



# 5 Members' Guide ✓

## Top tips for making savings through better procurement in waste management

As local government finances are squeezed during difficult economic times, it will become even more important for councils to work together to save money and keep council tax down. This series of member guides provides tips on how your authority can make savings through better procurement.

### Making savings on waste management procurement

#### What does waste management comprise?

The major areas of council expenditure on waste management are waste collection for **waste collection** authorities, **waste disposal** for waste disposal authorities, **commodities** (vehicles, equipment) **and staffing**. Specific areas that are not part of waste management, but may be included in contracts let by waste collection authorities include street sweeping and public convenience cleaning and these are not the subject of this guide.

#### Did you know?

Local authorities spend over £2 billion each year on waste management procurement and waste is one of the fastest growing costs. Local authorities could save millions each year through more efficient and collaborative procurement. Read on to find out how your authority could benefit.

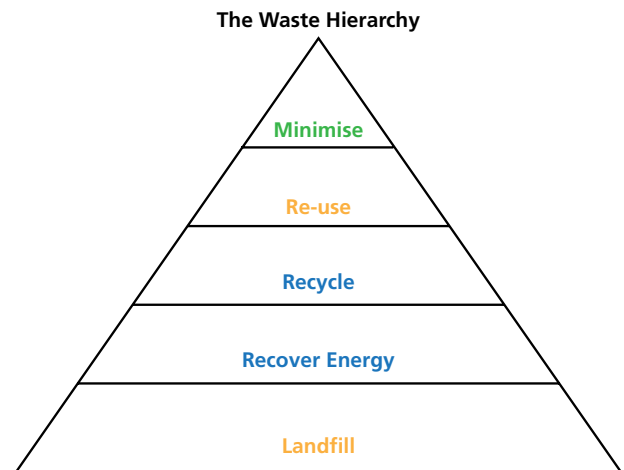
#### Why should it matter to members?

Local authorities in England have almost doubled the amount of waste they recycle over the last 5 years and now recycle over 35% of their waste. However, our

performance still lags behind that of many other European countries. Councils in England face potential fines of £2 - 3 billion if they fail to comply with the **EC Landfill Directive** plus an additional £1 billion for **Landfill Tax**.

With many collection contracts under renewal and new disposal facilities being built within the next 5 -10 years, there are opportunities for authorities to make significant efficiencies. In total, local authorities collectively spend £2 billion each year on procuring waste management services. **Saving 5% on this could release £100m to help cut council tax or reinvest in services.**

The **waste management hierarchy** sets out ways of dealing with waste, from the most acceptable at the top, to the least desirable at the bottom.



Source: Defra

Local authorities' waste management strategies are set out in their **Municipal Waste Management Strategy**. In unitary and two tier areas, where a **Joint Municipal Waste Management Strategy** has been agreed, this also provides the framework for collection services, although waste collection authorities may have their own more detailed plan for recycling and collection. The **Community Strategy**, policies relating to **sustainability, economic development and carbon reduction**, and **Local Area Agreements (LAAs)**, also shape the authority's approach to waste management.

Many waste disposal authorities are now in the process of **developing, procuring or constructing infrastructure plants** to treat their residual waste. Members will be familiar with these sensitive issues in their communities and keen to establish how residents are being engaged in the decision making process.

## What are the opportunities?

Many authorities choose to work together to reduce costs and help residents to minimise waste and improve recycling rates. This may include jointly procuring waste collection and disposal contracts, purchasing essential items such as waste collection vehicles or wheelie bins, or working together to ensure that vehicles across a local area use the most efficient route even if this means crossing authority boundaries.

There are a number of different models of partnerships all over the country and this guide aims to provide a flavour of the benefits that collaborative procurement on waste services can bring to your authority. **Evidence<sup>1</sup> shows that the savings to be gained through joint working on waste services are equivalent to council tax savings of between £3 -10 per household per annum.**

In 1992, the Somerset Waste Partnership (SWP) between Somerset County Council, Sedgemoor, South Somerset, Mendip, West Somerset District Councils and Taunton Deane Borough Council established a single contract for all collection and recycling services replacing 9 separate arrangements. In 2007, Somerset became the first countywide area to combine waste service functions under a single joint committee of councillors from all Somerset Councils. SWP now manages waste collection, recycling and disposal services for all 228,000 Somerset homes and is delivering over £1.7m savings each year, whilst increasing customer satisfaction and recycling rates.

Eight waste collection authorities in Nottinghamshire successfully joined forces in 2005 to procure refuse collection vehicles and released over £150K efficiency savings in the first year of the contract alone by agreeing a common specification for the vehicles and initiating a single tender process. Working together enabled the authorities to get additional value from their joint contract including increased technical support, a local stock of spares in the county, a standardised fleet with the potential for sharing drivers and other services in the future, a helpdesk,

replacement vehicles on hand and a commitment to develop a service centre within the county. The Nottinghamshire authorities worked with the East Midlands Centre of Excellence (now the East Midlands Improvement and Efficiency Partnership) to support the initial stages of the project.<sup>2</sup>

**Route optimisation** software packages are tools that allow us to generate the most efficient route from one place to another. They calculate the most efficient use of vehicles within and across authority boundaries and are particularly useful in balancing the workload between refuse collection rounds and reducing mileage covered by collection vehicles in any area or enabling a number of authorities to work together. The software can also be used to plan routes for collections of bulky items so that improved services can be provided to residents.

The North East Improvement and Efficiency Partnership (NE IEP) offers all local authorities in the region access to a hosted route optimisation solution for waste management activity. The NE IEP is helping other authorities to build on the experience of Newcastle City Council which successfully used the software to plan efficient routes when it introduced fortnightly collections of recyclable waste and garden waste alongside existing household waste collections. Newcastle City saved £148K a year on operational costs alongside a 10% saving on mileage which has provided additional environmental benefits.<sup>3</sup>

## Key steps in partnering

Councils have a number of partnering options from sharing best practice through to totally harmonised collection, operations and contracting. The important things to remember are to:

- (1) partner with those councils which are geographically closest
- (2) target the 'core services' – the largest areas of expenditure
- (3) establish the services to be shared and your partners

... **before** getting into the nuts and bolts of how it is going to be managed and the governance structure.

Source: Waste Information Network (WIN)

<sup>1</sup> Information provided by Improvement and Efficiency South East based waste partnerships nationally

<sup>2</sup> For full case study, please see: [http://www.eastmidlandsiep.gov.uk/documents/news\\_info/Refuse%20Vehicles%20FINAL.pdf](http://www.eastmidlandsiep.gov.uk/documents/news_info/Refuse%20Vehicles%20FINAL.pdf)

<sup>3</sup> For full case study, please see: <http://www.northeastiep.gov.uk/waste-env/>

## What is the member's role?

As with all procurement categories, making change in this area requires strong member leadership. The member's role is to ask the fundamental questions: what are we spending on waste management procurement and where exactly is the money going? Do we have a co-ordinated corporate approach to procuring and managing these contracts? Are we collaborating with others regionally and nationally to gain efficiencies and implement best practice?'

Depending on the answers to these questions, it may be appropriate for members to **scrutinise** the procurement and contract management process. Apart from the formal process of overview and scrutiny, the **Leader** and **Cabinet** may wish to make this an area for particular focus and visit other councils to **benchmark performance** and **investigate areas for collaboration** with others. In summary, the member role is to **demonstrate leadership**, and be ready sometimes to make difficult decisions on waste management procurement.

## Checklist for members – questions members can ask on waste management procurement

### Recycling/composting

- ✓ Are we meeting our targets and are these ambitious enough?

### Landfill Allowance Trading Scheme (LATS)

- ✓ When is the waste disposal authority likely to have a shortfall of LATS if only planned services are rolled out?
- ✓ What contribution are recycling and composting making to avoid Landfill Tax and meet LATS obligations?

### Contracts

- ✓ When are the waste disposal and waste collection contracts up for renewal?
- ✓ How does the renewal timetable compare with that of other authorities?

- ✓ Have we considered communications to residents sufficiently well, including considering incorporating communications in the contract?

### Waste Management Infrastructure

- ✓ When does infrastructure (including facilities for sorting, cleaning and recycling materials) need to be commissioned?
- ✓ How does this affect the procurement choices we face?

### Local/External Drivers

- ✓ When will landfill sites close/other sites reach the end of their life?
- ✓ What legislation is likely to take effect at what date?

### Joint Working

- ✓ What aspirations does the authority have for partnering?
- ✓ What stage has joint working between the waste collection authority and the waste disposal authority reached?
- ✓ What options have been explored for joint procurement?

### Working with other Authorities

- ✓ What is happening in neighbouring authorities?
- ✓ Is there the scope and desire to work with other waste disposal authorities?

### Procurement

- ✓ Are we considering the full range of procurement options including partnering with neighbouring authorities?
- ✓ Are our actions consistent with the Joint Municipal Waste Strategy?
- ✓ Are our procurement policies sustainable?
- ✓ Are we getting the best value from our waste management procurement?

### Community Engagement

- ✓ What actions being taken to engage citizens in waste issues and to co-ordinate communication across authorities?

### Sharing knowledge:

- ✓ is your authority using the information available on WIN, including the self assessment benchmark available at [www.win.org.uk/benchmark](http://www.win.org.uk/benchmark)? Are you accessing your RIEP for support?

## Where can I get more information and support?

**The Regional Improvement and Efficiency Partnerships (RIEPs)** offer support on collaborative working including collaborative procurement and many offer programmes specifically focussed on waste services.

**The Waste Information Network (WIN)** is a free information service for all local authorities covering all aspects of waste management. Members can register with WIN at the website below to access

advice, guidance, support, case studies and performance data. WIN has just launched a Waste Service Benchmark service which allows authorities to undertake a self assessment and compare their performance on a range of key indicators. WIN is managed by Improvement and Efficiency South East (IESE) which takes a national lead on support for waste on behalf of all the RIEPs. Visit: [www.win.org.uk](http://www.win.org.uk) or get in touch with your RIEP to find out more.



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