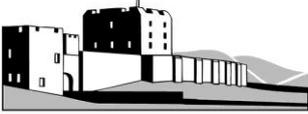


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# **ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL**

## ***Panel Report***

**Public**

**Date of Meeting:** 17th January 2013

**Title:** CUMBRIA STRATEGIC WASTE PARTNERSHIP - ENHANCED PARTNERSHIP WORKING PROJECT UPDATE

**Report of:** The Director of Local Environment

**Report reference:** LE02/13

**Summary:** The Cumbria Strategic Waste Partnership's 'Enhanced Partnership Working Project' seeks to identify the most appropriate model for future partnership working between Cumbria's 6 Waste Collection Authorities and the Waste Disposal Authority. This report provides a summary and update of the proposed Enhanced Partnership Working Project

**Questions for / input required from Scrutiny:**

**Recommendations:** That the Executive note the updated report.

**Contact Officer:** Angela Culleton

**Ext:** 7325

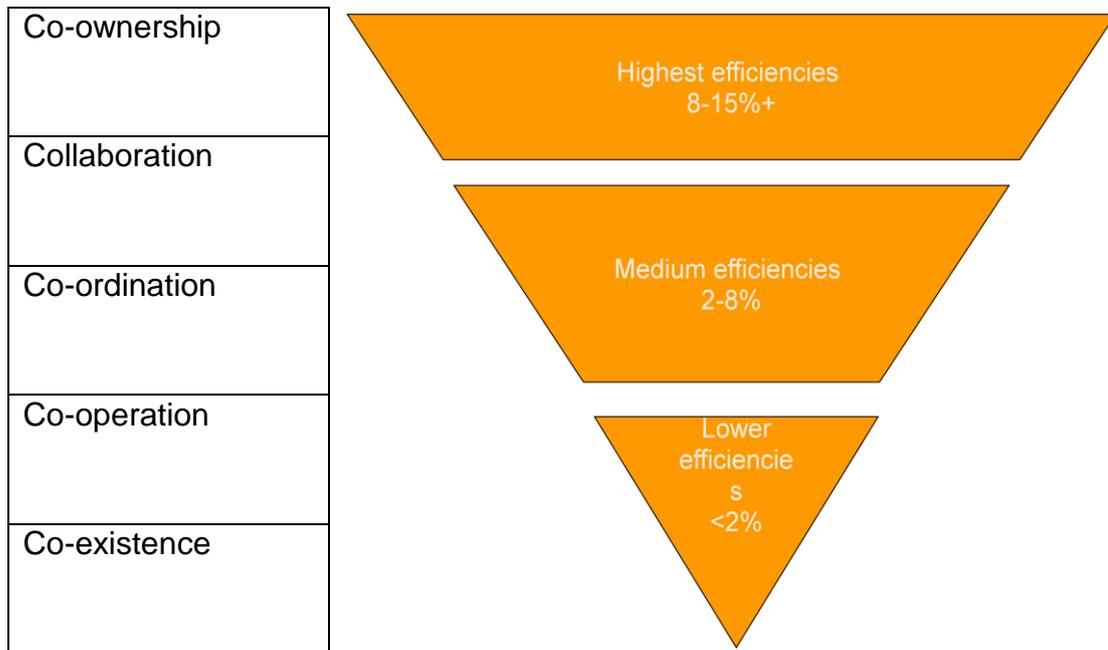
## **BACKGROUND INFORMATION**

### **1.1 Introduction:**

- 1.1.1 The Cumbria Strategic Waste Partnership (CSWP) was established in 2004 to facilitate greater partnership working between Cumbria's 6 Waste Collection Authorities (WCAs - the District Councils) and the Waste Disposal Authority (WDA – Cumbria County Council). One of the key achievements of the CSWP has been its role in facilitating a significant reduction in the amount of municipal waste landfilled (a 30% reduction over the last 6 years) enabling Cumbria to meet its Landfill Allowance Trading Scheme (LATS) obligations. This has been achieved by a significant investment in, and expansion of, household waste recycling coupled with initiatives aimed at limiting the amount of residual (i.e. non recyclable) waste entering the municipal waste stream.
- 1.1.2 Instrumental to the successful reduction of residual waste has been Cumbria's Joint Municipal Waste Management Strategy (JMWMS), the over-arching strategy adopted by the members of the CSWP (including this Council)
- 1.1.3 Whilst significant progress has been made against some of the 7 key objectives (e.g. the successful procurement of a new waste treatment facility - a practical alternative to landfill), progress across all 7 objectives has been uneven. Of particular concern is the lack of progress made against the key objective of adopting 'common methods of collection' for recyclable and residual wastes. This is significant because of the opportunities to achieve real efficiency savings if consistent (i.e. common) methods of collection were to be adopted by the 6 WCAs. Instead, what we have in Cumbria is a variety of collection methodologies which have been implemented independently, albeit within the framework of the JMWMS.
- 1.1.4 Common methods of collection (which may or may not involve common collection contracts) require a greater level of partnership working than has been the case so far with the CSWP. Experience from across the rest of the UK has shown that enhanced partnership working (between WCAs and WDAs) has the potential to generate real cashable savings, whilst at the same time successfully enabling LATS quotas to be met.
- 1.1.5 There are a number of different models that have been employed elsewhere to achieve enhanced partnership working between local authorities. Figure 1 illustrates 5 models of partnership working and the indicative efficiencies that each might typically be expected to generate. Paragraph 1.1.6 details the actual savings

that 5 successful partnerships have realised by adopting differing models of enhanced partnership working. At one end of the spectrum is the Somerset Waste Partnership which is a fully formed 'Joint Waste Authority' funded by its constituent members (6 WCAs and a WDA) to deliver municipal waste collection and disposal across Somerset. At the other end of the spectrum, Lichfield and Tamworth's partnership involves just 2 WCAs.

**Figure 1**



Source: DEFRA

1.1.6 Examples of revenue savings realised by other waste partnerships:

- Somerset Waste Partnership – **£1.7m** per annum saving
- Shropshire Waste Partnership – **£1.1m** per annum saving
- Adur & Worthing – **£0.5m** per annum saving
- Mid Suffolk & Babergh – **£0.5m** per annum saving
- Lichfield & Tamworth – **£0.7m** per annum saving

## 1.2 Enhanced Partnership working project:

1.2.2 The 'Enhanced Partnership Working Project' (EPW) is an exciting initiative which has the potential to deliver real and lasting efficiencies to Cumbria's Waste Collection Authorities and the Waste Disposal Authority. However, the scale of the challenge should not be underestimated. And whilst the proposed Project Plan does not require a financial contribution from the Council, if we are to engage effectively with the Project it will require a significant commitment from both Officers and Members in the form of time, energy and resources.

It is important to ensure that Carlisle City Council is properly represented in all discussions concerning the future development of municipal waste management in Cumbria.

1.2.3 A presentation and workshop was given to members of the CWSP on 12<sup>th</sup> October 2011 in order for them to approve the final version of stage 2 the EPW project and discuss in more detail the project elements and the ease and priority of each a (full report is available on request) . Attached (Appendix 1) is a summary of the paper and recommendations made to members of the CSWP on the 23<sup>rd</sup> November for them to accept. The project was presented By Sarah Edwards from CS Kinetics.

1.2.4 The outcome from recommendations made at the meeting were that the members accept the final stage 2 of the EPW and that we continue as a district councils to pursue collectively PE3 (project element 3) Maximising the income from the sale of recycle

## 2. Chronology of events to the current status of the Enhanced Partnership Working

- **October 2011-** Kinetic CS presentation/workshop to CSWP members of the final version of EPW -stage 2
- **November 2011-** recommendation for CSWP members to accept the EPW and project elements
- **February 8<sup>th</sup> 2012** – further discussion by members as to the content of a presentation/workshop in March as to the implications of partnership working
- **March 28<sup>th</sup> 2012-** Workshop facilitated by Alan Bowley -Kinetics attended by members and officers as to the implications of partnership working to discuss further work needed to facilitate this. A more detailed presentation was to be presented in June.

- **June 28<sup>th</sup> 2012-** presentation on the future of the Cumbria Strategic Waste Partnership- 'The Next Steps' (copy of the presentation is available )
- It was decided by the members that the scheduled September meeting should have more detail regarding the financial implications to each district of the partnership working. We have not had a CSWP meeting since June 2012

### **3. The main drivers for waste diversion have changed.**

- 3.1 The Government's waste review (DEFRA) has announced the ending of the LATS (landfill Allowance Trading Scheme) 2012/13. It has been decided that LATS is no longer the main driver for diverting waste from Landfill. The Landfill tax is now much more of an incentive for local authorities to reduce the waste they send to Landfill. The landfill tax (LT) increases year on year by a mechanism called the landfill tax escalator and currently stands at £64/tonne for active waste and is set to rise to £80/tonne in 2014.
- 3.2 As a result of the change in the driver for waste reduction Cumbria County Council (along with most other Councils) have entered into a 25 year contract with Shanks – MBT to divert all residual waste (not recyclables) from landfill in order for them to meet their goals under the Landfill directive.
- 3.3 Another significant change has been the payment mechanism from the County Council to the districts for recycling. The County due to extreme budgetary pressures have altered the payment from the *recycling reward* mentioned in the initial report by Mike Gardner back to the *tonnage based system*. This has already been implemented for the later half of 2012/13 and has been set at £58.64/tonne of recyclate. It is due to rise to £60/tonne from April 2013. This is a more realistic payment mechanism but affects all the district Councils to lesser or greater extent. The impact for Carlisle is estimated to be a reduction of £7,000 per annum in recycling payments from the County Council.
- 3.4 We have been unable to proceed with element 3 of the enhanced working partnership. South Lakeland District Council led on this but found a lack of input from other district Councils who already have their recyclates tied up in existing contracts. This meant that the two participating councils would be South Lakeland District Council and Carlisle. A soft market testing exercise was carried out but resulted in only two proposals, so this lack of interest from the market and a change in officer leading the project has led to the withdrawal of SLDC's input. Due to the difficulty in the recycling market and the reduction in the market payment per tonne it has been decided that this project element should be delayed until the market improves.

### **4. Conclusion**

It is accepted that the partnership is in a very different place than it was even two years ago and due to the dire economic climate the CSWP is not working at a strategic level.

Also due to the economic climate there has been an increasing pressure on all officer time which was one of the main elements identified in the original report as being key to the successful implementation of the EPW.

It is necessary for the meetings to continue to be held between the districts at officer level to ensure that partnership between Shanks the County Council and the district work on an operational level. Plus on a district level we are still continuing to explore ways in which to work together to reduce costs.

It is proposed that a letter will be sent to the chairman of the CSWP to make the suggestion that due to time constraints and the increased demand on the time of the members as well as the officers that the members meet every 6 months or on an annual basis which officers (rather than every two months) in order that officers may present an annual review of waste services operations and discuss and agree any major proposals for the following year.

<b>CUMBRIA STRATEGIC WASTE PARTNERSHIP</b>	<b>Paper No.</b>
<i>Meeting date: 23<sup>rd</sup> November 2011</i>	
<i>From: Sarah Edwards, Kinetic CS</i>	

## **Enhanced Partnership Working Project - Update**

### **1. EXECUTIVE SUMMARY**

- 1.1 This paper advises Members on progress with the Enhanced Partnership Working Project.

### **2. RECOMMENDATION**

- 2.1 Members note and accept Kinetic CS Enhanced Partnership Working Stage 2 Final Report data November 2011
- 2.2 Members agree for Kinetic CS to carry out further modelling in respect to Project Element 8 below.
- 2.3 Members agree that the Enhanced Partnership Working Delivery Team produce a procurement strategy document and project plan to take forward Project Element 3 for discussion at the CSWP Board on the 8<sup>th</sup> February 2012.

### **3. BACKGROUND**

- 3.1 At the meeting of the CSWP on 12<sup>th</sup> August 2011 Members evaluated the following project elements against the evaluation criteria agreed at the 22<sup>nd</sup> June CWSP Board Meeting:-

Group 1

PE3: Maximising Income from the Sale of Recyclates;

PE1: Maximising the Benefits of Spare Capacity at MBT Facilities;

PE2: Opportunities for Trade Waste;

PE8: Alternative Collection Methodologies;

PE7: Applying the Proximity Principle for the Collection of Waste.

- 3.2 The following projects which presented less value to the Partnership were evaluated by the officers

Group 2

PE4: Joint Procurement of Consumables;

PE5: Data Management;

PE6: Customer Contact;

- 3.3 The following Project Elements could not be evaluated at this stage of the programme

Group 3

PE9: Impact of HWRC closures on WCAs;

PE10: Alternative Governance Arrangements;

- 3.4 This paper sets out:-

3.4.1 An overview of the savings from Stage 2 of the EPW Project

3.4.2 Potential Timeline for Delivery

3.4.3 The officers' recommendation for taking forward Project Element 3 into Stage 3, Delivery.

3.4.4 Additional scenarios that Kinetic CS's will model in respect to Project Element 8 – Alternative Collection Methodologies.

## 4. **SUMMARY OF SAVINGS**

- 4.1 The savings identified through stage 2 of the EPW Project are set out in Table 1 below.

Table 1 – Summary of potential savings

Project Element	Title	Estimated Savings	Estimated Savings	Year Benefit First Falls	Implementation Costs	Key Issues
		£m	£m			
		Low	High			
PE7&8	Alternative collection methodologies	3.30	4.40	2013/14	Procurement budget plus officer time = 3% of contract value	For full savings to be realised model assumes all WCAs 'join' integrated contract at earliest opportunity
		0.25	0.25	2013/14		Savings arise from integration into a single, uniform client function
PE3	Maximising income from the sale of recycle	*0.75	*1.20	2013/14 & 2014/15	Low value procurement budget	Successful implementation dependent on securing suitable, strategic transfer facilities. Cumbria County Council is well placed to provide these transfer arrangements.
PE1	Maximising the benefits of spare capacity at MBT	0.40	1.30	2013/14	Officer time to broker and negotiate third party agreements	Discussions need to focus on arrangements for securing access to spare capacity from Shanks Waste Management and how the benefits are shared between member authorities
PE1a	Maximising the benefits of spare capacity at MBT facilities	**0.50	**0.50	2013/14	Office time to negotiate	This element relates to the treatment of HWRC waste, currently being landfilled, being diverted to the MBT facilities for reprocessing
PE2	Opportunities for trade waste	0.50	0.50	2013/14	Officer time to implement trade waste solutions at relevant HWRC sites.	
PE4	Joint procurement of consumables	0.03	0.03	2012/13	Lead authority officer time to establish pooled purchasing agreement	Requires all participating authorities to align consumables profile
PE5	Data management	Limited		If and when services are integrated		Dependent on progress against PE8
PE6	Customer	Limited		If and when		Dependent on

Project Element	Title	Estimated Savings £m	Estimated Savings £m	Year Benefit First Falls	Implementation Costs	Key Issues
	contact			services are integrated		progress against PE8
PE9	Impact of HWRC closures on WCAs	Not currently known				Further work underway by Cumbria County Council
PE10	Governance	Not currently known				To be reviewed if EPW moves to Phase 3
	<b>TOTAL</b>	<b>5.73</b>	<b>8.18</b>			

## 5. TIMELINE FOR DELIVERY

5.1 The table below outlines a time line for delivery of some of the main projects.

Table 2 – Stage 3 timeline

Year	Project Element
2012/13	Project Element 3 – Sale of Recyclates
	Project Element 4 – Procurement of consumables
2013/14	Project Element 1 and 2 – Spare Capacity at MBT's and increasing trade waste services
2015/16	Project Element 8 – Alternative Collection Methodologies

## 6. STAGE 3 - DELIVERY OF PROJECT ELEMENT

6.1 The Enhanced Partnership Delivery Team recommend that they produce a detailed project plan for delivering Project Element 3 – Maximising the income from the sale of recyclates between December 2011 and January 2012. The project plan will set out how the EPW delivery Team will pool recyclate and sell it to the market from April 2012 onwards for a period to be determined. The Project Plan will be presented to CSWP Board on the ?? February 2012 for agreement.

## 7. PE 8 – ALTERNATIVE SCENARIOS

7.1 The EPW Delivery Team suggested that the scenarios set out in Table 3 below are modelled by Kinetic CS before the next CSWP Board in February.

Table 3 – Alternative Project Element 3 Scenarios

Scenario	Elements
2. Commingled recyclables, alternate week residual	Alternate week collection of Residual Waste Alternate week collection of Green Waste Alternative week collection of Commingled recyclables
3. Commingled recyclables, weekly residual	Weekly collection of Residual Waste Alternate week collection of Green Waste Alternative week collection of Commingled recyclables
4. 2 stream recyclables, alternate week residual	Alternate week collection of Residual Waste Alternate week collection of Green Waste Alternative week collection of 2 stream recyclables (Paper/Card, Plastics/Cans/Glass)
5. 2 stream recyclables, weekly residual	Weekly collection of Residual Waste Alternate week collection of Green Waste Alternative week collection of 2 stream recyclables (Paper/Card, Plastics/Cans/Glass)