside in FoDDC). The current CBC review is evaluating the impact of adding Plastic Pots Tubs and Trays (PTT) and cartons.

Materials Marketing

Integrated materials marketing is an opportunity already being lined up with the proposal for Ubico to take over the running of HRCs alongside the current marketing of CBC materials. This will be reviewed at the time of the next CDC service review and also fits with work on the potential for joined up depot / transfer station provision.

Contract alignment. The earliest date for full contract alignment is now 2024, although a direction of travel and intent could be established to promote convergence of all bar FoDDC as soon as 2022, which could include an intention for FoDDC to follow on.

Communication and Customer Service

Collaboration on communication of key messages within the partnership has improved as a result of the clear communications plan and regular meetings of the key officers from the partners with the JWT, however these meetings are not regularly supported by all partners despite the acknowledgement of the importance of press publicity and promotion. Communication with customers is more straightforward when systems and services are aligned. There are clear advantages of the first point of call for customers being through existing customer services units but should the wider pattern of service provision be reviewed at any point in the future waste would be taken into account.

Next Steps in this Review Process

When	Action	Who
21 June	Noting of this issues paper	JWC
July/August	Meetings with lead members and officers from each partner to discuss views	Chair and HoS
September	Report back to JWC and discussion in informal session	JWC
October	Development of draft action plan from consensus and start to implement agreed early actions as required.	HoS
December	Inclusion of Routemap for formal approval in Business Plan 2017-20	JWC
<i>...et seq</i>	Deliver actions in Routemap	HoS / JWT

Appendix 1 Service Model by Partner

Partner	Service Provider	Contract end date	Refuse Frequency	Recycling Frequency	Food Waste Collection	Method	Material Collected	Garden waste charge	Garden bin size
Cheltenham Borough Council	Ubico	Apr-22	Fortnightly	Fortnightly	Weekly separate	KS sort	Paper, glass, cans, card, plastic bottles	£36 fortnightly	240L
Cotswold District Council	Ubico	Apr-22	Fortnightly	Fortnightly	Weekly with garden	KS sort	Paper, glass, cans, card, plastic bottles	£30 weekly	240L
Forest of Dean District Council	Biffa	Jul-24	Fortnightly	Weekly	Weekly separate	KS sort	Paper, glass, cans, card, plastic bottles, small WEEE & batteries	£28 Fortnightly	240L
Tewkesbury Borough Council	Ubico	Apr-22	Fortnightly	Fortnightly	Weekly separate	Single stream co-mingled	Paper, glass, cans, card, all plastic, cartons	£39.50 fortnightly	240L

Notes

- Cotswold residents can take part in food waste recycling even if not subscribing to garden waste service
- FoDDC services described are as from August 2016
- There are variations in size, colour and type of containers used by each partner for refuse, recycling and food waste.