

## COMMITTEE: East Kent (Joint Arrangements) Committee

**DATE: 25<sup>th</sup> June 2008**

**Subject:** **Converging the waste collection, recycling and disposal services of East Kent – working towards the optimum service**

**Director/Head of Service:** John Bunnett, Corporate Director, Thanet District Council, also Lead Officer for East Kent Waste Management Group (EKWMG)

**Decision Issues:** These matters are within the authority of each Council in the East Kent Group

**Decision type:** Non-key

**Classification:** This report is open to the public

**Summary:** At a meeting of East Kent Leaders and Chief Executives on 25<sup>th</sup> March, the EKWMG was instructed to devise options for, and a plan to deliver, the most effective way of providing the collection and disposal services in East Kent. In particular, to;

- (a) verify the ERM conclusions, both technical and financial, to confirm that these are 'sound';
- (b) establish whether savings could be made by rationalising the services;
- (c) prepare a project plan;
- (d) consider how the draft Memorandum of Understanding (MoU) agreed at the 25<sup>th</sup> June meeting could be converted to legally binding inter-authority agreements.

This report provides an update on each of these issues and seeks the approval of the EKJAC to pursue this project to the next stage, as described in paragraph 4.1 of this report.

**To Recommend:** It is recommended that

- a) This report be noted, and
- b) That approval is given to spend £200,000 of WCA and WDA resources (underpinned by £100,000 from the Kent Waste Partnership), in order to pursue this project to the next stage, (as described in paragraph 4.1 of this report).

**Next stage in process**      See paragraph 4.1

## **SUPPORTING INFORMATION**

### **1. Introduction and background**

1.1 Implementation of the Kent Joint Municipal Waste Management Strategy (JMWMS) requires future waste management services to develop beyond those currently offered to householders. The costs of these services are expressed across the two tiers of local government and as a result, effective cost minimisation requires an aligned approach and co-ordinated decision-making.

1.2 The findings of work completed by ERM (during 2007) were reported to the East Kent Leaders and Chief Executives in March 2008. The ERM work considered costs to the Kent council taxpayer for collection through to disposal, levels of diversion of waste from landfill and associated Landfill Allowance Trading Scheme (LATS) implications, carbon impacts and best value. The ERM study highlighted the following combination of high level principles as the way forward, which incurred the least expensive costs:

- (a) A new Material Recycling Facility (MRF) and In-Vessel Composting (IVC) facility sited in north east Kent;
- (b) enhanced collection services provided by each district, based on the following principles:
  - food waste should be added into existing organics collections;
  - organics collections should be extended to additional households;
  - there should be a shift to commingled collections (glass separate from paper);
- (c) For Kent as a whole, overall costs for waste collection and disposal (including 'do nothing') see costs rise from 06/07 cost of £77m to £150m per annum in 2019/2020

1.3 The EKWMG is a group of officers from the five councils with responsibility for waste collection and disposal in East Kent. The group was charged by the Leaders and Chief Executives to prepare options for, and a plan to deliver, the most effective way of providing the collection and disposal services in East Kent. At a meeting on 25<sup>th</sup> March of the Leaders and Chief Executives where initial options were reported, the group was instructed:

- (a) To verify the ERM conclusions, both technical and financial, to confirm that these are 'sound';
- (b) To establish whether savings could be made by rationalising the services;
- (c) To prepare a project plan;
- (d) To consider how the draft Memorandum of Understanding (MoU) agreed at the 25<sup>th</sup> June meeting could be converted to legally binding inter-authority agreements.

## **2. Progress so far and principles agreed at officer level**

- 2.1 Alternate Week Collection (AWC) is an essential element of any future service, subject to the time frame available and the service being able to accommodate the wishes of each council, i.e. DDC and SDC collecting glass at the kerbside, SDC reducing its cost per household
- 2.2 The WCAs and the WDA are happy that the Notional Optimum Model ('NOM'), (i.e. co-mingled collections of dry recyclate and food waste to be added to existing organics collections), represents the optimum shape of services
- 2.3 Subject to a few minor issues, each of the authorities are able to accept the accuracy of the figures used
- 2.4 All authorities are happy to agree a Convergence Programme Critical Path (now being finalised)
- 2.5 All authorities are prepared to move forward with the project, which will involve:
  - Assisting in the completion of further detailed financial modelling/technical work;
  - Appointing a team to complete detailed modelling, to provide legal advice and project management, in order to refine all details of the best-fit NOM, to provide model inter-authority agreements and advise on the most appropriate governance options;
  - Other work streams could include sensitivity analysis, market testing and interim arrangements from 2010

## **3 Review of financial modelling completed in April/May 2008**

- 3.1 To verify the ERM findings, detailed financial modelling was carried out during April/May 2008 by independent consultants working with finance managers from each authority. This examined the costs associated with collecting, handling and disposing waste and recyclate in East Kent, based on the current design of services delivered by the four WCAs and the WDA. This project also examined the scale of efficiencies which would be generated if the WCAs were to converge their existing services to an optimum model, delivered within existing WCA boundaries and utilising new WDA infrastructure; generating 'vertical savings'.
- 3.2 The work has also indicated additional potential savings which could be made if existing WCA boundaries were more relaxed, enabling full collaborative working and the procurement of a single contract and the operation of a single service; generating 'horizontal savings.'
- 3.3 These savings ultimately arise from increased recycling and diversion, though can only be realised if the WDA invest sufficient capital in the required infrastructure. Savings and enhanced performance levels are achieved most effectively by working together.

3.4 KCC has yet to complete a full and detailed business case, identifying its investment plans from now until 2013 and beyond

## 4 Recommendations

4.1 It is recommended that approval is given to spend £200,000 of WCA and WDA resources, in order to pursue this project to the next stage. This funding, along with £100,000 from the Kent Waste Partnership budget, will be used to procure the following (for completion by the end February 2009);

- (a) External legal support (to provide a degree of independence, overseeing legal work completed by in-house resources, on Inter-Authority Agreements and governance options)
- (b) External technical support (to carry out detailed analysis of a variety of service issues, such as an evaluation of existing rounds, housing types and future growth, the capacity of depots, etc.)
- (c) Project management – to ensure all the work streams are on track, to draw together key outcomes and produce reports as required

## 5 Relevant Council Policy/Strategies/Budgetary Documents

- East Kent Protocol on Joint Working
- Kent Commitment
- Kent Joint Municipal Waste Management Strategy

## 6 Consultation planned or undertaken

This will be appropriate at a later stage of the project

## 7 Options available with reasons for suitability

1. To acknowledge (or not) the progress made, as outlined in this report
2. To agree (or not) to the funding proposal for the next stage of this project

## 8 Reasons for supporting option recommended, with risk assessment

Work completed on this project so far suggests that significant savings and enhanced performance are very likely consequences of converging collection services to an optimum style of service, with the WCAs and the WDA working more closely together in doing so. To further refine this project, funding is needed to complete key work streams.

To not support the recommendation would mean that the project will finish and that future benefits to all five authorities, in terms of savings and performance, may not be realised.

## 9 Implications

- a) Financial Implications

The continuation of this project requires each authority to provide funding from their respective budgets, to a combined total of £200,000. This will be supported by £100,000 funding from the Kent Waste Partnership budget

b) Legal Implications

Failure to meet enhanced recycling performance targets in the future may have legal consequences for authorities

## Other implications

- c) Staffing/resource - None
- d) Property Portfolio – None
- e) Environmental/Sustainability
- f) Working towards converged services which are environmentally sustainable will be a key aspect of this project in the next stages
- g) Planning/Building Regulations – None
- h) Human Rights issues – None
- i) Crime and Disorder – None
- j) Biodiversity – None
- k) Safeguarding Children – None
- l) Energy efficiency  
See Environmental/Sustainability

## 10. Conclusions

Work completed on this project so far suggests that significant savings and enhanced performance are very likely consequences of converging collection services to an optimum style of service. To continue this project and further refine these findings requires financial support from each of the WCAs and the WDA, underpinned by funding from the Kent Waste Partnership budget.

## 11. Background Papers

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*Report + front sheet for EKJAC 250608 HRB*