

Future Surrey Waste Partnership

Summary

The Surrey Waste Partnership (SWP) has enabled Surrey authorities to perform increasingly well by working together.

Analysis undertaken in-house and by environmental consultants has indicated that whilst the current level of co-operation has been beneficial, greater collaboration and co-ownership of the entire waste service would result in significant financial savings and further improvements to the services offered to residents.

This report recommends the further development of this work .

Portfolio - Community

Date Portfolio Holder signed off report 27 October 2016

Wards Affected - All

Recommendation

The Executive is advised to resolve to

- (i) extend the Inter Authority Agreement (IAA) relating to the Joint Waste Collection Contract (JWCC) and the Joint Waste Collection Services Committee to include the Waste Disposal Authority (WDA) functions (as follows) that currently reside with the county council, on the basis that this will not affect how decisions related to the JWCC are made nor have any negative financial implications for Surrey Heath Borough Council

WDA Partnership functions to be included in the IAA:

- Kerbside improvement initiatives to increase recycling and reduce waste arisings;
 - Payments to waste collection authorities;
 - Data management and monitoring;
 - Policy development and alignment;
 - Performance management;
 - Engagement with government, the waste sector, industry and others on the waste agenda.
- (ii) delegate responsibility to the Executive Head Community in consultation with the Portfolio Holder for Community Services and other members of the Joint Waste Collection Services Committee to amend the Inter Authority Agreement to enable this expansion; and
 - (iii) support further development of the co-owned single tier entity model for waste services and asks the Executive Head Community , in consultation with the Portfolio Holder for Community Services to work with partner authorities within the joint collection contract and Surrey Waste Partnership to develop the model with the aim of presenting a business plan to the Executive in 2017.

1. Key Issues

- 1.1 The Surrey Waste Partnership (SWP) has enabled Surrey authorities to perform increasingly well by working together. The co-operation between the waste disposal authority (WDA), Surrey County Council (SCC) and the waste

collection authorities (WCA) has contained the costs of waste management in the county as well as enabled improved recycling rates and service improvements for residents. Most recently, this has included the creation of a SWP communications team who have delivered a number of award winning campaigns and a pooled budget that has enabled Surrey Heath Borough Council and other (WCAs) to trial new and innovative resident engagement initiatives.

1.2 Analysis undertaken in-house and by the environmental consultancy Eunomia has indicated that whilst the current level of co-operation has been beneficial, greater collaboration and co-ownership of the entire waste service would result in significant financial savings and further improvements to the services offered to residents. This analysis is set out in Section 4 of Annex 1: a strategic business case for progressing towards a single-tier entity for waste services in Surrey. It suggests that up to £12.4m per year could be saved from the collective budgets of WCAs and the WDA through:

- operational efficiencies
- increasing recycling
- gaining greater value from materials
- increasing commercial waste collections
- back office efficiencies.

1.3 In addition, a single entity could further reduce the overall costs of waste management by aligning the operational and management functions of all the authorities within a co-ownership model and ensure that waste management in Surrey is designed as one complete system. This would mean that kerbside collection rounds, transfer stations and Community Recycling Centres (CRCs) were aligned and the service to our residents was joined up and consistent.

Building on the joint collection contract

1.4 The four joint waste collection contract authorities (JWCC Authorities) have worked closely and successfully together to procure a joint waste collection contract (Joint Contract) that has the potential to deliver significant financial savings and service improvements on the collection aspects of waste management. However, neither the Joint Contract nor the Inter Authority Agreement (IAA) that will govern the future working arrangements of the JWCC Authorities includes any of the waste disposal arrangements currently managed by Surrey County Council (SCC). This arrangement results in continued duplication of some waste functions as well as the continued risk that policies and services designed by the disposal authority are not in line with those designed by the collection authorities, and vice versa.

1.5 The governance of the single entity would be ensured through a Joint Committee to include SCC and any WCA that chose to join the entity. Each full member of the authority would have an equal vote on matters residing within the Joint Committee's jurisdiction. For the first time, districts and boroughs would make decisions relating to the waste disposal arrangements in their localities.

1.6 Given the JWCC Authorities have already aligned their services and intend to create a shared waste function as well as a Joint Committee to govern the contract, it is logical for them to be among the first to create the single entity together with SCC. The intention however is to encourage and enable other

WCAs to join the entity as soon as possible. Their membership could either be through the Joint Contract or under their own collection arrangements. The former is likely to bring greater collective benefits but the latter would still reduce duplication and therefore bring financial and service benefits to all parties.

Phased approach

- 1.7 As set out in figure 2 of Annex 1, it is proposed that a phased approach is taken to create a single entity (the Partnership Group) to manage waste in Surrey. The first phase represents the four JWCC Authorities moving to the Joint Contract and the second phase integrates the WDA functions from SCC into the Partnership Group.
- 1.8 The WDA has two key statutory functions, which it carries out through a 25 year PFI contract with Suez:
- 1.9 To arrange for the disposal of controlled waste collected by Surrey's Waste Collection Authorities (WCA) in Surrey.
- 1.10 To provide places for, and disposal of, waste deposited by householders in the county i.e. the Community Recycling Centres.
- 1.11 In addition to these core functions, the way that waste management operates in Surrey means that the disposal authority also has a number of functions that enable the two tiers of waste management to operate (the WDA Partnership functions):
 - Kerbside improvement initiatives to increase recycling and reduce waste arisings;
 - Payments to waste collection authorities;
 - Data management and monitoring
 - Policy development and alignment;
 - Performance management;
 - Engagement with government, the waste sector, industry and others on the waste agenda.
 - SCC is also the host authority for the Surrey Waste Partnership, which includes:
 - Surrey wide communications and engagement;
 - Strategy development and monitoring;
 - Management of key SWP projects;
 - SWP governance.
- 1.12 In order to integrate the totality of the statutory WDA functions into the Partnership Group, further work is required to develop a fair and transparent cost sharing mechanism, which builds on the principles set out in Section 5.9 of Annex 1.
- 1.13 Whilst this work takes place, it is proposed that the WDA Partnership functions transfer to the Partnership Group, alongside the management of food, green waste and other recyclables collected at the kerbside. The WDA will separately continue to manage residual waste collected at kerbside by WCAs and processed at the WDAs transfer stations as well as run the CRCs until the work on the cost sharing mechanism is completed.

What would this mean in practice?

- 1.14 The transfer of the WDA Partnership functions from the WDA would extend the scope and remit of the Joint Waste Collection Services Committee, but would not lead to material changes to the IAA.
- 1.15 In terms of governance, the decision making process for matters relating to the Joint Contract would be unchanged; the nominated representatives from each of the four JWCC Authorities would collectively make these decisions. For decisions relating to the wider waste agenda, the nominated representative from the county council would join the district and borough representatives in collectively making decisions. Both scenarios will be based on a one authority: one vote system, as set out in the IAA.
- 1.16 The WDA Partnership functions that would be transferred to the Partnership Group do not carry with them any financial liability. They would, however, demonstrate the early benefits of single tier working by reducing the current duplication of effort inherent in the current system. The changes would further improve the service and cost effectiveness of waste operations offered to Surrey Heath residents, as well as placing Surrey Heath Borough Council at the heart of work to set the strategic direction for waste management in the medium to long term, alongside the authorities within the Partnership Group.
- 1.17 It is proposed that this change takes place in early 2017 in order realise these benefits as soon as possible and start to create a one team ethos from the commencement of the Joint Contract.
- 1.18 It is also proposed that the county council and the JWCC Authorities engage with Surrey's other district and borough councils about the opportunity to transfer the management of the SWP office into the Partnership Group to further reduce duplication of effort, although the SWP would continue to act on behalf of all of Surrey's authorities.

Full integration of the WDA and additional WCA partners

- 1.19 The transfer of the WDA statutory functions into the Partnership Group is much more complicated and has greater financial, operational, legal and decision-making consequences. Before these functions are considered for transfer, further work is necessary to fully develop the business plan and revise the IAA in order to reflect the changes to the partnership arrangements. This work will confirm: the scope of functions to be transferred; the cost sharing mechanisms between the authorities; the governance arrangements; and the legal status of the Partnership Group.
- 1.20 The business plan will also outline how additional WCA can join the Partnership Group, either as part of the Joint Contract or with their own collection arrangements.
- 1.21 It is proposed that this work will take place during 2017 and will be considered by the Executive in the Autumn of next year. This work will be led by the SWP Manager and be funded by the SWP.

2. Resource Implications

- 2.1 There are no financial implications as result of the recommendations for this report. The costs of developing the business case for consideration by the

Executive next year will be met by the Surrey Waste Partnership's (SWP) existing budget. The changes to the IAA to include the Waste Disposal Authority (WDA) Partnership functions will ensure that the existing Partner Authorities are not financially disadvantaged by the extension to the IAA's scope. The financial implications of extending the IAA to include all WDA functions may have some financial implications for Surrey Heath borough Council and these will be considered in the business case and presented to the Executive before any decisions are made to extend the scope of the IAA.

3. Options

- 3.1 **Option 1:** Support the further development of the co-owned single tier entity; immediately expand the scope and function of the current IAA between the Joint Waste Collection Contract Authorities to include some of the waste functions from the county council ("the WDA Partnership functions") and amend the IAA to reflect these changes. Recommended.
- 3.2 This option enables the authorities to work more effectively together to join up waste functions across the district and the county. The first phase of including some of SCC functions helps to reduce duplication and stream-line the back-office functions of both authorities. The further development of the co-owned entity will allow officers and Members to explore the financial and environmental benefits of working more closely together on all aspects of waste across the county.
- 3.3 **Option 2:** Support the further development of the co-owned single tier entity but do not expand the scope and function of the current IAA between the Joint Waste Collection Contract Authorities to include some of the waste functions from the county council ("the WDA Partnership functions") until at least that work has been completed and considered.
- 3.4 This option allows officers and Members to fully explore the financial and operational benefits of creating a co-owned single entity but delays the introduction of some of the WDA functions from the county council. This would delay the realisation of any of the benefits gained from including the initial tranche of functions from SCC and leaves the current arrangements to continue without the immediate benefits of working more closely together.
- 3.5 **Option 3:** Do Nothing
- 3.6 This option would not enable officers or Members to explore the financial and operational benefits of working more closely together nor realise the benefits of doing so.

4. Proposals

- 4.1 To support the further development of the co-owned single tier entity; immediately expand the scope and function of the current IAA between the Joint Waste Collection Contract Authorities to include some of the waste functions from the county council ("the WDA Partnership functions") and amend the IAA to reflect these changes.

5. Supporting Information

- 5.1 Annex 1: a strategic business case for progressing towards a single-tier entity for waste services in Surrey

6. Corporate Objectives And Key Priorities

6.1 The Council's five year strategy is set out under 4 themes:

- Place – continued focus on our vision to make Surrey Heath an even better place to live. Clean, green and safe. Where people enjoy and contribute to a high quality of life and a sustainable future.
- Prosperity – to sustain and promote our local economy so people can work and do business across Surrey Heath, promoting an open for business approach that attracts investment and complements our place.
- Performance – to deliver effective and efficient services better and faster
- People – to build and encourage communities where people can live happily and healthily in an environment that the Community is proud to be part of.

6.2 One of our priorities under the Place theme is to Manage our waste efficiently cost effectively and sustainably. Increasing further efficiencies in the way that waste is managed across Surrey will help achieve this priority.

7. Legal Issues

7.1 The immediate priority for Surrey Heath is to finalise and enter the Second IAA as this is required to be in place as at the date the Joint Contract is entered into with the Contractor. As any amendment to the Second IAA will need to involve a review of that document in conjunction with the four partner authorities, as well as requiring review by SCC's legal advisors, it is recommended that any extension of the Second IAA be dealt with by way of a deed of variation, rather than hold up signing of the Joint Contract. Although the preliminary view is that this should not create any new obligations on the four partner authorities, there may be employment and/or other financial implications, and providing for this expansion to be dealt with separately will enable a proper analysis of the implications of using the jointly funded Contract Management Office which is to be hosted by this Council as the administering authority in the first instance prior to any consideration of establishing a co-owned company to be properly understood and any consequential implications for Surrey Heath to be considered.

8. Sustainability

8.1 The continual stream-lining of waste management in Surrey is expected to make the waste system more effective, raise recycling rates and reduce carbon emissions.

9. Risk Management

9.1 The risks associated with the recommendation are limited; there is no transfer of responsibility to Surrey Heath Borough Council as a result of the IAA being amended to allow the Joint Committee to make decisions relating to the WDA Partnership functions. There is greater risk in including the statutory WDA functions involved in managing the transfer stations and CRCs, therefore careful analysis and consideration will be carried out during the development of the business case before these functions are included in the IAA.

10. Equalities Impact

- 10.1 Any service changes that may occur as a result of working more closely together will be subject to an Equalities Impact Assessment to ensure they do not disadvantage any of the more vulnerable in our communities.

Annexes	Annex A: A strategic business case for progressing towards a single-tier entity for waste services in Surrey
Background Papers	
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Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	
Capital	✓	
Human Resources	✓	
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	
Policy Framework		
Legal	✓	
Governance	✓	
Sustainability	✓	
Risk Management	✓	
Equalities Impact Assessment	✓	
Community Safety		
Human Rights		
Consultation		
P R & Marketing		

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