



LOCAL PARTNERSHIPS

The public sector delivery specialists



DELIVERING WASTE EFFICIENCIES IN THE NORTH EAST

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North East Centre Council

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Introduction

There are 12 authorities in the North East, all of which are Unitary and therefore have responsibility for both waste collection and disposal services. Like all authorities across the UK they continue to face testing times as resources are reduced but service expectations remain high. Over the next few years delivering efficiencies in budgets, whilst trying to protect public services, even enhance them, continues to be one of the biggest challenges facing local authorities.

Context

This is the third regional review undertaken by Local Partnerships focusing on efficiencies achieved in waste management. The previous two reviews, focusing on the West Midlands and London provided a wealth of information to decision makers and stakeholders; it is intended that this review will further build upon the bank of knowledge being generated in this area localpartnerships.org.uk/publications

Throughout the North East authorities have successfully delivered efficiencies in a number of areas, and examples are provided throughout this report so that other authorities can use these experiences to examine their own services and see if further savings can be made. The examples show that authorities have not just focused on one specific area or aspect of waste management, but have explored all options to achieve efficiencies; this is clearly reflected in the wide diversity of the good practice case studies which are featured. In addition the report identifies where partnership working has been successful, highlighting where authorities have addressed and overcome the challenges to working more closely together. It also clearly identifies the potential of partnership initiatives to deliver savings.

All 12 authorities in the North East have contributed to this review; a profile was prepared for each authority and then sent for review and validation and all were returned highlighting the progress made to date and any lessons learnt which can be shared with others. The individual profiles can be found in Appendix 1. A workshop was also held to provide feedback and the chance for authorities to benchmark themselves and provide any final pieces of data and information. Examples of their achievements are given in the main body of the report. The responses from the authorities have not been audited in any way and therefore the information presented in this report is based on the information that the authorities themselves kindly provided.

The Authorities in the North East

Unitary authorities have dominated the North East region for some time, and following the last round of local government reorganisation in 2009 the remaining two tier authorities were given unitary status. The 12 authorities are:

- Durham County Council
- Darlington Borough Council
- Gateshead MBC
- Hartlepool Borough Council
- Middlesbrough Borough Council
- Newcastle-upon-Tyne City Council
- North Tyneside Council
- Northumberland
- Redcar and Cleveland Borough Council
- South Tyneside MBC
- Stockton-on-Tees Borough Council
- Sunderland City Council



The region is fairly unique in that all authorities operate an in-house collection service for at least residual waste and the majority for recyclable waste also. Just over half of the authorities provide an alternate week collection service, and virtually all offer a 2 stream system (with either glass or paper separated from commingled dry recyclables). The majority also offer a seasonal fortnightly garden waste collection service, with few charging for this system. No authorities presently offer a separate food waste collection.

There is a mixed picture across the region in terms of treatment and disposal practices. Around half of the authorities have adopted energy from waste as the main treatment and disposal route for residual waste whilst the remaining authorities are still relying on landfill. However, this position continues to evolve with Gateshead, South Tyneside and Sunderland recently changing from landfill to Energy from Waste. Recycling performance also varies across the authorities (refer to Appendices 2 & 3 for further information).

In terms of relationships between the authorities, two thirds of authorities are members of formal waste partnerships of which two are currently active in the region. In addition the last two unitary authorities Durham and Northumberland, which came into being in 2009, are each an amalgamation of district and county level authorities and have had to adapt quickly to operate as single authorities. As well as the more formal partnership arrangements there are also examples of partnership working between pairs and clusters of neighbouring authorities on a more ad hoc basis, and also an example of a one-off regional wide efficiency initiative.

Delivering Efficiencies

All authorities are required to continue to deliver good quality waste services, building on current levels of performance, such as recycling rates, whilst at the same time delivering significant financial savings. Budgets have been cut and look set to continue to decrease over the coming years and all departments have to demonstrate savings through efficiencies.

A study¹ by the Association for Public Services Excellence (APSE), in response to the question 'What efficiencies are you currently working towards or proposing', found that the main areas identified to deliver savings in relation to the waste service were:

- ▶ Changing working days (e.g. 4 day week), shift patterns (e.g. double shifting), ending task and finish and staff reductions
- ▶ Route optimisation
- ▶ Changes to collections (comingling, communal collections, alternative weekly collections, type of containers)
- ▶ Review of Transport/type of fleet/increasing capacity of vehicles
- ▶ Introduction of income streams (trade waste, bulky waste, green waste, replacement bins, schools/charities)

¹ State of the Market Survey 2012 – Local Authority Refuse Services. This can be accessed through apse.org.uk/apse/index.cfm/members-area/briefings/2012/12-29-refuse-services-state-of-the-market-survey.pdf

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- ▶ Removal of garden waste collection during the winter
 - ▶ Review of bring banks

Depending on the local circumstances of each authority the impact of efficiencies in these individual areas, in terms of the size of the saving achieved, can vary but collectively can equate to a considerable sum. This is reflected by the examples covered in this report where authorities in the North East have delivered major savings in waste budgets focusing on the following areas or key issues:

- ▶ Round reconfiguration and route optimisation
- ▶ Service changes, specifically in terms of number or types of vehicles and receptacles used in collection or the frequency of collection
- ▶ Maximising recycling and recovery to increase payloads and reduce associated disposal costs
- ▶ Maximising income from recyclate to ensure the most financial benefit from the material can be realised
- ▶ Contract changes, specifically to the terms and conditions to ensure the most favourable conditions apply
- ▶ Procuring new contracts or returning services in-house
- ▶ Undertaking joint procurement with other authorities
- ▶ Improvement enforcement and use of charging mechanisms
- ▶ Working in partnership to deliver joint contracts

Success in Partnership Working

The task for authorities to deliver efficiencies by working in partnership and delivering value for money public services is not a new one, yet can be one of the most difficult to achieve whilst offering some of the greatest rewards. In the current economic climate, the task is now more critical than it has ever been. The LGA recently released the "Services Shared: Costs Spared?" report providing a detailed analysis of five high profile shared service arrangements. Clear financial benefits have been achieved with the 5 shared services saving £30m between them.

Lessons learnt from this study include:

- ▶ The set up and integration costs for merging services are modest with less than a two year payback period for all the shared services analysed
- ▶ The shared services have succeeded in providing the same or better levels of performance at less cost
- ▶ These initial benefits are typically delivered rapidly with strong top-down leadership
- ▶ Baseline financial and performance information is essential to make the case for change and track the benefits of shared services in terms of efficiencies and service improvements
- ▶ Expanding established shared services to provide services for other public sector partners in a locality is a useful way to generate income and ensure efficiencies through greater economies of scale. In addition to the efficiencies which can be achieved, other advantages to joint working at this level include the opportunity for partners to



harmonise best practice across their services, making adjustments where practicable and sharing best practice to a greater extent. In addition, coming together as a partnership and delivering the service 'as one' may make the addition of a particular material or change in a service more affordable and appropriate than when acting alone

In the North East there are two formal waste partnerships currently active: South Tyne and Wear Waste Partnership and Tees Valley Waste Partnership. These partnerships have achieved significant success in joint working and more is yet to come as the authorities continue to explore all opportunities of more efficient working through joint arrangements.

• **Case Study 1: South Tyne and Wear Waste Partnership**

Introduction

The South Tyne and Wear Waste Management Partnership was formed in 2006 between Gateshead, South Tyneside and Sunderland City Councils, for the purpose of procuring a long-term residual waste treatment and disposal solution.

The authorities adopted a Joint Municipal Waste Management Strategy in 2007 and successfully applied for £73.5m of PFI Credits from Defra in 2008. Procurement for a 25-year residual waste treatment contract started in 2008 with the contract being awarded to the successful bidder, a SITA consortium, in April 2011.

In addition to the treatment solution the partner authorities have worked closely on several other projects and have worked to align other aspects of waste services, including contractual timescales and service policies. Aligning these provides future opportunities for further partnership working and allows the authorities to develop plans to share strategic waste functions.

Current Status

*A dedicated partnership team, funded by the partner authorities, has led the procurement and construction phase of the residual waste treatment contract, working with officers across the local authorities. The joint treatment solution which involves a twin-line Energy from Waste facility located at Teesside, **saves the authorities £300m over the contract duration** compared with the scenario of "doing nothing".*

The Energy from Waste facility will be served by three Waste Transfer Stations – one in each authority area. A Visitor & Education Centre will also be located within the partnership area. The facilities to deliver the contract are currently under construction with service commencing in 2014.

With the residual waste treatment contract entering service, contract management requirements change considerably. Employees from each partner authority joined the partnership team in early 2014 to reflect this change, and share other strategic waste functions including contract procurement and management, waste data management, and route optimisation. This allows sharing of expertise and brings critical mass and new approaches to these areas of work.

Aside from the joint waste treatment solution the Partnership worked together to introduce a new blue bin kerbside recycling scheme in 2010. In addition the MRF contract specification was developed jointly (whilst containing individual authority lots). Joint procurement of bins and caddies took place, there was also a joint



procurement framework for the recycling vehicles required for the new service, and common branding and content of communications and marketing literature was used. Further information on this can be found in the individual authority profiles in Appendix 1.

Lessons learnt

Forming the partnership for the residual waste treatment contract provided a critical mass of waste for the market to deliver a solution that none of the authorities working on their own would have been able to. The approach also shared the cost of procurement among three authorities.

For future joint contract procurements, there is a need to consider the balance of bringing critical mass of materials to the market versus increased costs to travel to shared delivery points or facilities. The structure adopted for the MRF procurement provides this mechanism to ensure the most cost-effective solution for each authority is arrived at.

Developing arrangements to share functions between authorities is a gradual process. Spending time in the early phases to understand the motives and drivers of each authority, to build trust and to develop shared objectives is important to ensure that, when functions are shared, they meet each authority's needs.

• Case Study 2: Tees Valley Waste Partnership

Introduction

The Tees Valley Waste Partnership are committed to working together to develop cost effective and sustainable methods of dealing with waste and consist of five partner authorities: Darlington Borough Council; Hartlepool Borough Council; Middlesbrough Borough Council; Stockton-on-Tees Borough Council; and, Redcar and Cleveland Borough Council. Four of the partners share a treatment and disposal contract, all five share a joint bring site contract and a WEEE contract and all partners are currently exploring options for greater partnership working.

Current Status

There is currently a joint disposal contract in place for four of the partner authorities. One of the strengths of this contract is that the partners have secured one of the lowest gate fees in the UK; however it is accepted that this is more attributed to the historic nature of the contract which was signed at the outset of contracting out of waste disposal services. It is agreed that working jointly has given the partner authorities more power in their relationship with the contractor as individually the tonnages would not have been so significant to the contractor and may have led to the contractor being less receptive to proposed initiatives. Collective working has allowed the partners to discuss the option of power purchase and the addition of clauses to permit extension of the contract; provision for extension was not included in the original contract documents.

The Partnership also has secured a joint bring site contract on behalf of all five partner authorities. A good gate fee was secured which took account of the value of textiles collected across the Tees Valley, and this income projection was used to offset the other collection and handling costs. The Partnership also successfully negotiated for a new set of branded collection containers and cleansing of the sites as an integral part of the contract.



Another example of successfully working in partnership is the joint procurement of WEEE contract on behalf of all five authorities' through the North East Procurement Organisation (NEPO). When the existing contract term was due to end there was a lack of clarity on what the Government would require of any future WEEE service so the Partnership collectively took advice as to the best way forward. This gave the Partnership confidence to extend the contract beyond its agreed end to allow them time to incorporate any new initiatives from Government. Savings were made not only on procurement costs, but a competitive gate fee and attractive financial support from Valpak (the contract winners) were other benefits for the Partnership.

The Partnership also jointly procured a Tees Valley Green Waste Contract on behalf of four authorities (excluding Darlington). A competitive gate fee and delivery to PAS 100 standard was secured, which may not have occurred if the four Councils had individually bid.

Lessons Learnt

Joint working has allowed the partner authorities to have more influence in setting the agenda for services because of their collective size; individually the authorities may not be attractive to the market place. In addition, the partnership is an experienced one and has seen the benefits of identifying a lead authority as a single point of contact. This not only provides contractors with a clear simplified communication, payment and decision structure within the partnership, but the partnership believes this reflects favourably on the price secured. The risk of working with partnering authorities who do not have clear structures can mean more time is spent on contract management issues, resolving conflict, chasing payments etc; a lead authority mitigates against these risks and this is potentially reflected in the price secured.

Joint working on contracts opens up the discussion for wider joint working, looking at other aspects of the service. It also enables joint responses to national consultations and single representation of all partner authorities at meetings/ conferences etc.

Good Practice in Delivering Efficiencies

As already discussed the manner in which efficiencies can be delivered varies as does the financial saving which can be made. Few authorities work totally in isolation when developing efficiencies; engaging with stakeholders and with contractors is an essential part of streamlining and reviewing processes. In a number of instances local authorities have worked successfully in partnership with other local authorities to jointly procure or deliver a service and have all benefited from the savings realised. In some cases initiatives have been regionally led, ensuring that the benefits are more widespread and good practice is being shared.

Others have worked in partnership with external agencies to review service and systems; a good example is North Tyneside working with WRAP and Newcastle University through a Knowledge Transfer Partnership to identify efficiencies across the collection service.



The range of examples of what authorities have successfully achieved in delivering efficiencies in the North East are broad and details of their successes are given below.

Round reconfiguration & route optimisation

This was a regional initiative funded by the North East Regional Improvement and Efficiency Partnership (RIEP), which aimed to optimise the efficiency of collection routes through the use of a standard software tool; RouteSmart. The focus of this tool is to reduce vehicle and fuel usage through round reconfiguration, maximising vehicle payloads and reducing collection costs. 11 of the 12 authorities in the North East took part in this initiative and a significant number of authorities reported the benefits of this efficiency initiative. A number reduced their working week to 4 days, allowing vehicles to be utilised elsewhere, and they introduced zonal working to improve service efficiency and reliability. In addition in some cases there has been integration of the collection of trade waste with domestic household waste, ensuring that tonnages collected per round are maximised and are balanced across the rounds.

In terms of the value of these savings, it's quite significant. Stockton-on-Tees have reported an estimated saving of **£200,000 per annum** as a result of a reduction in rounds. North Tyneside has also reported savings of a similar calibre due to reduced rounds with an estimated **£250,000 per annum** being realised plus, as a result of a more efficient service, they are experiencing a significant improvement in customer satisfaction with an approval rating of 90% compared to just 70% previously. For Gateshead, the benefits from using the routes optimisation software, coupled with a move from weekly residual waste collection to alternate weekly collections and a 4-day week has led to accumulative savings estimated to be in the region of **£400,000 per annum**. South Tyneside saved **£100,000 per annum** from implementing optimised routes and a 4-day week, and a further **£250,000 per annum** with a move to alternate weekly collections. Sunderland have moved to a 4-day week and optimised routes, saving **£260,000 per annum**. Also in Hartlepool fuel savings alone as a result of route optimisation is benefiting the authority in the range of **£25,000 to £30,000 per annum**.

For Durham the use of RouteSmart as part of the move towards alternate week collection has meant a reduction of vehicles; this equates to a saving of around **£900,000**. In addition savings are anticipated from maximising the payloads of vehicles through the introduction of route optimisation software in all vehicles. Coupled with the fact that as the fleet is modern and therefore fuel efficient, plus all drivers have been trained in 'fuel smart' driving, all these initiatives will enable fuel efficiency to be maximised.

In Northumberland refuse collection and recycling routes were reorganised across the County in 2011 to deliver efficiency savings of **£328,000 per annum** whilst improving service standards, staff health and safety and reducing the environmental impact of waste collection activities. Once the main refuse collection and recycling routes were established a further programme of route reviews was undertaken. This secured additional savings in the Berwick-upon-Tweed area of **£65,000 in 2012** and further savings of **£105,000 per annum** in the South East of the County in 2013. In addition to the cashable savings, significant productivity gains have been achieved that have been reinvested



in the expansion of the geographical coverage of the garden waste collection service and development of commercial waste recycling services to generate additional income.

Some authorities who took part in the regional project have yet to implement the optimised routes as they are currently in the planning stage, therefore the anticipated savings to be made through increased efficiency in fuel usage and staffing etc. across the 11 authorities will continue to rise.

Service changes: vehicles, receptacles, frequency of collection

Service changes can be focused on the manner in which material is collected, for example commingled or kerbside sort, or the equipment required in terms of collection vehicles or collection containers in use, or may simply be the frequency of collection. The impact of these changes can be significant in terms of the overall cost of the service and can lead to improved behaviour in terms of participation.

This is certainly the case for South Tyneside where the move to alternate weekly collections has resulted in a **significant saving on the cost of residual waste collection** as the authority now utilises **40% less vehicles and operatives**. This is echoed in Newcastle where reducing frequency of waste collections to households by alternating collection of residual and recyclable wastes, has **reduced staff and transport costs, boosted revenue from the new MRF contract and reduced MBT/Waste disposal costs**. This is as a consequence of reduced levels of residual waste requiring treatments following increased diversions to recycling. In Redcar & Cleveland both the manner in which material is collected and the equipment required has changed as households move to a single commingled bin (blue bin) for plastic, card, cans and glass with paper presented in an inner caddy. This, coupled with initiatives to improve the efficiency of collection, has **contributed to £398,000 savings in 2013/14**. Similarly in Stockton-on-Tees around **£500,000 per annum is being saved through the restructure of the kerbside recycling services**. This is largely as a result of securing £1.65m through the DCLG Weekly Collection Support Scheme to purchase 8 new recycling 'one pass' vehicles to enable the authority to collect all recyclable material in one pass. Previously this was being collected using 2 separate types of vehicles. It has also enabled the vehicle numbers to drop from 10 vehicles down to 6 vehicles enabling a reduction in vehicles, fuel, mileage, staff etc. Middlesbrough was also successful in securing funds from the DCLG Weekly Collection Support Scheme, with £3.6m enabling a complete service review, providing new receptacles for a commingled recycling collection, garden waste collection and reduced capacity residual collection. Due to the changes there has been a **significant increase in recycling tonnages** and as a result **savings can be realised from the reduced residual tonnages**.

Enforcement and charging (HWRC, garden waste)

Focusing on managing facilities appropriately, such as Household waste recycling centres (HWRCs), and enforcing local standards and policies to manage collection, can result in better practices and reduced waste management costs resulting in significant budget savings. In addition, applying charges where appropriate can ensure that at the very least a service can become cost neutral.



In Darlington they have one household waste recycling centre and with the majority of neighbouring authorities introducing restrictions for transit vans and trailers there was a significant amount of trade waste and non-household waste entering the site. Changes were implemented in 2012/13 whereby all non-household waste was stopped from being deposited at the site and a permit scheme introduced for householders to be able to use larger vehicles. Alongside this the contractor introduced a pay as you throw service for residents who wished to dispose of small amounts of soil, rubble and other non-household waste. Traders and businesses were diverted to the adjacent transfer station where they could deposit their waste legally at a reasonable charge. For the first full year of operation 2012/13 there was a **41% reduction in waste at the household waste recycling site saving £218k**. These savings have continued into 2013/14 and therefore it is anticipated that **over the duration of the contract the Council will save approximately £1.75m**. Darlington is not alone in adopting good practice in the management of HWRCs as a number of authorities across the North East have focused on reducing costs and increasing efficiencies in this area.

For Northumberland, following the reorganisation of the County Council and the 6 Waste Collection Authorities into a single unitary authority, the garden waste collection services in place varied widely with a range of charges, different containers (bags, bins or a combination of both), and varying durations of collections. A coherent and harmonised garden waste collection service has now been put in place which sought to ensure that income from collection fees covered the cost of service provision. This has been achieved with the level of income reaching £526,000, **thereby covering the costs of delivering a service that is highly valued by residents**. In further efforts to improve efficiency of this service work has also been undertaken to reduce the transactional costs of processing subscription payments. The self service payment arrangements for garden waste that were introduced to the Council's web page have been further improved and refined to make them more user friendly, and residents are incentivised to pay by card with a prize draw. This has reduced the proportion of payments made by cheque from 63% to 26%.

Maximising recycling & recovery

Treatment and disposal costs remain high therefore reducing the amount of waste that requires disposal is a key aspect of any service review, specifically in terms of the budget savings that can be made through avoided costs. Some authorities focus on maximising the recycling activities in place, whereas others focus on reducing the tonnage for disposal through enforcement of standards and policies.

In Stockton-on-Tees around **£200,000 per annum is being saved through the increased recycling/recovery of a number of waste streams**. These include Street Sweeper and Gully waste, 'difficult access' collections, bulky waste and mattress recycling. Through utilising local recycling and recovery facilities Stockton are able to reduce disposal costs whilst extracting resources for alternative treatment.

A number of authorities have placed a **renewed focus on the core standards to encourage recycling** including closed bin-lid policy, no side-waste and emptying only one household bin per property. In Redcar & Cleveland, this **formed part of the package of efficiency measures which resulted in a saving of £398,000**



in 2013/14. Middlesbrough has taken a similar approach in **strengthening their policies regarding residual collection** including closed lid policy, no side waste and but also reinforcing residents responsibilities with regards to recycling contamination. It is the intention that these initiatives will increase participation in recycling thereby maximising the value to be obtained from the waste stream and making the service more efficient.

Contract changes (terms & conditions)

Increasingly authorities are reviewing their existing contract terms and conditions and negotiating changes or extensions with the contractor. This provides an excellent opportunity to reduce costs and deliver efficiencies in the immediate to long term. Engaging and working with the contractor is key to ensure beneficial results for both parties.

Darlington entered into a medium term waste management contract with the Wades Group in 2009 for 11 years, ending in March 2020 with the ability to extend for a further three years. This contract covers all municipal waste (with the exception of bring sites) for the treatment, recycling, disposal and management of the household waste recycling centre. Annual increases on the contract are based on the average earning index and apply to all charges. For residual waste which is processed through the MBT plant, the gate fee includes any subsequent treatment or disposal costs minimising the financial risk to the Council and providing an incentive to the contractor to ensure the minimum amount of waste is landfilled. Darlington has enjoyed a proactive positive relationship with the contractor which has resulted in a number of efficiencies to be identified and delivered since the start of the contract. For example, the contractor agreed to freeze the gate fees on the contract at 2010/11 prices for the following two years which is estimated to **save the authority in excess of £1m over the life of the contract.** In addition, through negotiation, an agreement was reached that landfill and treatment would be based on a composite rate of the existing treatment gate fee. This change was introduced in the contract for 2012/13 where a £50k saving was achieved which as landfill tax increases the saving also increases. As landfill tax continues to rise in 2012/13, the treatment process was cheaper than sending waste directly to landfill.

New contracts/in-house/alternatives

Securing new contracts or bringing services back in house also provides a great opportunity for reviewing service delivery, securing new and additional income and making considerable savings on the cost of delivery as a result of more favourable conditions.

In Hartlepool a complete service review led to a new contract being awarded to Palm recycling and the recycling collection service changed from being partially outsourced with a combination of collection systems, to being a fully outsourced two stream system. This increased the tonnage of recyclate collected and also reduced the number of vehicles required for the green and recyclate collection, making an immediate saving. In addition the new contract charge was lower, again making immediate savings for the authority. The value of **savings is around £400,000.** In addition the new contract terms mean a share in sale of recyclate,



but with the contractor taking the hit if the price for recycle drops below zero. This has brought **additional benefits of around £60,000 per annum** (at today's market prices).

Durham has recently procured three new contracts for treatment, HWRC and haulage; all of which have been secured for extremely competitive rates, with low Retail Price Index (RPI) rates. There is an estimated **£17 million in savings from the waste treatment contract (over the life of the 8 year contract)** and there is a lot of evidence that they are on target to reach this figure. The HWRC contract is estimated to generate **£9 million in savings throughout the life of the 5 year contract**, and again this appears to be on target.

In Newcastle returning two of the three HWRCs to in-house management and operation have delivered **savings in the region of £120k/year**, through more efficient practices and improved operations etc. In addition in-house composting of separately collected garden waste, from garden waste collections and HWRCs, council parks and grounds has produced treatment **savings of £75k/year**, compared to externally procured treatment cost. There is also **income of £50k** from trade landscape gardeners and compost sales and **collection income through charging householders of £500k/year**. This off-sets operational costs, resulting in a **cost neutral collection service**.

Joint procurement

Procurement costs can be high and negotiating with the market place can be a challenge in terms of securing a good deal. Therefore working together, to jointly procure a service or a product, reduces overall procurement costs and also has the potential to attract a better market price as a result of economies of scale.

Sunderland has been involved in a number of procurements together with South Tyneside and Gateshead Councils. These procurements included provision of a MRF, provision of a green waste processing facility, waste management and landfill, refuse collections vehicles, wheeled bins and caddies. This initiative **shared the cost of the procurement** across all three authorities and resulted in **lower prices from tenderers through economies of scale**. In terms of the MRF contract, a joint procurement process led to Sunderland contracting with one contractor (SAICA) and Gateshead and South Tyneside contracting with another (HW Martin). When the authorities went out to tender, the potential for separate contracts was offered due to concerns over excessive travel to one or more of the partners in accepting one single contractor. Procurement of the lots was time bound with extension options to help the Councils contract flexibly but retain the ability to be co-terminus with their respective contracts; this allows the potential for further joint procurements. Sunderland negotiated a 2 year contract extension one year before the end of the MRF contract in return for a gate price reduction. This gave stability for the contractor to invest in new baling and sorting equipment thereby increasing efficiency and resulting in a net **reduction per annum of £78,000 for Sunderland**. The negotiated contract period runs co terminus with the others. The approach to joint procurement with flexibility in terms of number of lots made available to the potential contractor(s) worked successfully.

The three authorities have worked together to re-let the contract. Gateshead and South Tyneside have contracted with Palm Recycling, with the new contract providing a reduced gate fee.



Newcastle has also benefited from joint procurement, partnering with North Tyneside, South Tyneside, Sunderland City and Gateshead authorities to contract out the delivery and operation of bring sites. This has produced a **revenue source of over £80,000 per annum across the five authorities**. In addition North Tyneside worked with Newcastle City Council on the design and procurement of the recycling scheme to replace a black box/kerbside sort system that was no longer fit for purpose. Both authorities chose to provide an in-house collection service for the recycling, but externally procure the processing of the collected material. The outcome of the procurement was the development of a Materials Recycling Facility by a local company, G. O'Brien and Sons, in North Tyneside, but close to the border with Newcastle. The joint procurement exercise with Newcastle meant that both authorities were able to enjoy competitive rates due to the economies of scale presented by offering the combined tonnage. With the success of the scheme and the increase in the volume of material collected and the change in the recycling market North Tyneside looked to re-procure the re-processing contract after three years. This stimulated the contractor to negotiate with the Councils and the optional two-year extension was taken up following a substantial reduction in the gate fee, delivering an **annual saving for North Tyneside of over £200,000**. Working together with Newcastle has delivered savings in procurement costs and enabled the Authority to access better rates per tonne through a joint authority approach producing a further volume discount. The contract has recently been re-let and was awarded to the existing contractor. The new contract provides for additional materials, improved communication and education resources, and a separate collection and reuse of textiles. **Savings over the 6 year lifetime of the contract will be over £2 million** for North Tyneside.

Maximising income from recyclate

Local authorities are increasingly reviewing their services and systems and looking to maximise financial gain where possible. Potential income from recyclate has in the past tended to be a secondary consideration, with many contracts providing a poor return for authorities. However, in an effort to maximise income from recyclate in order to offset service costs, increasing attention is now being placed on the value of recyclate collected. Services are also expanding to maximise the quality of material capture.

In Northumberland textiles were not a target material in the authority's commingled collections, but could be recycled and reused at the 12 HWRCs and 150 bring sites. In 2010 the textiles deposited at the HWRCs and bring sites were collected by charitable organisations and the revenue retained by them. However, the standards of service, geographic coverage and range of items that could be recycled via by the charity banks varied significantly and the Council was also conscious that the value of textiles had increased over the preceding 3 years to the extent that they had the potential to make a significant contribution towards the Council's savings target and could help avoid having to make cuts to other important local services. A market testing exercise was conducted to establish the contribution that textile recycling could make to the Council's saving targets, that invited both charitable and private sector organisations to submit details of the service levels and income they could offer the Council. As a result of this exercise a private contractor was appointed to provide a 'bring site' recycling service for the Council covering textiles, shoes, books and CDs in 2011. Since the



appointment the contractor and the Council have worked closely to increase the number and geographic coverage of textile recycling locations and to broaden the 'recycling' on offer. . The agreement has exceeded the Council's budget expectations securing **income of over £300,000 pa over the first 3 years** of the contract.

Northumberland have also sought to maximise income from their PFI Contract Recyclables by financing additional labour at the MRF to ensure that the highest grade of paper and plastic is recovered from the commingled materials and by changing the way that risk and reward is shared over recycling income. As a result of these changes the Council received an **additional £541,000** from the first recyclables service market testing review.

Lessons Learnt

This report highlights a number of areas where authorities in the North East have successfully taken on the challenge of delivering better value in waste services in this very difficult economic climate. The experience of the projects featured in this report shows that significant savings can be achieved, whilst continuing to deliver high and in some cases improved performance. However it is fair to say that a number of lessons have been learnt along the way, and the authorities have been very open in identifying key considerations which hopefully others can learn from. These lessons include:

Effective planning for service change

The introduction of new routes at the same time as introducing alternate weekly collection was a big change for the residents of Gateshead. Therefore **thorough planning and involvement of all those affected early on**, reduced the risks associated with such major service changes. Missed or incomplete collections and poor or inadequate communication with residents leading to high levels of dissatisfaction can occur with any service change if its not been effectively planned; this can have a detrimental effect on participation and the perception of the service and lead to additional costs in having to address the issues that have arisen. Changing not only collection days but also frequency needs to be managed effectively to ensure there is local buy-in and schemes operate as planned. Gateshead clearly benefited from this approach to ensure as smooth a transition as possible.

Stockton-on-Tees also found when introducing changes that it was key to **involve operational staff and get feedback on proposals**. They found that this helped greatly when introducing new collection rounds and the collection crews were able to put their views and amendments across based on their operational knowledge.

In terms of implementing new service standards, Redcar & Cleveland found it was **important to be flexible** in the early days as residents got used to the new standards and they also found that undertaking trials first was an effective way in providing evidence to support the proposals, changes and to develop their responses to non-compliance etc. The trials were also targeted in the most challenging estates on the basis that if it worked there it would work elsewhere.

For Newcastle **resident buy-in** to the charged garden waste collections was essential to ensure that it became a cost neutral service. Therefore planning change was key to its success.



Flexible contract specifications and appropriate structuring of tender documentation

In relation to the HWRC contract, Gateshead and Sunderland have found that considering scenarios that may arise during the contract term has been vital, particularly bearing in mind the financial situation facing all local authorities. The contract specification was drafted with **flexibility to address these scenarios if required**, including the use of incentives to enhance recycling and the resultant benefit being shared with the contractor.

When working in partnership or on a joint procurement involving multiple authorities, South Tyneside has found that **careful structuring of the tender documents and identification of Lots is key** to providing a service solution which fits with each authority's requirements; it is not necessarily an easy, quick or convenient task but the outcomes for South Tyneside and the other participating authorities has been very positive.

Hartlepool considers it important to **not be too prescriptive** when deciding on new contracts. This will ensure that the best possible approach that delivers the best possible savings can be taken. In this case when tendering for the recycling collection service it meant the end markets were the main driver as to what sort of collection system should be adopted. The negotiated contract position meant that the contract charges were reduced compared to what had been in place previously and the authority benefits from a shared income from the sale of recyclate. During the soft market testing three potential scenarios were presented and a fourth asked the market place to propose innovative working; the fourth scenario was the successful one, which supports the need to avoid a purely prescriptive approach.

A key message from Darlington is ensure that the **ability to vary the contract is built into the legal framework**.

Procure appropriately and effectively

South Tyneside support the ideal of ensuring procurement is appropriate and recommend that authorities have a **realistic expectation of what procurement can deliver**, and be very clear as to the purpose of the procurement. It may be appropriate in some cases to consider adapting in-house service provision first in order to fully benefit from the potential improvements offered by the market, rather than to simply maintain systems as they are.

Plan ahead with procurements to ensure they are appropriate and **look at the bigger picture** is a strong message from Sunderland. Procurement of the MRF contract lots was time bound with extension options to help Sunderland, Gateshead and South Tyneside contract flexibly but retain the ability to be co-terminus with their respective contracts. This would allow options of further joint procurements for the following generation of MRF contract. The Authority has carried out the same approach to its green waste treatment contract to obtain a smaller reduction on gate fee in exchange for an additional 2 years extension. The key to exercising this option and releasing the additional efficiency is to **plan several years ahead on procurements**, leaving **flexibility in the contract** but also giving contractor's time and comfort to plan ahead also.



Durham has found that **timing can be crucial in terms of delivering an effective procurement programme**. Durham engaged with a contractor who had spare capacity at its waste treatment facility. As the plant was operational and no construction risks had to be accounted for, Durham was able to secure a competitive price per tonne. In addition, the procurement process needed to be effectively delivered in terms of getting the right internal people, including members and those officers with the appropriate experience, on board. Planning ahead on procurement and incorporating smart contracting in terms of engaging appropriate external consultancy support and legal support ensured that contract documentation was robust and fit for purpose.

Communication & Engagement

When introducing the new collection system, **engagement with ward members and local residents** through a series of consultation and awareness raising sessions in relation to the service changes proposed, helped Redcar & Cleveland to maximise participation levels and assisted with the smooth implementation of the new recycling bin. In addition **engagement and involvement of the workforce** was found to be vital. Refuse and recycling services remain one of the most high profile services where the actions of just one member of staff, in one street can seriously undermine all the efforts of the team, leading to damage to the Authority's reputation. The more 'controversial' elements of the new system, specifically enforcement of the new standards of only emptying bins with a closed lid and no side waste etc. needed a united and common position from Officers and Members alike. By involving Councillors at the outset and throughout ensured the authority had a common approach.

North Tyneside concurs with Redcar & Cleveland in terms of engaging with the staff. Their clear message is to **value and not to underestimate the knowledge of the collection crews** when remodelling the services. It is not always easy and it requires regular and meaningful communication with the teams, but they have found that the investment in time and effort is well worth it. Similarly Gateshead adopted an **early consultative approach with the Unions** to ensure that any problems with the proposed service changes could be ironed out in the early stages and a smooth transition could be secured.

Being aware of the impact of their actions and taking an appropriate response was a significant issue for Northumberland when they contracted out the textile collection service. The potential impact on the revenue streams of the charities that were collecting textiles prior to 2011 was carefully considered. **Early discussions** were held with the charities to inform them of the process the authority intended to follow and to give them the opportunity to participate in the market testing exercise. To help **mitigate the impact of the authority's decision** to appoint a private contractor Northumberland worked on behalf of the charities to assist them in relocating their containers to alternative sites not in the Council's ownership.

Stockton found it important to ensure that a **communications plan** is in place for all service changes to ensure the customer (resident) is kept informed and any all key information is delivered to the right stakeholders. This provided the sufficient level of strategic direction to ensure that communications with residents were well planned, timely and appropriate.



In terms of communication and engagement Darlington felt it important to **fully involve the waste contractor in discussions** as to how efficiencies can be achieved. They are the experts in their field of work and can bring a number of ideas and suggestions to the table. In addition once a contract was awarded this engagement needed to be sustained in terms of maintaining a positive proactive working relationship with the waste management contractor.

Resident buy-in to charged waste collections was essential to Newcastle to provide a cost neutral service delivery. This has been successfully achieved, as a result of **careful preparation, planning and delivery of the service**.

Fair contract pricing mechanism

With the textile contract Northumberland were aware that considerable investment would be required by the service provider to manufacture, deliver and maintain textile recycling containers. To facilitate such investment consideration must be given to the length of contract and the pricing review mechanism. Therefore an index was built into the contract to ensure that the value returned to the Council reflected the market fluctuations experienced by the contractor. This **fair approach to contract pricing** ensured both the authority and the contractor benefited from the arrangement.

Fit for purpose contract terms and conditions

In Northumberland the PFI Contractor already built in income expectations from sale of recycling in order to reduce the charges levied to the authority. Such long term PFI agreements need to account for the fluctuations in the recycling market and ensure that there is an appropriate sharing of risk and reward over the full length of the contact period. The value of the recyclate is therefore monitored by a market testing review process to ensure that the authority receives a benefit when the value exceeds an agreed threshold. The first recyclables review was conducted as prescribed by the Project Agreement. However, under the contractual market testing provisions it is not possible for the authority to secure prices for supply contracts of less than 1 year in duration. Northumberland wanted the ability to benefit from higher levels of income that could be achieved by the contractor entering shorter term 'spot market' supply deals. Therefore Northumberland and the contractor have worked together to agree a different way of conducting the review which would potentially increase the income for the authority, under a profit share approach, if a better price is secured for the recyclate. This mutually beneficial approach incentivises the contractor to secure high spot prices and to share the revenue with the authority, in return for Northumberland accepting a greater risk on price. This has had a significant impact on the income that the authority received following the second review.

Rise to the Challenge

Working in partnership with other authorities to jointly tender for waste services requires **persistence, patience and a willingness to work through issues** but produces dividends in terms of efficiencies of scale. Therefore Newcastle would urge other authorities to accept the challenge of working together. In addition, they have found that diverting more waste into recycling is hard where performance has reached a plateau but introducing significant service changes such as alternating collections of waste, reduces collection costs, residual



treatment costs and, by boosting recycling collection, produces increased recycle revenue. Therefore in their experience the **benefits are worth the pain** of delivering this change.

Supporting what Newcastle has stated, North Tyneside agrees that procuring in partnership with other authorities' works, but it is important to **develop an understanding of each authority's procurement and decision making processes** and political sensitivities. For North Tyneside, working this way has so far delivered savings in procurement costs and benefits in volume discounts. It has also resulted in bringing new players to the market and investment into the area.

Gateshead, South Tyneside and Sunderland have a long history of working together through the South Tyne & Wear Waste Management Partnership. While **partnership working requires investing a lot of time and energy** in understanding each others requirements and needs and fostering trust to ensure a good working relationship, **the benefits of this early investment are now being realised**. These benefits include sharing costs of procurement and other activities, economies of scale, and using complementary skills of officers from different authorities.

Get the timing right politically

A number of authorities were keen to stress that local elections and the challenge of delivering an initiative during this period, could make the difference between success and failure. A previously approved decision could gain additional political focus at such a time and local politics could overtake the rationale and justification for the approval and therefore have a detrimental affect on implementation. Therefore timing is key, so that long-term changes to service are not proposed during this period.

Summary

As seen in this report authorities throughout the North East have successfully delivered efficiencies in a wide range of areas. In all cases not only have savings been realised but services have been maintained or improved upon. There is evidence of strong partnership working, both formally and on an ad hoc basis. In addition virtually all authorities are open to the possibility of further engagement and joint working if the opportunities arise.

In terms of the value of the savings being realised to date, the table below provides a summary of the area of saving and financial value achieved (as identified by the individual authority).

Summary of overall savings identified in the North East

Local Authority	Areas of saving	Value of saving (if identified)
County Durham	Round reconfiguration & route optimisation	Min. £900k per annum (through round reduction)
	New contract /In house	£17m over 8 year contract (residual), £9m over 5 year contract (HWRC)
Darlington Borough Council	Enforcement & charging (HWRCs & garden waste)	£1.75m over 11 year contract
	Contract changes	£1m over 11 year contract
Gateshead MBC	Round reconfiguration & route optimisation	£400,000 per annum (incl. alternative weekly collections (AWC))
	New contracts/In house	
	Joint procurement	
Hartlepool Borough Council	Round reconfiguration & route optimisation	£25k – £30k per annum (fuel savings)
	New contracts/In house	£400k per annum plus £60k income per annum (7 year contract)
Middlesbrough Borough Council	Service changes: vehicles, receptacles, frequency of collection	
	Maximising recycling & recovery	
Newcastle-upon-Tyne City Council MBC	Service changes: vehicles, receptacles, frequency	
	Maximising recycling	
	New contracts/In house	£120k per annum (HWRCs), £75k per annum (garden waste), £550k income (garden waste) – cost neutral
	Joint procurement	£2.3 million over 6 year contract plus £15k income per annum
North Tyneside Council	Round reconfiguration & route optimisation	£250k per annum
	Joint procurement	£2m over 6 year contract plus £20k income per annum
Northumberland	Round reconfiguration & route optimisation	£328k per annum
	Enforcement & charging (HWRCs & garden waste)	£526k income in 4 year period – resulting in a cost neutral service
	Maximising income from recycle	£541k income in 2012/13

Local Authority	Areas of saving	Value of saving (if identified)
Redcar and Cleveland Borough Council	Round reconfiguration & route optimisation	£398k per annum for all areas
	Service changes: vehicles, receptacles, frequency	
	Maximising recycling & recovery	
	New contracts/In house	
South Tyneside MBC	Service changes: vehicles, receptacles, frequency	£350k per annum
	Joint procurement	
Stockton-on-Tees Borough Council	Round reconfiguration & route optimisation	£200k per annum
	Service changes: vehicles, receptacles, frequency	£500k per annum
	Maximising recycling	£200k per annum
Sunderland City Council	Round reconfiguration & route optimisation	£260k per annum
	Joint procurement	
	MRF contract	£78k per annum (for 2 years)

The estimated savings achieved by the authorities in the North East, as evidenced in the examples alone, are in the region of **£10 million per annum**. It should be noted that a number of authorities have not been in a position to quantify the individual savings so this figure is expected to be a conservative estimate. This is a significant sum and reflects the good practice that is being delivered across the North East.

This is the third of LP's regional studies. Previous reports covering authorities in the West Midlands and London and a number of other authorities can be found localpartnerships.org.uk/publication. The objective of all these studies is to disseminate information on how authorities are using an innovative approach to deliver efficiencies while protecting, and where possible, enhancing public services.

Appendix 1: Completed Profile for each authority

Darlington

Background

Darlington has an in-house collection service for residual waste and recycling. Residual waste is collected weekly and recycling is collected fortnightly with paper and card mixed and separate glass. Green waste is not collected separately from the kerbside. Plastics, tetrapaks and metals are extracted from the residual waste at the mechanical biological treatment plant. Darlington has recently entered into a medium term contract for 11 years from April 2009 with the Wades Group for recycling, treatment, disposal and management of the household waste recycling centre. This contract was purposely for 11 years to end in March 2020 and be co-terminus with the other four Tees Valley Authorities (Darlington is a member of Tees Valley Waste Partnership but historically was part of Durham County Council's waste management arrangements). Darlington is included in the joint Tees Valley contract with J & B Recycling for the management of bring sites.

Current status

- ▶ Contract price freeze for 2 years: Whilst contract costs continue to rise, the contractor agreed to freeze the gate fees on the contract at 2010/11 prices for the following two years. This change is estimated to save the Council in excess of £1m over the life of the contract
- ▶ Agree revised rate for landfill: As landfill tax continued to rise in 2012/13, the treatment process was cheaper than sending waste directly to landfill, however for the first few years of the contract approximately 10,000 tonnes of waste went directly to landfill as it was cheaper than treatment. Through negotiation, an agreement was reached that landfill and treatment would be based on a composite rate of the existing treatment gate fee. This change was introduced in the contract for 2012/13 where a £50k saving was achieved which as landfill tax increases the saving also increases. It is estimated that the overall saving throughout the duration of the contract will be approximately £1m
- ▶ Household Waste Recycling Centre: Changes were implemented in 2012/13 whereby all non-household waste was stopped from being deposited at the HWRC and a permit scheme introduced for householders to be able to use larger vehicles. Alongside this the contractor introduced a pay as you throw service for residents who wished to dispose of small amounts of soil, rubble and other non-household waste. Traders and businesses were diverted to the adjacent transfer station where they could deposit their waste legally for a charge. For the first full year of operation 2012/13 there was a 41% reduction in waste at the HWRC saving £218k. These savings have continued into 2013/14 and therefore it is anticipated that over the duration of the contract the Council will save approximately £1.75m

Lessons learnt

- ▶ To fully involve the waste contractor in discussions as to how efficiencies can be achieved; as experts they can bring a number of ideas and suggestions to the table
- ▶ To continue to maintain a positive proactive working relationship with the waste management contractor and be prepared to be flexible on both sides
- ▶ Ensure that the ability to vary the contract is built into the legal framework

Durham

Background

Durham has an in-house alternate week collection service for residual waste and for recycle. Recycle is collected via a 2 stream collection service (separate glass and mixed recycle) and green waste is collected from designated households across the authority on a fortnightly seasonal basis. Treatment of green waste is shared between three incumbent contracts; two in the County and one just over the border to the north. They are all on farm treatment and the authority is moving towards a full procurement for green waste in 2015. Bring sites are currently managed in 9 different ways; this is under review and may come in-house or go out to a single contractor. In terms of HWRCs Durham has recently signed a 5 year (+1 +1) contract with HW Martin Waste. There is an 8 year contract (+4) in place with SITA, signed in 2013, to treat residual household waste. In addition a separate haulage contract has been signed with Hargreaves (subcontracted by SITA) for 5 years (+1 +1 +1).

Current status

- ▶ Route optimisation & service change: Optimised routes with zonal working and 4-day weeks were introduced in March 2012. This change was introduced at the same time as a move from weekly residual waste collection to alternate weekly collections, saving £900,000 per annum
- ▶ Contract pricing: The three recent contracts have all been secured for extremely competitive rates, with low level indexation rates agreed, related to RPI. There is an estimated £17 million in savings from the waste treatment contract (over the life of the contract) and there is a lot of evidence that they are on target to reach this figure. The HWRC contract is estimated to generate £9 million in savings throughout the life of the contract, and again this appears to be on target
- ▶ Route efficiencies and transport: Other savings are anticipated from maximising the payloads of vehicles, through the introduction of route optimisation software in all vehicles. In addition, the fleet is modern and therefore fuel efficient, plus all drivers have been trained in 'fuel smart' driving therefore maximising fuel efficiency
- ▶ Staffing: There have been redundancies which have generated some ongoing savings and have led to what may be considered as a more streamlined and cost effective staffing structure

Lessons learnt

- ▶ Timing can be crucial in terms of delivering an effective procurement programme. Durham engaged with a contractor who had spare capacity following a PFI project with other authorities. Durham entered into an agreement late on in the process when costs for the build etc. had already been secured therefore a competitive price per tonne was agreed enabling Durham to take up the spare capacity available
- ▶ Procurement process needs to be effectively delivered by getting the right people on board and the most appropriate processes incorporated to ensure the most beneficial outcome. Planning: Planning ahead on procurement and incorporating smart contracting in terms of engaging appropriate external consultancy support and legal support has ensured that contractor documentation is robust and fit for purpose



Gateshead

Background

Gateshead has an in-house alternate week collection service for residual waste and for recyclate. Recyclate is collected via a 2 stream collection (separate paper and magazines in a caddy within the wheeled bin, and commingled mixed recyclate in the body of the bin) and split-bodied RCVs are used for the collection. This material is currently delivered to Palm Recycling (contract ends March 2018). Green waste is collected fortnightly on a seasonal basis delivered to SITA UK for processing and composting (Contract ends March 2015). Collections from the Bring sites are through a regional contract with Palm Recycling (Contract ends October 2016). The contractor provides the banks, services them and provides the Councils with an income per tonne. Combining together and offering a sub regional sized contract has helped attract strong competition and a healthy income although tonnages have reduced significantly since kerbside recycling collections were introduced. Gateshead has two HWRCs which are currently managed and operated by SITA UK, with the Council providing transport of material skips to the various reprocessors. A new contract is being procured to coincide with the completion of the redevelopment of Campground HWRC, scheduled for summer 2014. As a member of the South Tyne and Wear Waste Management Partnership (along with South Tyneside and Sunderland) Gateshead signed a 25 year contract with SITA in 2011 for residual waste treatment and disposal. A new waste transfer station is being constructed at Campground, where residual waste will be delivered by Council vehicles before being bulked up and transported to an energy from waste facility at Teesside. Some Sunderland vehicles will also deliver residual waste to Campground.

Current status

- ▶ Route optimisation & service change: Gateshead introduced optimised routes with zonal working and 4-day weeks in March 2012. This change was introduced at the same time as a move from weekly residual waste collection to alternate weekly collections, saving £400,000 per annum
- ▶ Contract procurement: Gateshead is currently procuring its HWRC contract in a joint procurement with Sunderland, and has considered the elements of management, transport and materials. The authority currently provides its own transport for HWRCs but plans to include this into the contract for several reasons, not least the incentives that are planned for the contract and the need for the successful contractor to have control of skip emptying as part of this

Lessons learnt

- ▶ Introduction of new routes at the same time as alternate weekly collection was a big change. Thorough planning and involvement of all those affected early on, reduced the risks associated with such major service changes
- ▶ Considering scenarios that may arise during the contract term has been vital for the HWRC contract, given the financial situation facing all local authorities. The contract specification has been drafted with flexibility to address these scenarios if required, including the use of incentives to enhance recycling and the resultant benefit being shared with the contractor



Hartlepool

Background

Hartlepool has an in-house alternate week collection service for residual waste and a contract with Palm until 2020 for the collection of recyclate via a 2 stream service (separate glass and mixed recyclate). Green waste is collected fortnightly on a seasonal basis and the treatment of this is through a 3 year (plus 2) joint contract with A & E Thompson (and with Stockton-on-Tees, Middlesbrough and Redcar and Cleveland) signed in 2011. Bring sites are managed through a Tees Valley Contract with J & B Recycling (3 Year Contract plus possible 2 year extension) signed in 2011. HWRCs are managed in-house. There is a joint treatment and disposal contract with SITA Tees Valley, as part of the Tees Valley Waste Partnership, and this runs until 2020.

Current status

- ▶ Service review: A complete service review led to a new contract being awarded to Palm recycling and the recycling collection service changed from being partially outsourced with a combination of collection systems, to being a fully outsourced two stream system. This increased the tonnage of recyclate collected and also reduced the number of vehicles required for the green and recyclate collection, making an immediate saving. In addition the new contract charge was lower, again making immediate savings for the authority. The value of savings is circa £400,000
- ▶ Contract terms: Contract terms mean a share in sale of recyclate, with the contractor taking the hit if the price for recyclate becomes a negative. This has brought additional benefits of circa £60,000 per annum (at today's market prices)
- ▶ Route optimisation: Route optimisation has made the collection service more efficient, and contributed in part to the vehicle reduction. Fuel savings of £25k – £30k per annum have also been realised through the new zonal collection system

Lessons learnt

- ▶ A key lesson learnt is not to be too prescriptive when deciding on new contracts. This will ensure that the best possible approach that delivers the best possible savings can be taken. In this case it meant the end markets were the main driver as to what sort of collection system should be adopted, and the negotiated contract position meant that the contract charges were reduced compared to what had been in place previously and the authority benefits from a shared income from the sale of recyclate
- ▶ It's important to be open minded with procurement. During the soft market testing 3 potential scenarios were presented and a 4th asked the market place to propose innovative working. It was this 4th scenario that the authority then went with in terms of the successful bidder

Middlesbrough

Background

Middlesbrough has an in-house collection service for residual waste and green waste. Recyclate is collected by Biffa, who are contracted to operate the service until 2015(17). Residual waste is collected weekly and recyclate fortnightly via a commingled service. Green waste is collected fortnightly on a seasonal basis and the treatment of this is through a 3 year (plus 2) joint contract with A & E Thompson (and Stockton-on-Tees, Hartlepool and Redcar and Cleveland) signed in 2011. Bring sites are managed through a Tees Valley Contract with J & B Recycling (3 Year Contract plus possible 2 year extension) signed in 2011. There is a shared HWRC contract in partnership with Stockton-on-Tees with SITA Tees Valley (20 year contract which ends in 2020). There is also a joint treatment and disposal contract with SITA Tees Valley, as part of the Tees Valley Waste Partnership, and this runs until 2020.

Current status

- ▶ Service change: MBC were successful in obtaining £3.6m as part of the Weekly Collection Support Fund. As a result, MBC carried out a complete service change of the current recycling collections in partnership with Biffa, the current contractor. The service was altered from a kerbside sort collection utilising several containers to a commingled collection where all recyclates are collected in a 240 litre wheeled bin. Residents were provided with 140 litre refuse wheeled bins, replacing the existing 240 litre bins which are now to be used for Green Waste collections (previously collected via a hessian sack). The service revision does involve a significant increase in costs where tonnages remain at previous levels (circa, 4,000 tpa) however, due to the changes there has been a significant increase in recycling tonnages and as a result savings can be realised from the reduced residual tonnages; this will come into effect when collections reach 12,000 tpa, and MBC is on track to achieve this
- ▶ Round review & route optimisation: In conjunction with the recycling service change an initial round review and route optimisation utilising the Webaspx software package has been carried out. Further review will take place as the impact of the new service are analysed
- ▶ Waste policy review: In conjunction with the recycling service change MBC are intending to strengthen their policies regarding refuse collections; these include Closed Lid Policy, No Side Waste Policy and Resident Responsibilities with regards to Recycling Contamination
- ▶ Joint procurement: on behalf of four authorities (excluding Darlington) MBC led the joint procurement of a Tees Valley Green Waste Contract. In addition MBC led the joint procurement of a Tees Valley Bring Site Contract on behalf of five authorities

Lessons learnt

- ▶ Working in partnership has allowed a significant service change which is proving to be mutually beneficial to both parties. However throughout the negotiations full clarity & transparency of decisions needs to be maintained and accurately recorded; any grey areas can become sticking points at a later date
- ▶ Flexibility is key throughout any service review as the best laid plans will need some form of alteration



Newcastle

Background

Newcastle has an in-house alternate week collection service for residual waste and for recyclate. Recyclate is collected via a 2 stream collection (separate glass and mixed recyclate). In terms of processing the collected recyclates, Newcastle and North Tyneside councils jointly tendered and awarded contracts to O'Briens which runs for 6 years from January 2014. Green waste is collected fortnightly on a seasonal and charged for basis. Composting, to PAS100 (2011) and QCP standard, is provided in-house. Two of the council's three HWRCs are managed and operated in-house and the third is managed by an external local contractor, G&B Waste Services Ltd. Bring sites are provided and serviced under contract by Palm Recycling. All residual waste collected in Newcastle is delivered to SITA for treatment through MBT, generating the following outputs: metals fraction for recycling, organics fraction for composting and application to land, RDF fraction for CHP, EfW fraction, a process loss fraction and a residue for disposal to landfill. This contract runs to 2024.

Current status

- ▶ Management of HWRC: Returning two of the three HWRCs to in-house management and operation has delivered savings in the region of £120k/year
- ▶ Joint procurement: Partnering with other authorities to contract out delivery and operation of bring sites has produced a revenue source of approximately £15k/year and saving of £2.3 million over the contract
- ▶ Contract savings: In-house composting of separately collected garden waste, from garden waste collections, HWRCs, council parks and grounds has produced: treatment savings of £75k/year (rather than externally procured treatment costs); income of £50k from trade landscape gardeners and compost sales; collection income of £500k/year. Joint tendering with North Tyneside has resulted in a MRF contract for processing of recyclables which will deliver a small revenue in place of the previous contract's gate fee
- ▶ Service changes: Reducing waste collections to households by alternating collection of residual and recyclable wastes, has reduced staff and transport costs, boosted revenue from the new MRF contract and reduced MBT/Waste disposal costs as a consequence of reduced levels of residual waste requiring treatments following increased diversions to recycling. In addition re-organisation of residual trade collections to ensure that collected waste is suitable for MBT treatment has resulted in reduced disposal costs for this service

Lessons learnt

- ▶ Working in partnership with other authorities to jointly tender for waste services requires persistence, patience and a willingness to work through issues but produces dividends in terms of efficiencies of scale
- ▶ Diverting more waste into recycling is hard where performance has reached a plateau but introducing alternate collections has reduced collection costs, residual treatment costs and, by boosting recycling collection, produced increased recyclate revenue. The benefits are worth the pain of delivering this change
- ▶ Resident buy-in to charged garden waste collections is crucial. Prepare, plan, deliver and reap the benefit of cost neutral service delivery



North Tyneside

Background

North Tyneside has an in-house collection service for residual waste and for recycle. Residual waste is collected weekly and recycle is collected fortnightly via a two-stream collection (separate glass and batteries in a caddy plus commingled recycle). In terms of processing the collected recycle North Tyneside (in partnership with Newcastle) has a contract with a local company, G. O'Brien and Sons, that runs until 2020. Palm Recycling are responsible for the communal bring site facilities. Green waste is collected fortnightly on a seasonal basis and treatment is part of the waste disposal contract with SITA. SITA also manages the HWRC. In terms of treatment and disposal of the residual waste there is a 25 year contract with SITA that runs to 2022.

Current status

- ▶ **Route optimisation:** As part of regional project using 'RouteSmart', this has led to a reduction in the number of rounds by 2 through zonal collection, a four-day working week, improved vehicle utilisation, the use of vehicle trackers, plus the integrated collection of trade waste with domestic household waste. Total operational efficiencies of ~£250,000 per annum have been generated plus customer satisfaction of 90% has been realised
- ▶ **Joint contract:** the joint procurement of a recycle processing contract with Newcastle City Council has increased the range of materials processed and allows for the separate collection and reuse of textiles. Savings over the lifetime of the contract, including anticipated increases in recycling, will be over £2 million for North Tyneside. In addition working in partnership with Newcastle, South Tyneside, Sunderland and Gateshead to procure a contract for the collection of recyclables from communal bring site facilities has allowed for the standardisation of collection infrastructure and extended the range of materials collected. The contract generates an income worth £20,000 per annum, rather than a net annual cost of £10,000 compared to the previous arrangement
- ▶ **Staffing:** Changing the culture of the staff has been one of the main priorities and all collectors are now environmental champions, have enforcement responsibilities, have a safeguarding responsibility and operate as a fully integrated Environmental Services team, giving flexibility to match workloads

Lessons learnt

- ▶ When procuring in partnership you have to develop an understanding of each authority's procurement/decision making processes and political sensitivities. Benefits are savings in procurement costs and volume discounts and it can bring new players to the market
- ▶ Do not underestimate the knowledge of the collection crews when remodelling the services. It is not always easy and it requires regular and meaningful communication with the teams, but the investment in time and effort is well worth it
- ▶ Vehicle tracking, originally fitted for the route optimisation project, was found to be so useful that an investment was made and it is now fitted on all fleet vehicles

Northumberland

Background

Northumberland has an in-house alternate weekly collection service for residual waste and for recyclate. Recyclate is collected via a commingled collection. Green waste is collected seasonally on an opt-in charged for basis and glass is collected from bring sites. The Council signed a 28 year integrated waste PFI contract with SITA in 2006 to provide and manage an EfW facility, 4 Waste Transfer Stations, 1 MRF and 12 HWRCs.

Current status

- ▶ Maximising income from textiles: A market testing exercise was conducted to establish the contribution that textile recycling could make to the Council's saving targets, and as a result a private contractor was appointed to provide a 'bring site' recycling service; the agreement has exceeded the Council's budget expectations securing income of over £300,000 pa over the first 3 years of the contract
- ▶ Maximising income from dry recyclate: A fit for purpose market testing process has been agreed with the contractor and also the Council has financed additional labour at the MRF to maximise material capture. As a result an additional £541,000 has been received by the Council following the first recyclables service market testing review
- ▶ Service change: A harmonised charged for garden waste collection service has been put in place which is a cost neutral service to the Council; this replaces a discretionary service which had a net cost of ~£230,000 per annum. The harmonised scheme has resulted in increasing the coverage from 75% to 94% of residents

Lessons learnt

- ▶ With the textile service, early discussions were held with the charities that previously benefited from textile collection, to inform them of the process the Council intended to follow and to give them the opportunity to participate in the market testing exercise. To help mitigate the impact of the Council's decision assistance was provided in relocating their containers to alternative sites not in the Council's ownership
- ▶ Where considerable investment is required by the service provider to manufacture, deliver and maintain recycling containers consideration must be given to the length of contract and the pricing review mechanism. In this case an index was built into the contract to ensure that the value returned to the Council reflected the market fluctuations experienced by the contractor
- ▶ The change in the way that market testing was done now incentivises the contractor to secure high spot prices and to share the revenue with the Council; in return however the Council needs to accept a greater risk on price
- ▶ To ensure the garden collection service remains cost neutral work has also been undertaken to reduce the transactional costs of processing subscription payments. The self service payment arrangements for garden waste that were introduced to the Council's web page have been further improved and refined to make them more user friendly, and residents are incentivised to pay by card with a prize draw

Redcar & Cleveland

Background

Redcar & Cleveland has an in-house alternate week collection service for residual waste and recycle. Recycle is collected via a two stream service (separate paper and commingled). Green waste is collected fortnightly on a seasonal basis and the treatment of this is through a three year (plus 2) joint contract with A & E Thompson (along with Stockton-on-Tees, Middlesbrough and Hartlepool) signed in 2011. The HWRC is managed in-house, having recently returned this to Council operation in September 2013. Redcar & Cleveland also operate their own waste transfer station at Warrenby. Yorwaste Ltd holds the end markets contract for receipt of household recycling. Bring sites are managed through a Tees Valley Contract with J & B Recycling (3 Year contract plus possible 2 year extension) signed in 2011. There is a joint treatment and disposal contract with SITA Tees Valley as part of the Tees Valley Waste Partnership, and this runs until 2020.

Current status

- ▶ Service change: There has been a phased roll out to 62,000 properties (April to September 2013) of a single commingle bin (blue bin) for plastic, card, cans and glass with paper presented in an inner caddy. At the same time there has been an introduction/re-focus on core standards to encourage recycling including: closed bin-lid policy; no side-waste; and, emptying only one household bin per property
- ▶ Route optimisation: As part of the regional initiative route optimisation software has been used to improve the efficiency of the rounds. As the same time there is a planned roll out of in-cab technology to enable vehicle tracking. Coupled with the introduction of specialist split body vehicles to improve collection efficiency, these changes have resulted in the reduction of two collection rounds leading to efficiencies in staffing and vehicle/fuel costs
- ▶ New contract: The appointment of a new provider for recycling end markets is providing new income streams for all recycling (commingled and paper)
- ▶ Savings realised: the waste management review which led to the package of measures detailed above has contributed £398,000 savings in 2013-14

Lessons learnt

- ▶ Engagement with ward members and the community through a series of consultation and awareness raising sessions helped to maximise participation levels and assisted with the smooth implementation of the new recycling bin. The 'controversial' elements in some areas were linked to the introduction of the new standards of only emptying bins with a closed lid and no side waste; involving councillors throughout enabled a united position
- ▶ It was important to be flexible in the early days as residents got used to the new standards. The approach was trialled in four different areas which helped provide evidence to support the proposals and to develop a response to non-compliance. The trials were also targeted in the most challenging estates on the basis that if it worked there it would work anywhere
- ▶ Engagement and involvement of the workforce was vital. Refuse and recycling services remain one of the most high profile services where the actions of just one member of staff, in one street can seriously undermine all the efforts of the team, leading to damage to reputation and set backs



South Tyneside

Background

South Tyneside has an in-house alternate week collection service for residual waste and for recyclate. Recyclate is collected via a 2 stream collection (separate paper and magazines in a caddy within the wheeled bin, and commingled mixed recyclate in the body of the bin) and split-bodied RCVs are used for the collection. This material is currently delivered to Palm Recycling (contract ends March 2018). Green waste is collected fortnightly on a seasonal basis, and delivered to SITA UK for processing and composting (contract ends March 2015). Collections from the Bring sites are through a regional contract with Palm Recycling (contract ends October 2016); the contractor provides the banks, services them and provides the Councils with an income per tonne. Combining together and offering a sub regional sized contract has helped attract strong completion and a healthy income although tonnages have reduced significantly since kerbside recycling collections were introduced. The HWRC (the "Recycling Village") is managed and operated by SITA UK (contract ends March 2017). As part of the South Tyne and Wear Waste Management Partnership they have signed a 25 year contract with SITA in 2011 for residual waste treatment and disposal.

Current status

- ▶ Joint procurement: In 2009 a number of procurements were conducted jointly with Sunderland and Gateshead Councils. These procurements included provision of a MRF, a green waste processing facility, waste management and landfill, refuse collections vehicles, wheeled bins and caddies. This initiative shared the cost of the procurement across all three authorities and resulted in lower prices from tenders through economies of scale
- ▶ Joint treatment: The 25 year waste treatment solution secured by the Waste Management Partnership will realise a financial benefit of £300m to the three authorities compared with the cost of "doing nothing"
- ▶ Contract structure: At the HWRC the contractor is responsible for management and transport, with material destinations specified by the authority. The contract structure allows the authority to maximise value from material streams whilst taking transport costs into account. Payment arrangements incentivise the contractor to manage skips effectively to minimise unnecessary transport whilst also ensuring skips are available for public use
- ▶ Service change: The move to alternate weekly collections has resulted in a significant saving on the cost of residual waste collection due to a utilisation of 40% less vehicles and operatives; further savings may be possible through aspects of service which are shared with partner authorities

Lessons learnt

- ▶ Careful structuring of the tender documents and its Lots, even with multiple authorities participating in a procurement, can provide a service solution which fits with each authority's requirements, but it is not an easy, quick and convenient task
- ▶ It may be appropriate to adapt in-house service provision to fit with potential improvements afforded by the external market, than to maintain the service quo
- ▶ It is important to have realistic expectations of what procurement can actually deliver



Stockton-on-Tees

Background

Stockton-on-Tees has an in-house collection service for residual waste, recyclate and green waste. Residual is collected weekly and recyclate fortnightly through a kerbside collection. The sale of recyclate is brokered through J & B Recycling. Green waste is collected fortnightly on a seasonal basis and the treatment of this is through a 3 year (plus 2) joint contract with A & E Thompson (along with Hartlepool, Middlesbrough and Redcar and Cleveland) signed in 2011. Bring sites are managed through a Tees Valley Contract with J & B Recycling (3 Year Contract plus possible 2 year extension) signed in 2011. There is a joint treatment and disposal contract with SITA Tees Valley as part of the Tees Valley Waste Partnership, and this runs until 2020.

Current status

- ▶ Route optimisation: £200,000 per annum was saved through the reduction in rounds required to undertake the kerbside waste collection services. Route optimisation software, funded as part of the regional project, has resulted in the reduction of refuse collection rounds by 1 vehicle, recycling collection rounds by 2 vehicles and the trade round by 1 vehicle. This has enabled savings to be made through reducing the number resources in the form of vehicles, staff, fuel etc
- ▶ Service review: Around £500,000 per annum is to be saved through the restructure of the kerbside recycling services. £1.65m was secured through the DCLG Weekly Collection Support Scheme to purchase 8 new recycling 'one pass' vehicles to enable the authority to collect all recyclable material on one pass, where previously this was being collected using 2 separate types of vehicles. It has also enabled the vehicle numbers to drop from 10 vehicles down to 6 vehicles enabling a reduction in vehicles, fuel, mileage, staff etc
- ▶ Increased recovery/recycling: Around £200,000 per annum is being saved through the increased recycling/recovery being undertaken on a number of waste streams. These include Street Sweeper and Gully waste, Farm 'difficult access' round collections, Bulky Waste and Mattress recycling. Operationally this has not affected services however through utilising local recycling and recovery facilities we are able to reduce disposal costs whilst extracting resources for alternative treatment

Lessons learnt

- ▶ Involve operational staff with any changes and get feedback on proposals. This helped greatly when introducing new collection rounds and the collection crews were able to put their views and amendments across based on operational knowledge
- ▶ Link strong partnerships with local waste and recycling companies
- ▶ Ensure a communications plan is in place for all changes to ensure customer (resident) is kept informed and any information is delivered. This may require direct postal of information depending on extent of changes



Sunderland

Background

Sunderland has an in-house weekly collection service for residual waste and a fortnightly collection service for recyclate. Recyclate is collected via a 2 stream collection (separate paper and magazines in a caddy within the wheeled bin, and commingled mixed recyclate in the body of the bin) and split-bodied RCVs are used. This material is currently delivered to a MRF operated by Saica (contract ends March 2015). Green waste is collected fortnightly on a seasonal basis, and delivered to JBT Waste Services Ltd for processing and composting (contract ends March 2015). Collections from the Bring sites are through a regional contract with Palm Recycling (contract ends October 2016). The contractor provides the banks, services them and provides the Councils with an income per tonne. The HWRC is managed in house and some ad hoc trading of valuable commodities such as metals, cardboard and plastic takes place. Sunderland residents also have access to a HWRC in Gateshead, and Sunderland contributes costs based on usage levels by their residents. As a member of the South Tyne and Wear Waste Management Partnership, a 25 year contract has been signed with SITA in 2011 for residual waste treatment/disposal.

Current status

- ▶ HWRC review: The current approach to HWRC management is becoming difficult to manage as in house staffing and management levels are reviewed, and the service will be market tested in 2014. An in house benchmark cost bid will be set, and employees will TUPE transfer if a successful and economically advantageous bid is received
- ▶ Joint procurement: Sunderland shared a MRF contract procurement with Gateshead and South Tyneside, which resulted in Sunderland contracting with one contractor, SAICA and Gateshead and South Tyneside contracting with HW Martin. Separate lots were offered due to concerns over excessive travel to one or more of the partners in accepting one single contractor and procurement of the lots was time bound with extension options to help the Councils contract flexibly but retain the ability to be co-terminus with their respective contracts to allow options of further joint procurements. Sunderland negotiated a 2 year contract extension one year before the end of the MRF contract in return for a gate price reduction, which gave stability for the contractor to invest in new baling and sorting equipment thereby increasing efficiency and resulting in a net reduction per annum of £78,000 for Sunderland. The negotiated contract period runs co terminus with the others
- ▶ Route optimisation: Sunderland has recently introduced optimised routes on a 4-day working week to realise efficiency savings of £260,000 per annum

Lessons learnt

- ▶ The approach to joint procurement with flexibility in how many contracts may ultimately be successful, has worked extremely well for Sunderland. The MRF service is being jointly procured again, to commence April 2014, using broadly the same approach as the last procurement and Sunderland has carried out the same approach to its green waste treatment contract. The key is to plan several years ahead on procurements, leaving flexibility in the contract but also giving contractors time and comfort to plan ahead also

Appendix 2: Local Authority Data

Local Authority Waste Management Performance in the North East (2012/13)

Authority	Residual household waste per household (kg/household)	Percentage of household waste sent for reuse, recycling or composting	Percentage of municipal waste sent to landfill	Collected household waste per person (kg)
Stockton-on-Tees Borough Council	690	29%	1%	422
Redcar and Cleveland Borough Council	543	38%	1%	405
Middlesbrough Borough Council	740	22%	6%	415
Hartlepool Borough Council	561	43%	3%	452
Darlington Borough Council	583	38%	45%	430
County Durham	538	44%	38%	439
Northumberland	592	40%	6%	458
Sunderland City Council	666	34%	66%	457
South Tyneside MBC	608	35%	62%	441
North Tyneside Council	603	36%	19%	441
Newcastle-upon-Tyne City Council MBC	542	37%	39%	380
Gateshead MBC	558	37%	54%	406

Ref: gov.uk/government/statistical-data-sets/env18-local-authority-collected-waste-annual-results-tables

Appendix 3: Waste Management Profile

Local Authority	Collection frequency	Collection type	Green
County Durham	AWC	Glass + commingled	Fortnightly seasonal
Darlington	Weekly residual fortnightly recycle	Mixed paper & card + glass (rest extracted at MBT)	No separate collection
Gateshead	AWC	Paper + commingled	Fortnightly seasonal
Hartlepool	AWC	Glass + commingled	Fortnightly
Middlesbrough	Weekly residual fortnightly recycle	Kerbside Sort	Fortnightly seasonal
Newcastle-upon-Tyne	AWC	Glass + commingled	Fortnightly seasonal (Opt in charged)
North Tyneside	Weekly residual fortnightly recycle	Glass + commingled	Fortnightly seasonal
Northumberland	AWC	commingled (no glass)	Fortnightly seasonal (Opt in charged)
Redcar & Cleveland	AWC	Paper + commingled	Fortnightly seasonal
South Tyneside	AWC	Paper + commingled	Fortnightly seasonal
Stockton-on-Tees	Weekly residual fortnightly recycle	Kerbside sort	Fortnightly seasonal
Sunderland City	Weekly residual fortnightly recycle	Paper + commingled	Fortnightly seasonal



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