

scrutiny

Report of:

Cardiff County Council
Newport City Council
Monmouthshire County Council
The Vale of Glamorgan Council

A Joint Scrutiny of Partnerships in Waste Management

June 2007



CONTENTS

Foreword	3
Background to the Inquiry and the Terms of Reference	4
Key Findings	7
Recommendations	11
Context	13
Part One: Key Evidence	
The Benefits of Partnership-Working.....	15
The Challenges of Partnership-Working.....	18
Issues for Regional Working in South Wales	20
Governance and Accountability Arrangements.....	25
Part Two: Waste Partnerships contributing to the Inquiry	
Project Integra, Hampshire.....	29
The Shropshire Waste Partnership.....	43
The North London Waste Authority.....	48
The Somerset Waste Partnership.....	54
Witnesses	60
Legal Implications	62
Financial Implications	62

FOREWORD

To follow

BACKGROUND TO THE INQUIRY AND TERMS OF REFERENCE

The combined tonnage of municipal waste being sent to landfill by the four Councils Cardiff, Newport, Monmouthshire and The Vale of Glamorgan totalled 290,000 in 2006/07.

The EU Landfill Directive along with the latest European targets for the diversion of biodegradable municipal waste from landfill is driving Local Authorities to reduce their biodegradable waste input to landfill facilities. Furthermore, the EU and UK Governments have set stringent recycling targets and outlined their proposed penalties for Local Authorities who fail to deliver alternative waste management arrangements by 2010.

Whilst the four South Wales Local Authorities anticipate meeting the 2010 targets, future targets will not be met without a treatment facility. If the four Authorities continue to landfill at the current rate, the fines that will be incurred by the four authorities in 2013 alone (excluding escalating landfill tax and gate fees) will amount to £10 million. This presents Local Authorities with no option other than to consider alternatives to landfilling. This has led to a degree of urgency as to how waste is managed, along with a sense that if we fail to achieve alternative waste management arrangements, there will be significant financial and environmental implications for the future.

The Welsh Assembly Government has expressed through its 'Making the Connections' agenda an expectation that Local Authorities develop sustainable regional waste management solutions. The four neighbouring Local Authorities of the South East Wales region therefore decided to explore the feasibility of working in partnership to deliver their waste management requirements.

Cardiff's Environmental Scrutiny Committee have previously examined waste management, producing reports on 'Residual Waste Treatment Options' (June 2005) and 'Contingency Planning for Landfill' (October 2005), whilst Newport City Council's Overview and Scrutiny Forum considered the outcome of a Peer Review into Newport's Waste Management. Monmouthshire County Council's former Environment Select Committee considered the Council's Waste Strategy and the Vale of Glamorgan Council's Economy and Environment Scrutiny Committee have also regularly scrutinised waste management issues.

The four Authorities agreed in October 2006 to undertake a joint scrutiny inquiry to consider in greater depth the benefits and challenges of joint service delivery of residual waste activities within a regional setting. The inquiry gathered evidence from several established waste partnerships who have considerable expertise in delivering integrated waste management, examining both what has been successful and unsuccessful in their partnerships.

The Terms of Reference for the inquiry are to:

Consider the benefits and potential challenges of entering into a partnership with another local authority or authorities and the private sector to manage waste by;

- Considering the increasing focus on regional working in Wales and the efficiency agenda, including reference to the Wales Spatial Plan and 'Making the Connections'
- Gathering evidence of partnership working for waste management in the UK and Europe, focusing on good practice and lessons learnt, including issues around partnership size
- Understanding the rules governing partnership working including the legal and procurement framework, risks and liabilities as well as issues of good governance and accountability

- Considering arrangements for monitoring and reviewing partnership arrangements

Utilise the information to inform arrangements for partnership working on waste management.

REPORT STRUCTURE

Part one of this report will present the key findings of the joint scrutiny inquiry along with Member's recommendations and will be followed by a chapter outlining the key evidence that supports these recommendations.

Part two of the report will subsequently provide the full evidence that has contributed to this inquiry, which demonstrates the range of perspectives held by the forty-two witnesses and provides an important context in which to consider the inquiry's key findings.

KEY FINDINGS

Benefits of Partnership Working

KF1) Members consider the benefits of partnership working, with a collective vision for waste management, to be compelling. Specifically the benefits are:

- § The economies of scale offered by combined procurement and operation of an integrated waste management contract
- § The efficiency of joint service delivery
- § The attractiveness of a larger project to the market
- § The sharing of risk

KF2) Members consider that waste disposal would pose a major financial risk for all four Local Authorities should they decide not to enter into partnership arrangements. As the four Local Authorities are obligated to meet the European landfill diversion targets and recycling targets to avoid financial penalties, Members consider that only by working in partnership could the penalties be avoided.

KF3) Members consider that combining the tonnage of the four Local Authorities through a partnership arrangement would present a substantial and attractive offer to the market. Members heard during the inquiry that any prospective private sector partner would give preference to larger contracts where there is a critical volume of waste. Members recognise that should the four Local Authorities decide against entering into partnership, individually they would be unattractive to the market and unlikely to secure comparable efficiency savings.

Challenges of Partnership Working

- KF4)** Members recognise from the evidence received by the inquiry that successful partnership working involves overcoming significant challenges. Key among these are:
- § Risk of political differences or “competitiveness” undermining trust between the partners
 - § Managing the competing community aspirations which can give rise to ‘Not in my Back Yard’ syndrome, which is likely to be particularly acute when dealing with waste management
 - § Perceived loss of ‘Sovereignty’, which may arise from the adoption of a regional waste management approach
 - § Maintaining sufficient flexibility within a partnership to enable partners to decide how they deliver the overall aspirations of the partnership.
- KF5)** Members highlight that there must be clear recognition of the resource intensity of the project and consider that acknowledgement must be given to the capacity of individual partners.
- KF6)** Members consider that should the four Local Authorities decide to enter into a formal partnership, success will require that the challenges be recognised and mitigated at an early stage to allow mutual trust between partners to develop.

Issues for regional Working in South East Wales

- KF7)** Members consider that the market will determine the credibility of a partnership on its ability to make prompt decisions, its common vision and its political stability. Members recognise that the market may further judge the partnership on whether it can offer site availability, planning support and flexibility in the contract. Managing out any risk of ‘Not in my Back Yard’ syndrome will be critical to achieving this.

- KF8)** Members highlight that the timescale for delivering waste management projects in partnership is extensive. Members heard during the inquiry that the timescale required to develop formal partnership agreements, complete the Competitive Dialogue tendering process, achieve planning permission and deliver the infrastructure can exceed an eight-year duration. Early community engagement will be crucial in gaining public support for the project and avoiding time delays.
- KF9)** Members consider that any partnership would require a willingness of all partners to formally commit to the project, clear recognition by partners of their obligations and a resolute determination for the partnership to succeed.
- KF10)** Members acknowledge the need for strong leadership from Members at Executive level and Officers to develop long-term commitment to a partnership. Members consider that any partnership would require cross-party ownership across the partner Authorities, if the partnership were to survive political changes over the life of such an arrangement.
- KF11)** Members consider that any partnership would require the development of an overarching education awareness campaign to encourage the public to minimise waste and recycle and a joint communication strategy in order to brand the message in a uniform and consistent manner. Members further consider that achieving and maintaining public confidence through early public engagement and continual community liaison will be critical to the success of any future integrated waste management project.
- KF12)** Members consider that the diversity of the four Authorities, particularly in terms of rural/urban divide, population density etcetera, will require a mutual recognition of the particular and differing challenges faced by each partner.

Governance and Accountability Arrangements

- KF13)** Should the four Local Authorities enter into partnership arrangements, Members consider that there will be a need to formalise the partnership at an early stage in order to achieve streamlined decision-making.
- KF14)** Members consider that any formal partnership would require a robust governance structure together with a monitoring function to ensure joint accountability. Members consider that external advice should be sought in order to identify the appropriate partnership model.
- KF15)** Members recognise the complexity of working in partnership on waste management and consider that any partnership would require sound project management. Members consider that an independent Project Manager who is accountable to the partnership would ensure a coordinated approach.

RECOMMENDATIONS

Recommendations for the Executives

- R1** Members consider the arguments for partnership working to be compelling and recommend the Executives of the four Authorities to continue to work in partnership to secure a regional waste management solution.
- R2** Members consider that progressing from the current point to the stage where a regional solution is actually operational will take a number of years. The spectre of stringent financial penalties is very real. The Executives of the four Authorities are therefore recommended to make prompt practical progress as a matter of urgency.
- R3** If the Executives are minded to accept recommendations 1 & 2, they are further recommended to formalise the partnership at the earliest opportunity, potentially through a Memorandum of Understanding. Examples in use in the case study waste partnerships may provide a useful basis for commencing this process.
- R4** Members recommend that prior to defining the eventual partnership structure to be adopted, external advice be sought in order to evaluate the available options and identify the most appropriate model. Members further recommend that there be sufficient flexibility within these arrangements to allow other potential partners to join the partnership.
- R5** Members consider that progressing to an operational solution will be highly resource intensive and will involve each Authority marshalling resources, including; waste, legal, financial, procurement, planning and consultation expertise. The Chief Executives and Executives of each Authority are recommended to make arrangements to identify and make available the necessary resources.

R6 Members consider any partnership would require sound project management and recommend the appointment of an independent Project Manager who is accountable to the partnership.

R7 Members recommend that a cross-Authority consultation and communication process be progressed at the earliest opportunity to gain support for the project and avoid unnecessary time delays later in the process.

CONTEXT

1. Government policy on waste management is largely being driven by the need to comply with the Landfill Directive targets to divert Biodegradable Municipal Waste from landfill at the lowest financial cost. Following the Gershon Review, emerging central government policy has emphasised that lowering the unit cost to the public purse must become an overriding objective for Local Authorities. Arising from the Waste and Emissions Trading Act 2003, the newly introduced Landfill Allowance Trading Scheme (LATS) involving tradable permits for the landfilling of biodegradable municipal waste will allow the Government to enforce its' targets for Local Authorities.
2. The Welsh Assembly Government has indicated through its' 'Making the Connections' Agenda that it will be expecting Local Authorities to work collaboratively to deliver waste management on a sub-regional basis. The 'Wise about Waste' Strategy, which supports the use of Best Available Techniques and Best Practicable Environment Options in delivering waste management, also suggests that wider and co-ordinated regional solutions are required. Furthermore, guidance that is currently influencing public sector policy, such as the Beecham Report, also emphasises the need for partnership working between Local Authorities in order to deliver better public services.
3. In terms of a local context, one of the key drivers for the four Authorities to consider partnership working on waste management is the continuous pressure on landfill capacity and the difficulty of individually implementing alternatives to landfilling within this timescale. For this reason, there is some urgency that the four Authorities prioritise the waste agenda to develop a solution that is both financially viable and environmentally sustainable.
4. Being Unitary Authorities, the four neighbouring Local Authorities in the South East Wales region each have responsibility for waste collection and waste

disposal within their boundaries. Wales has not yet approached joint working in waste management on such a scale, however given the impetus to avoid substantial fiscal penalty and also recognition of the shared need to minimise the soaring costs of future waste management, the four Local Authorities have agreed to explore the feasibility of partnership-working between Local Authorities and Public and Private Sector partners.

5. This inquiry has focussed on the benefits and challenges of joint service delivery of regional residual waste activities, as opposed to considering technical solutions to the waste problem. It was felt the entry of 'Competitive dialogue' into the tendering framework would allow the market to identify potential waste management solutions.
6. The findings of this scrutiny inquiry are drawn from the evidence received through four case study visits to established waste partnerships in the UK; Project Integra, the Shropshire Waste Partnership, the North London Waste Authority and the Somerset Waste Partnership. Members considered that the inquiry presented a vital opportunity to learn from 'best practice' waste partnerships, in terms of both what has been successful and unsuccessful.
7. To inform this inquiry, Members heard from 20 senior officers ranging from Head of Service to Chief Executive level, 15 elected Members, 5 Managing Directors and 2 Waste Contractor Directors, totalling 42 individuals across 32 Local Authorities. The inquiry furthermore received advice from an expert on partnerships, David Greenfield, Assistant Director for Waste and Resources at the South East Centre of Excellence (SECE). The SECE was established by the Department for Communities and Local Government (DCLG) to assume the role of lead change agent for local Government efficiency and procurement.
8. This inquiry seeks to inform the debate between the four Authorities by providing a sound knowledge base for any potential partnership arrangement with either public or private sector partners.

KEY EVIDENCE

9. This section of the report presents the evidence received through the joint scrutiny inquiry on waste partnerships, which has informed Member's key findings and recommendations. The key issues are drawn from their case study visits to four established waste partnerships and a full account of their learning from these visits is provided within Part two of the body of this report.

The Benefits of Partnership-Working

10. ***Through the evidence provided to the inquiry, Members identified four distinct benefits to Partnership-working: efficiency and economy of scale, attractiveness to market, the wider advantages of partnership-working and avoidance of financial penalties.***

Efficiency and Economy of scale

11. Members heard through the inquiry that working in partnership on waste management can deliver efficiency savings by achieving economies of scale through combining procurement and operation of an integrated waste management contract. All the witnesses who offered evidence to this inquiry highlighted the potential to achieve greater efficiency through providing uniformity in services. For example, the Somerset Waste Partnership produced a Business Case in 2004 for the procurement of a single waste collection contract, which identified potential savings by achieving economies of scale. Rushmoor and Surrey Heath Borough Councils also produced a report identifying potential cashable benefits and operational efficiencies through collaborative working.
12. Members heard from the Rushmoor and Surrey Heath partnership that the two Authorities had recognised at an early stage that they had limited individual capacity to undertake such a highly resource-intensive project and

that there was a necessity to work jointly on waste management if they were to deliver efficiency savings. A report produced by the South East Centre of Excellence identified potential savings for the two Authorities both in respect of procurement and operational delivery. Similarly, the Shropshire Waste Partnership advised that it became apparent at an early stage that there was a need for a joint waste strategy due to the government's revised recycling targets and the introduction of landfill tax. It was felt that given the resources required to deliver future waste management requirements, working alone on waste management would pose significant financial difficulties for all Authorities in the region.

13. The evidence brought to the inquiry suggests that the benefits of partnership working include the lowering of operational and transport costs, sharing resources such as officer capacity and expertise in both the procurement and operation of a residual waste treatment contract. The ultimate benefit to the public was felt to be greater focus on the customer, Members hearing that by avoiding duplication in service delivery, there is an opportunity to provide a better service to the public at a lower cost.

Attractiveness to the Market

14. Members heard that combining the waste tonnage of the four Authorities would optimise their influence and present a more attractive project to the market. There are a limited number of potential private sector parties in the market and in order to validate their Business Case, they will be interested only in potential procurement exercises where there is a critical volume of waste being produced. For example, Rushmoor Borough Council advised that they had recognised the difficulty of working alone on waste management and concluded that working in partnership with Surrey Heath on waste collection and recycling may allow a more competitive bid to be secured.

Partnership Working and the Wider Advantages

15. Members heard that partnerships benefit from a single vision and identity, joint project ownership and the opportunity to share public education and communication. Crucially, they also share the risks associated with a project of such scale. Havant Borough Council advised Members that one important benefit of the Project Integra partnership is the 'feel good' factor and the trust engendered between partners. For example, Havant Borough Council has recently begun a joint skip service with another Waste Collection Authority and they mutually loan vehicles in times of shortage.
16. Members were advised that the partners of Project Integra initially operated in a somewhat disjointed fashion, with partners being wary of being dictated as to how to manage waste in their own Authority. However, as partnership has matured, they have developed a strategic direction. All the witnesses to this inquiry advised that in order to develop a positive relationship between partners, it is essential that the relationship be founded on mutual trust and a respect for each partner's overall contribution.
17. Both the Shropshire Waste Partnership and the Somerset Waste Partnership maintain that partnership-working is likely to obtain external funding, in that DEFRA is more willing to provide financial assistance to joint schemes. The Shropshire Waste Partnership who have attracted Government funding for both infrastructure and communications, maintain that through partnership working, they will achieve total integration, maximise logistics and limit costs.
18. The North London Waste Authority highlighted that there are wider benefits to partnership-working on waste management including joint Land Use Planning, the potential to create energy from waste and the opportunity to gain financial income. Havant Borough Council also outlined the possibility for Project Integra to manage commercial waste, which could enable the subsidisation of other departments. In addition, the Chief Executive of Basingstoke and Deane Borough Council emphasised the relationship between the proximity to

a waste disposal facility and the achieving of wider economic benefits such as employment creation.

Avoidance of Penalties

19. All parties who offered evidence to the inquiry felt that given the rising costs associated with waste management, partnership-working between the Local Authorities and the private sector is key to achieving efficiency in waste management. Members consider waste disposal to pose a major financial risk for the four South Wales Local Authorities should they decide against partnership arrangements and given that the Authorities are obligated to meet recycling and landfill diversion targets to avoid financial penalty, only through partnership-working can the penalties be avoided.

The Challenges of Partnership-Working

20. ***While the benefits of partnership-working are compelling, Members were left with no illusions that sustainable partnership-working is not challenging. Two challenges in particular were highlighted: political issues and developing the maturity of the partnership.***

Political Issues

21. Members heard through the inquiry that a major obstacle to establishing a successful partnership is the differing political agendas operating at any given time and its ability to hinder the partnership's progress. Members heard from both officers and Members from Project Integra and the Shropshire Waste Partnership of the necessity to overcome political issues during the establishment and the early stages of the partnership. The inquiry heard that successful partnerships must be Member-led and require strong leadership at Executive officer level.
22. Members were advised that there is a critical role for elected Members as 'champions' of the project, which is crucial in building the initial support for the

partnership's establishment, in helping it to overcome political obstacles during the early stages and also in driving the partnership strategically, maintaining momentum throughout its lifespan. Members heard from the Shropshire Waste Partnership that due to the lengthy duration of both the procurement process and the waste management contract itself, there is the likelihood of losing 'champions' as a result of political change and that this presents significant implications for the partnership in terms of the time required to regain the project's drive and momentum. All witnesses agreed that the partnership must be underpinned by robust, trust-based, apolitical relationships with leadership at Executive level from partner authorities if the partnership is to overcome political factions and withstand political upheaval over the lifespan of the project. Regular communication and interaction was considered vital in building the trust required between the partner Authorities.

23. Members were advised that the intangible elements to partnership-working, namely different cultures and priorities of partner Authorities, individual personalities within partner Authorities and their potential influence on the project's strategic direction, and also the deep-rooted apprehension of exploring the unknown can all affect the partnership's success. The inquiry heard that for a partnership to be successful, there must be both willingness on behalf of all partners to take risk and to compromise on certain ideals in order to adopt a pragmatic approach to the project.
24. During the inquiry, Members were advised of the potential for initial resistance to partnership-working from waste management teams, who may feel threatened by the future changes and that this would require early dialogue and regular communication. Members were advised of further potential challenges such as the possibility of increased initial costs to establish commonality.

Developing the Maturity of the Partnership

25. Havant Borough Council advised that the key challenge for Project Integra was developing maturity, to take the partnership beyond the initial “not in my back yard” syndrome in order to develop trust-based relationships. Members heard that parochialism and issues relating to sovereignty had to be overcome by the partnership at an early stage in order to deliver a citizen-focussed service. Basingstoke and Deane Borough Council stressed the need for the involvement of both the Leader and the Chief Executive in the Authority in driving the project forward and overcoming issues related to sovereignty. He advised that whilst these difficulties were evident at commencement of the project, Members began to recognise that financial pressures were forcing the Authorities to work in collaboration.

Issues for Regional working in South Wales

26. ***Through the inquiry, Members identified six key issues associated with collaborative-working on a regional basis: political will, timing, credibility in the market place, flexibility in the partnership, communication and community engagement and resourcing the project.***

Political Will

27. Members were advised that successful partnership-working requires a readiness of partners to firmly commit to the project over the long haul, the implication of withdrawing from the partnership being a potential liability for financial contributions and for any contract signed. The Shropshire Waste Partnership furthermore highlighted the implications of not joining the partnership from the outset, suggesting that late joiners may face the penalty of being too late, if other partners have invested heavily resource-wise into the project. When considering readiness to commit, Members consider the following issues will be critical.

Timing

28. The inquiry identified several key aspects of regional working that require consideration should the four Local Authorities agree to work in partnership to deliver their waste management requirements. The evidence brought to the inquiry indicated that the timescale required to establish a partnership arrangement between Authorities, obtain planning permissions, complete the procurement process and construct the necessary infrastructure can exceed an eight-year duration. Members heard that timing was a critical success factor, particularly for Project Integra where the completion of their waste infrastructure coincided narrowly with the closure of their landfill facilities. Members were advised that although the problem of waste disposal had been considered well in advance of a crisis situation, the process took 10 years from the outset to its completion, with delays in approval of planning applications and a rejection of their first application for an energy from waste facility at Portsmouth. The North London Waste Authority advised that although their deadline for procuring successor arrangements to their current contract is 2014, the urgency is immediate given the time taken to secure planning permissions and construct the infrastructure. The Somerset Waste Partnership reinforced this advice, suggesting that the timescale required to procure integrated waste management contracts of such scale cannot be underestimated.

Credibility in the Market Place

29. Members heard through the inquiry that combining waste tonnage through working in partnership is more likely to present an attractive offer to a waste contractor than individual smaller contracts. The inquiry heard from the Director of Veolia, the integrated waste management contractor for Project Integra. He advised Members that flexibility in the contract, political stability in the partnership and identified land availability supported by planning approval are pre-requisites that the market might seek from a waste partnership. Members heard that when deciding whether to bid for a contract, the contractor will rate their ability to win the contract before investing in the tendering process and if they believe the contract to be too tightly defined that

they cannot deliver it, they would be unlikely to pursue it. Project Integra for instance, did not request a price for the facilities prior to the planning application stage as both costs and dynamics change.

30. Members were advised that the contractor would give serious consideration to political dynamics and friction between partners and avoid contracts where political instability or a lack of support from Members is evident. The Shropshire Waste Partnership confirmed, “the market will need to believe that the Partnership has credibility and can take decisions quickly” (Martin Allard, Shropshire Waste Partnership) whilst the North London Waste Authority advised that “the private sector needs assurance of a well-thought common vision before they are happy to engage in tendering costs” (Andrew Lappage, North London Waste Authority). The Somerset Waste Partnership further suggested that a contractor would need to be reassured that the partnership is sufficiently strong and is ready to commence business.

31. Members heard through the inquiry that acquiring planning permission could severely delay the procurement process, the North London Waste Authority urging that the timescale required to resolve planning issues cannot be underestimated by any Authority seeking to procure a large-scale facility. Veolia also advised the inquiry that contractors avoid accepting contracts where they foresee problems with sites identified or where it is envisaged a Compulsory Purchase Order or Public Inquiry is likely. The inquiry heard from the waste partnerships and Veolia that a contractor will seek nominated strategic sites for waste facility infrastructure and full planning support. Members were advised that planning officials must be heavily involved from the outset of the project and that continual dialogue with planning is essential to obtaining support and avoiding the delays resulting from rejected planning applications. The North London Waste Authority advised that in preparation for the procurement of their future facility requirements, the seven Borough Councils who comprise the North London Waste Authority have agreed to look at Joint Waste Planning via a separate Planning Members Group.

Flexibility in the Partnership

32. The witnesses to this inquiry highlighted the need for flexibility within the partnership to afford consideration of the different needs of the Authorities and to allow each partner to decide how they deliver the overall aspirations of the partnership. Members witnessed several tensions within the waste partnerships visited through this inquiry, particularly in terms of the individual performance of Authorities at a waste collection level, with larger urban Authorities often being perceived as underperforming in relation to their rural neighbours. Members heard that the different social and economic conditions of larger urban Authorities require an individual waste collection approach. Members were advised that other tensions centre on the differing waste collection approaches, with some Authorities advocating that a single waste collection approach would provide greater consistency and others emphasising the importance of retaining flexibility for Authorities managing different pressures. Project Integra advised the inquiry that whilst their Action Plan represents the aspirations of the partnership, the partnership has to be flexible and cannot operate through ultimatums. Basingstoke and Deane Borough Council highlighted that whilst there must be flexibility for Authorities within the partnership to decide how they will fulfil their obligations, “the partnership is the invisible glue which binds the Authorities together, founded as much through trust, as through more formal memorandums of understanding” (Gordon Holdcroft, Basingstoke and Deane Borough Council).

Communication and Community Engagement

33. The evidence brought to the inquiry further highlighted the need for early engagement with the public to provide education on waste minimisation and recycling, prepare the public for the establishment of the waste partnership and to promote the final choice of facility. Whilst it was deemed essential for early dialogue with planners, to avoid the possibility of acceptance up to the planning application stage, and then a subsequent refusal; Members heard that continual liaison with the public is key to gaining support for the project. Project Integra advised Members that following the rejection of their first planning application, the partnership focussed on public engagement,

consulting with the organisation Friends of the Earth and other community groups. Through community involvement in the planning process via open days, the public were able to debate issues surrounding Energy from Waste resulting in little opposition to the revised planning applications.

34. Members heard that the key to achieving success in the marketing campaign, is branding the message uniformly, rather than branding the actual project. Project Integra advised Members that the partnership agreed that the service being delivered would be of greater importance to the public than the service provider and consequently developed an overarching education awareness campaign titled 'Recycle for Hampshire'. Members were advised of the importance of having a joint communication strategy and a cross-Authority team to relay the message clearly to the public. The Shropshire Waste Partnership advised of the importance of relaying the correct message to the public, suggesting that 'alternate weekly collections' as opposed to 'fortnightly collections' will become important for public perception of the services being provided. They furthermore highlighted the need for gradual movement towards a single identity in order to harmonise with the change in service delivery.

Resourcing the Project

35. The inquiry also highlighted that the issue of capacity requires consideration prior to entering into any partnership arrangements. Members were advised that there is a need to consider how the gaps in expertise can be narrowed without duplication in service provision. Members heard from the waste partnerships visited by the inquiry that there is recognition of the duplication in services being provided and a growing realisation of the scope for achieving economy savings through providing greater uniformity. Project Integra advised that if they are to become successful with schools and the commercial sector, there is a need for greater uniformity. The Somerset Waste Partnership also indicated that whilst they currently have individual contractor meetings and separate refuse and recycling contractors, this patchwork of different arrangements would be ideally replaced by a single

contract, delivering a more cost-effective and efficient service. Members heard that the Somerset Waste Partnership is currently considering the establishment of a single client team to be employed by an administering authority, reflecting the potential change in the role of Local Authorities delivering integrated waste management in partnership.

36. The witnesses to the inquiry emphasised that the process of preparing for, procuring, constructing and delivering an integrated waste management contract is an extremely complex process which requires both short-term and long-term project management. Members were advised that the contribution required in terms of officer time and specialisation cannot be underestimated and that officer secondments were necessary in order to dedicate the immense resources required for such a large-scale procurement project.

Governance and Accountability Arrangements

37. ***Members specifically considered the governance arrangements in each of the case study partnerships. The outcome of that consideration was that there is a need for some formality to the partnership at an early stage, but that the precise governance model to be adopted should be the result of a more thorough evaluation of the options available, with the benefit of specific legal advice. As such, the remainder of this chapter is essentially a summary of the issues raised through the case studies.***
38. Through this inquiry, Members heard from five partnerships at various stages of development, four being waste partnerships that had established joint Committees and one being a Joint Waste Authority that entered into a joint venture arrangement. Members were advised of the importance of developing a Memorandum of Understanding to clarify individual and collective responsibility, establish guidelines for a joint decision-making body and decide on the management board arrangements. However, Members

were advised that when the partnership is established, there is the potential for delays in decision-making given the time taken to refer decisions to individual Authorities for approval. Members were further advised that the development of a constitution can require considerable time and that this was achieved by the Shropshire Waste Partner partnership on their thirteenth attempt.

39. In order to speed the decision-making process, Members heard that the four waste partnerships established formal Joint Committees/Management Boards with representation from each Authority usually being a Cabinet Member. Members have formal job descriptions and are regarded as advocates for their respective Authority, requiring deputies to attend in their absence. Whilst the process must be member-led, Members involvement must be focussed towards developing the strategic direction of the partnership, as opposed to engaging in operational decisions. Members were advised by Project Integra and the Shropshire Waste Partnership that as the partnership progresses, it is necessary to employ an independent Executive officer who is answerable solely to the Board.

40. Members heard from the Rushmoor and Surrey Heath Partnership and the Shropshire Waste Partnership that it was critical that the right individuals were in attendance at the right meetings to speed decision-making, the Rushmoor and Surrey Heath Partnership establishing a Strategic Member Group comprising the Leaders and Chief Executives of the two authorities in addition to an Officer Steering Group of key individuals who could make decisions. The partnerships highlighted the importance of establishing sub-groups or project steering groups to the Board for marketing, communication and strategy and other issues. Members heard from Project Integra that the Board formally endorses decisions that Members have discussed through workshops, allowing consensus to be built prior to decisions being taken, also speeding the decision-making process. The inquiry heard that to ensure transparency and accountability, it is important for a monitoring mechanism or scrutiny function to act as a check and balance to decisions made by the Board.

41. In addition to hearing from waste partnerships that had established Joint Committees/Management Boards to govern their partnerships, Members were keen to hear from a Joint Waste Authority and invited the second largest Waste Authority in the UK to contribute to the inquiry. Members heard that whilst the North London Waste Authority made the decision to enter into a joint venture arrangement, they had been a single Waste Authority since 1986 following the abolition of the Greater London Council. Having entered into a process leading to the formation of a Local Authority Waste Disposal Company (LAWDC), they subsequently entered into a Joint Venture with Sita forming London Waste Ltd.
42. The inquiry heard that whilst the North London Waste Authority is a local authority in its own right, Waste Authority officers and Members of the seven Borough Councils do not attend meetings of the London Waste Ltd Board. The Board membership comprises Directors from both Sita and the North London Waste Authority, Waste Authority officers only meeting with London Waste Ltd in their client/contractor capacity. Members were advised that Members of the Local Authorities cannot become involved in the operational activities of the company as the entire process falls outside the Local Authority reporting and finance arrangements. Whilst London Waste Limited is a legal entity with decisions made by a Board in the interests of shareholders, there is no local authority control or scrutiny of the activities of the company.
43. The inquiry heard that the North London Waste Authority benefited from the existing infrastructure prior to entering into the joint venture arrangement, but required Sita to provide the investment and underwrite the joint venture company London Waste Ltd. Members heard that the benefits to this particular partnership are that the risk is borne by the financial partner Sita, and the costs fall to London Waste Ltd and not solely to the Waste Authority. Members were advised that London Waste Ltd is consequently managed as a commercial business. The Director advised that the waste minimisation agenda must be balanced with the potential for under-capacity of the energy from waste facility. The North London Waste Authority advised Members that the joint venture arrangement was the most appropriate model for the Waste

Authority at that time and that there may be greater value for money to be achieved through taking risk and entering into joint venture arrangements than from securing a Private Finance Initiative.

44. The Somerset Waste Partnership advised that they had commissioned external consultants to assist them with the difficult task of establishing the appropriate partnership model for Somerset. Whilst a joint committee with an administering authority was agreed to be the most appropriate model for Somerset at present, if changes in legislation will allow, they would seek to establish a new Joint Waste Authority.
45. Following the evidence brought to this inquiry on governance arrangements, Members conclude that should the four South Wales Authorities decide to enter into partnership arrangements, external advice should be sought in order to identify the appropriate model for their partnership.

CASE STUDY WASTE PARTNERSHIPS

Partnership	Details
<p>Project Integra</p>	<p>3 Unitary Authorities and 11 District Councils</p> <p>Project Integra is the Waste Management Strategy adopted by the 3 Unitary Authorities of Hampshire, Portsmouth and Southampton and 11 District Councils along with a private waste contractor. The partnership was formed in 1995 with an award of a 25-year waste disposal contract to Hampshire Waste Services Ltd to implement an integrated Waste Management Strategy.</p> <p>Project Integra has established an Elected Member led Management Board, which meets on a quarterly basis and a Policy and Review Scrutiny Committee (established July 2001). The Board comprises 15 Members (1 from each Authority and 1 from Hampshire Waste Services Ltd). Each Authority has an Executive Member appointed to the Board.</p> <p>Project Integra manage the Management Board, and the three Unitary Authorities hold the formal contract with the waste contractor. A Memorandum of Understanding, an Income Share Agreement and a Joint Service Planning Agreement underpin the Partnership.</p> <p>The contract centres around 2 Materials Recovery Facilities (in Portsmouth and Alton), 3 Centralised composting sites, 9 Transfer Stations, 26 Household Waste Recycling Centres and 3 Energy Recovery Incinerators (located in Chineham, Marchwood and Portsmouth).</p> <p>In 1999, the DETR awarded Project Integra Beacon Council status for sustainable development in dealing with waste. Project Integra has a collective recycling rate of 27% (2004/2005) with 95% of households having access to a kerbside recycling collection.</p> <p>Integra manages the Joint Committee of the 14 WCA's, whilst the Unitary Authorities have the contract with the waste operator, Hampshire being the lead partner.</p> <p>Total Population: 2, 923 874 Population of the 4 South Wales Authorities : 664 665</p>

Visit to Project Integra, Hampshire: 10th and 11th January 2007

Cardiff County Council – Cllr Simon Wakefield (Scrutiny Chair for Environment),
Cllr Michael Michael, Hazel Ilett (Principal Scrutiny Officer), Martin Hamilton (Chief Scrutiny Officer)

Newport City Council – Cllr Herbert Thomas and Cllr William Pursey

Monmouthshire County Council – Cllr Ann Webb (Scrutiny Chair for Stronger Communities) and Cllr Eric Saxon (Executive Member)

The Vale of Glamorgan Council – Cllr Maureen Kelly Owen and Helen Moses (Improvement Officer)

Discussion held with: Steve Read – Project Integra Executive Officer

- § Steve is the only full-time officer and is accountable to the Partnership's Project Integra Management Board
- § The idea for Project Integra arose when proposals for a new replacement incinerator for the county at Portsmouth were refused and the recommendation was to investigate 'a series of smaller incinerators combined with maximum use of recycling.'
- § The second consultation happened 3 years later and was more successful. Timing was critical - although the problem of waste disposal had been considered well in advance of a crisis situation, the completion of the infrastructure coincided narrowly with the closure of the landfill sites.
- § The process took 10 years from outset to completion, with delays in the planning applications and the rejection of the first application for an incinerator at Portsmouth. Dialogue with the public at every stage of the process was essential.
- § Project Integra is a combination of two partnerships:
 - The 3 WDA'S and the Private Sector (Hampshire Waste Services, a branch of Veolia)
 - The Partnership between the WCA's, the WDA's and Veolia (Project Integra)
- § Following the rejection of the Portsmouth planning application, the Partnership became more closely involved with the community, through consultation (between 1995-1997), which included Friends of the Earth, community groups. The community was involved in the process through open days and was invited to debate issues surrounding EfW.

Due to there being proper debate, there was little opposition to the revised planning applications.

- § There is an overarching education awareness campaign 'Recycle for Hampshire' and the run-in period to building a facility was used to educate the public. The incinerators were built with visitors in mind and it is currently possible to view the pollution levels from the incinerators via the Internet.
- § Procurement was through the tendering process as opposed to competitive dialogue and although partners had been working together for 8-9 years already, the 20-year contract with Veolia actually commenced when the last piece of the infrastructure was installed. The facilities are operated by Hampshire Waste Services and the processing costs fall to the WDA's. The 20-year contract can be extended for 7-8 years.
- § Prior to 2001 there was nothing more than a Memorandum of Understanding (MOU) in place. The MOU was an agreement to the Partnership in principle, however, given that time was wasted referring decisions back to the authorities, it became necessary to formalise the partnership to speed decision-making.
- § The Project Integra Board therefore is a formal joint committee as per the Local Government Act which meets in public and comprises one Member from each authority, with one vote for each authority. The Member is appointed by their authority and is usually the relevant cabinet member. Board members have voting rights and must have a deputy (with no other replacements being allowed). There is also strategy officers group and sub-groups e.g. for marketing and communication and a formal scrutiny committee was instigated to act as a check and balance to the Management Board.
- § The Board has the mandate to make decisions within the framework of the action plan, although the Board does not manage operational matters (e.g. the Shropshire Waste Partnership). The Board formally endorses decisions that Members have been made aware of through workshops and Steve works with the strategic waste officer in each authority to build consensus before decisions are taken.
- § Members have a formal job description, in addition to being regarded champions/ advocates for their local authority.
- § Recycling credits underpin the partnership for WCA and WDA relationship, the WCA saving the WDA costs through recycling. The amount of the subscription is calculated in proportion to the population.
- § They have 9 Transfer Stations, 3 central composting facilities (garden waste only), 3 Energy Recovery Facilities and 2 MRFs (paper, cardboard, plastic, bottles, cans).

- § All WCA's collect some materials, although there are different systems e.g. some do alternate week collections. However, the majority of waste is being diverted from landfill. Analysis shows which local authorities have the most contaminated recycling so it can be addressed. There are currently no salvaging schemes in the county but these could be built into a partnership scheme but nothing knowingly goes to landfill.
- § There are 6 characteristics of a partnership:
- Recognition of dependency
 - Pooling of resources
 - Exchange of information
 - Development of trust
 - Mutual orientation
 - Commitment over the long haul
- § Different levels of performance cause friction within the partnership, there are cultural tensions between WCA's and the WDA's with respect to performance targets, and communication – the relationships are trust driven.

Paul Archer – Head of Waste Management, Hampshire County Council

- § Hampshire County Council is the largest WDA player. Due to a reorganisation, Hampshire, Portsmouth and Southampton were a single entity at the time, tied into a WDA contract, so there was no initial decision to work together as WDA's.
- § The WDA's have a long-term contract with Veolia. This is one of the only waste partnerships that is not externally sponsored and has no PFI arrangements. The Energy from Waste Facility (EfW) and recycling was built into the contract. The facility would be paid over the duration of 20 years, commencing from the date when the final plant was delivered. At an early stage, they were aware of forthcoming changes in legislation and worked to meet new standards.
- § The financial risks for building the incinerators were shared. A price for the facilities was not requested prior to the planning application stage, as it was not known how much the plant might cost. It was felt that everything could change and that the contractor should build in risk so they would not be compromised in the projects' delivery. A price was therefore offered for a comparable incinerator with agreement to meet any higher costs.
- § Dialogue with planners was essential to avoid the possibility of acceptance up to the planning application stage and then a subsequent refusal. In Hampshire, whilst the planning department was kept on board, there was also a need to significantly engage with the

community engagement through liaison meetings both before and after build. Liaison panels were established in each of the 3 areas, managed by planning officers and contractors, with waste officers only being involved if requested. Panels included community groups and Friends of the Earth and the architects. Members of the liaison group could view the latest drawings to allow their views to be incorporated.

- § The Local Waste and Minerals Plan was extremely important, as it should allow identification of strategic nominated sites for waste facility infrastructure - e.g. 4-5 sites which must be safeguarded for a future waste facility. With several locations identified, it will enable various options to be explored.
- § Consistency in waste collection across the county was felt to be important, along with selling the choice of facility to the public. Most people seem positive about the facilities that have been delivered and the incinerators and associated waste plants have not had a negative impact on house prices.
- § Recycling rates are reasonably successful and the rate to landfill is low, Hampshire being comparable to some of the best performing waste partnerships in Europe.
- § The role of the WDA post Integra – the waste management role has become more intense (employees rising from 17-45) and a balance is required between managing the contractor and working with the WCA's on policy.
- § The partnership also works with District Councils at corporate level on planning matters e.g. for development, consultation and housing.
- § In terms of the partnership, there are still efficiencies to be made, partners being keen for more joined-up waste collection methods and greater recycling efforts. It is also felt that communication would be easier if a uniform system existed across all councils.
- § The partnership has developed a strong leadership role. Initially, the local authorities wanted to find their own way of managing waste issues and did not want to be dictated to, but the partnership has matured and now has strategic direction. There is recognition of duplication in services provided (e.g. 13 websites, 13 strategy officers) and a growing realisation of the scope for achieving economy savings through providing a greater uniformity in service provided. If they are to be successful with the commercial sector and schools, there is a need for greater uniformity.
- § Efficiency savings of £6-10 million could be achieved if the authorities acted as one, but more evidence is needed on this. £90 million a year is spent collectively on waste disposal alone.

- § The contract between the WDA's and Veolia does not emphasize definitive performance monitoring – This could be strengthened, but there needs to be a balance between trust and monitoring. Hampshire County Council view their interface with the public as being via their waste facilities e.g. if the facilities are closed when Members of the public visit. They therefore monitor on an 'ad hoc' basis with Service Level Agreements in place.

Colin Rowland - Head of Environmental Services, Havant Borough Council and Andrew Trayer, Head of Waste and Fleet Transport at Southampton City Council)

- § Environmental Services at Havant Borough Council are responsible for grounds maintenance, cleansing, waste collection and recycling.
- § As a DSO, the WCA would prefer not to move to contractual arrangements as their current arrangements allow them flexibility, the customer care element and means they are not at the beck and call of the waste contractor.
- § They are currently introducing alternate weekly collection over 18 months with 2 wheeled bins per household, this meaning less crew required. They think it is unlikely that all the partners will collect in the same way, but that the long-term aim may be joint collection.
- § One of the benefits of the partnership is the 'feel good' factor and the trust engendered. They are looking at joint service provision and have just begun a joint skip service with another WCA (often loaning vehicles if either has a shortage). The partnership has encouraged a greater customer focus.
- § There are a few tensions between WCA's and WDA's – the cost of waste disposal has outstripped the cost of waste collection, so Hampshire County Council and the Unitaries put pressure on the WCA's to minimise waste through greater recycling. The WCA's feel this is unfair if they have already reached their statutory targets and that given budgetary pressures, why should they spend more? The WDA perspective is that the wider issue is that there is the potential for huge savings to be made in terms of waste disposal if waste minimisation can be improved. They feel that whilst landfill tax is a waste disposal matter, WCA's nonetheless play a role.
- § There is a tension between WCA's in terms of sharing the wider benefits e.g. some WCA's feel they are investing greatly in facilities which appear to benefit the county.
- § There are also several tensions between the authorities in terms of their waste collection methods e.g. Southampton collects green waste for free but others do not follow or agree with this approach.

- § The biggest tension and frustration centres on the individual performance of authorities at a waste collection level, with larger authorities often being perceived as not pulling their weight. Larger authorities such as Southampton with different social and economic conditions to some of their partners defend their position to manage their waste collection differently.
- § There are commercial opportunities for the partnership in the future, which may enable the subsidisation of other departments.
- § The key challenge faced by the partnership was felt to be how the partnership had matured beyond its initial “not in my back yard” syndrome to achieving joined-up service delivery. The issue of sovereignty and maintaining control had to be overcome by the partnership to enable them to deliver a service that the public wanted.
- § It was suggested that on occasions the board could be more strategic, as debate could at times be too low key, focussing on operational matters.
- § A successful partnership was felt to require the engagement of both political Leaders and Chief Executives together with a commitment to work regionally along with a clear recognition of the obligation of each of the partners. Regular communication and interaction was considered vital in building trust between the partners.

Gordon Holdcroft – Chief Executive, Basingstoke and Deane Borough Council

- § It was similarly felt that the project required Executive level leadership from all the partner authorities from the outset and that in Hampshire, the County took the lead. Involvement of the Chief Executive helped to drive the project forward and overcome issues related to sovereignty. Whilst this was an issue at commencement of the project, Members began to recognise that financial pressures were forcing the authorities to adopt joined-up service delivery. Members can now see the relationship between proximity to a waste disposal facility and the wider economic benefits that can be achieved.
- § The project is now plateauing and there is a need to take it to the next level. There is a recognised need to consider waste management beyond the domestic category and there is now movement towards commercial waste opportunities.
- § Whilst the action plan represents the aspirations of the partnership, the partnership has to be flexible and cannot operate through ultimatums. The WCA’s have different needs and therefore the partnership must be sufficiently flexible to allow each of the partner authorities to decide how they deliver the overall aspirations of the partnership.

However, the partnership is “the invisible glue” which binds the authorities together and this is founded as much through trust as through more formal memorandums of understanding.

- § One aspect of the partnership that has required a single approach has been that of branding the message to the public through Hampshire’s “Lets Recycle’ campaign. Their Leader requested that a press article be released every week to encourage public understanding of the waste minimisation agenda and the need to adopt recycling as standard practice.
- § The key to achieving success in the branding campaign has been the branding of the message as opposed to the project itself. It was agreed that branding the project would confuse the message and that the public would be indifferent as to who would be delivering the service; the importance to them would be that the service was actually being delivered.

Gavin Graveson – Veolia (Integrated Waste Management Contractor)

- § Veolia manage the waste disposal contract plus three waste collection contracts. The role of Steve Read is to work with the districts to join them together in the project and deal with the political issues that may arise.
- § Veolia purchases the recyclables off the districts, thereby requiring quality recyclables to ensure that they are sellable. 50% of the profit made is returned to the authorities, so it is incentivised.
- § The incinerators are designed to be architecturally and aesthetically acceptable to the public and visitor centres are a prominent feature of the site. An entry fee to the visitor centre is charged, this money being ring-fenced to be channelled back into local areas.
- § From a contractor perspective, they seek a degree of flexibility in terms of the outputs (not the contract itself) – e.g. as both costs and dynamics change, it is therefore important not to agree a final cost until outputs are both proven and deliverable.
- § From a contractor perspective, when deciding whether to bid for a contract, they rate their ability to win the contract and only then invest in the tendering process. If the contract is so prescriptive and tightly defined that they cannot deliver it, they would not waste their time or money. Similarly, if the Council’s capacity to pay does not match their offer, the contractor would be unlikely to pursue it.
- § Issues the contractor would consider when deciding whether to pursue a contract with local authorities would include:

- Whether there is land availability/sites identified
 - Whether there is support from planning
 - The political make-up of the authorities, the timing of elections and whether a change in political administration is foreseeable
 - The authorities' flexibility, how prescriptive they are on outputs
 - Any frictions between the partners in respect of compatibility of targets
- § The contractor would seek to avoid accepting contracts where they envisage problems with the site identified – they try to avoid those where a CPO or public inquiry is likely and they heavily involve planning officials from the outset.
- § The contractor would give serious consideration to political dynamics, as from a contractor perspective, they do not want to be a 'political football'. They would require there to be strong support from Members and a supportive planning team (planning issues often posing problems for the contractor).

Presentations on Joint Working

The Rushmoor and Surrey Heath Partnership

- § Rushmoor have investigated working in partnership with Surrey Heath who are a neighbouring authority (but in a different county) and who have the same waste contractor. Rushmoor had considered working with neighbouring authorities, but the problem arose in that they have their own DSO (direct service operation). Geographical proximity was also an important consideration. Both authorities are urban and committed to outsourcing contracts. They have the same political make-up, the same depot/base, but different collection methods and costs.
- § The authorities decided to explore partnership working in 2005 and Bracknell Borough Council were part of discussions at this time. The Chief Executives had met, there was significant commitment to consider joined up service delivery and the South East Centre of Excellence (the Government's lead change agent for local procurement and efficiency) were involved as a neutral party facilitator.
- § The authorities had realised the difficulties of working alone, waste matters had become a serious agenda and there was recognition that change was a fundamental requirement for delivering efficiency savings.
- § The second meeting involved an exchange of each authority's contract and performance details, and a discussion on the feasibility of joint working. Consultants were subsequently commissioned and a report produced by the South East Centre of Excellence identified potential

savings both in respect of procurement and operational delivery for the two authorities.

- § Bracknell did not initially decide to leave the partnership, but they distanced themselves and it became apparent that they were hoping to secure a PFI arrangement and in Spring 2006, they advised they had been successful.
- § This development in many ways strengthened the partnership between Rushmoor and Surrey Heath, who recognised that as a partnership, not only would they become a more attractive offer to the market but also that they may secure a more competitive bid. They developed three working groups to look at joint service arrangements and terms and conditions for the legal and procurement process.
- § By Summer 2006, there had been progress in the contract process, which included refuse, recycling and street cleansing, with an agreement that grounds maintenance may come in at a later stage.
- § Project steering groups have been established to consider the following;
 - Joint Service Arrangements (e.g. customer interface, disposal, payment), client side arrangements
 - Governance (e.g. management board, memorandum of understanding)
 - Specification (e.g. compatibility, monitoring, performance)
 - Other issues (e.g. ICT, communications, resources)
- § In November 2006, cabinet reports led to the establishment of a Strategic Member Group comprising the Leaders and Chief Executives of the two authorities and an Officer Steering Group of key individuals who could make decisions and keep progress on track.
- § The partnership became serious when a Memorandum of Understanding was drafted to clarify individual and collective responsibility, establishing guidelines for a joint decision-making body and deciding who would sit on the management board.
- § Partnership working was felt to have the following risks:
 - Increased costs to establish commonality
 - Political change
 - That the offer is insufficiently attractive to the industry
 - No agreement on disposal and credits

§ Key success factors to effective partnership-working were considered to be:

- Leadership at both Member and Executive Officer level - Champions
- Willingness to take risk
- Willingness to be pragmatic and compromise
- Capacity (resource intensive)
- Capability – closing the gaps in expertise
- Project management (it's a complex process and needs management)

Shropshire Waste Partnership

§ Shropshire County Council recognised that partnership-working is very attractive to DEFRA and that they will donate money to joint schemes, so in 2003 Shropshire County Council and four district councils formed a strategic partnership called the Shropshire Waste Partnership (SWP).

§ The Partnership is responsible for waste collection, recycling, recovery and disposal of all municipal waste on behalf of these councils. They are in the process of procuring a long term single integrated waste contract which will see one contractor take on responsibility for the collection, recycling, recovery and disposal of the majority of household and other municipal wastes within Shropshire from October 2007.

§ It became apparent that there was a need for a joint strategy due to revised recycling targets and landfill tax. Whilst there were 4 landfill sites in the Shropshire region in 1996, there is now no landfill in Shropshire and they export their waste to Telford.

§ Developing a good relationship between the partners has been a challenge. Shrewsbury was initially included in the partnership, but withdrew in the hope of gaining unitary status. Shrewsbury has since expressed an interest to rejoin the partnership, as it is in danger of failing to meet its recycling targets, but it may be some time before they can re-enter, as much time and effort has been inputted into the partnership since they initially withdrew.

§ One of the difficulties faced by the partnership has occurred when enthusiastic Councillors who were champions of the waste agenda and the project have been lost through elections. It has taken some time to regain momentum, but following a Memorandum of Understanding in 2004, they now have a focussed group. In June 2004, they finally adopted a constitution after 13 separate attempts to reach a full agreement.

§ The partnership has an Executive Officer who is financed by the partners – the advantage of having one representative is a co-

ordinated approach. The constitution allows for meetings to be held in public, for 2 votes to each authority and for the Chairing to rotate, allowing each authority an opportunity. Chairing is for a maximum duration of 2 years, however this was amended at the AGM to 3 years).

- § Their monitoring arrangements are a monitoring committee, as opposed to a scrutiny committee but the function is similar. To ensure openness and accountability, the relevant directors of finance, waste and human resources are obligated to attend these meetings.
- § The partnership approached Gloucester to combine their waste tonnage in the hope of achieving funding from DEFRA. Given that the cost of waste disposal is rising, the partnership decided to pool their recycling targets to attract greater funding and were successful in gaining a further £20 million from DEFRA following their initial £36 million PFI credits. The pooling of targets is a key issue that is debated by Project Integra, some authorities failing to see the individual benefits to this approach. However the view of the Shropshire partnership is that if one area is struggling to meet its targets, the other Councils can mask the shortfall. The partnership is currently meeting its recycling targets and may possibly exceed them.
- § Important considerations for successful joint-working were felt to be:
 - Dispensing with politics – it hinders effective partnership working
 - Having waste management provision identified in planning documents
 - Strong leadership at Executive level and the appropriate officers attending meetings (i.e. those who can make decisions)
 - Relaying the message to the public – e.g. it is not a ‘fortnightly collection’ but an ‘alternate weekly collection’ – this is important for public perception

Discussion held with Members of the Project Integra Board

- § The importance of having an independent officer who is accountable to the Board was discussed. Officers explained that this issue became a major obstacle for Project Integra, when Members felt that the Executive Officer post being a secondment via the county council was unacceptable. The county council had threatened to withdraw from the project but eventually the issue was resolved and the Executive Officer is now funded by the partnership and is accountable to Members of the Board.
- § There is a tension surrounding the issue of food waste - The WCA’s want an in-vessel Composting facility as they are currently exporting to Dorset, which is unsustainable in the long-term. Members feel this is a major waste stream that is not being adequately managed. Integra say

it is an option, Veolia say it's the next phase but Members feel it has not been progressed.

- § Some members stressed the need to move towards unification and commonality of standards of service to encourage partnerships to evolve and to create economies of scale in terms of shared officer time/expertise.
- § There are tensions between some of the WCA's – there is the perception that those WCA's who fail to meet targets are 'underperformers', some partners feeling that if the partnership is to move forwards, all partners need to come up to speed with recycling targets. The 'urban versus rural' debate figures prominently in the partnership, the urban areas feeling that they have additional pressures specific to their authority which are not understood by the other partners. Other authorities who are over-performing feel that they are bearing the costs – e.g. Eastleigh is leading on home composting and is under pressure to introduce a free garden waste collection service, however they feel penalised for their good performance. Other partners argue that this should not be an issue as it can only be beneficial that more waste that is taken out of the stream to incineration. This issue was felt to put some pressure on the partnership.
- § Members are unhappy that Government targets fail to recognise the diversion of household waste from incineration through composting measures – e.g. Portsmouth has given free composting bins to its' residents and diverted 3000 tonnes from incineration, however current Government targets cannot reflect this.
- § One of the fundamental points raised by Members was the need to work with the public in re-education, gaining acceptance of the stages that need to be taken to minimise waste and landfill.
- § Members discussed factors which may delay the process and hinder effective partnership-working and advised that:
 - It is vital not to allow bureaucracy to impede the way the service is provided
 - It is important that officers are not allowed to delay processes
 - Working in partnership can be easier than working alone as officers are already in discussion with each other
 - There may be some resistance to partnership working from waste management teams who may all be delivering the same service and want to retain control – feeling under threat
 - Political issues should not prevail, financial issues may figure heavily, but politics must not override the partnership
 - The key to overcoming political issues is the adoption of a constitution that is applicable to all

- Following the rejection of the initial Portsmouth incinerator proposal, they established 3 consultative groups, using scrutiny to overcome the myths
- It is important to know what you want to do before going public
- There is a need to consider at an early stage how to educate the public and the commercial sector on waste issues to change public behaviour
- The importance of retaining some degree of sovereignty e.g. Veolia cannot dictate to the WCA's how they collect
- It would be beneficial to consider at an early stage whether a uniform operating system and collection service would be beneficial to your partnership to alleviate any of the differences
- The benefits of partnership working include: efficiency savings through lowering transport costs and achieving economies of scale, the potential to create energy from waste and the possibility to gain financial income
- Regular communication and trust between authorities is essential

Partnership	Details
<p>Shropshire Waste Partnership</p>	<p>1 County Council and 4 District Councils</p> <p>In 1997, Shropshire County Council (a WDA) and 4 District Councils (WCA's) established a Joint Waste Management Advisory Committee (JWMAC) to advise on future waste management arrangements in Shropshire and guide the development of a joint strategy.</p> <p>In October 2001, it was agreed that a Joint Executive Committee for Waste be formed, with the JWMAC continuing to function in the run-up to its' establishment.</p> <p>In 2003, Shropshire County Council, Bridgnorth District Council, North Shropshire District Council, South Shropshire District Council and Oswestry Borough Council formed a partnership: Shropshire Waste Partnership (SWP).</p> <p>The Strategic management of SWP is through a board of directors drawn from each authority, with Shropshire County Council acting as the contracting authority for SWP. They are currently procuring a long-term single waste contract for waste collection, recycling, recovery and disposal of household and municipal wastes within Shropshire.</p> <p>The partnership benefited from £2.3m of government funding which assisted in developing recycling facilities. Shropshire County Council and the five District Councils were accepted onto the National Pathfinder Programme, which is a government R&D programme into strategic service delivery partnerships. The project was (1 of 24 in total and sole project for Waste Management) is for integrated waste management and the aim is for a seamless waste management service across the country.</p> <p>Shropshire County Council's waste management facility at Battlefield in Shrewsbury won a national 'Award for Excellence in Recycling and Waste Management' in the category of 'innovation in design of a waste management facility'. The SWP has also been granted £35.8m PFI credits to provide the infrastructure and equipment to deliver sustainable waste management in Shropshire.</p> <p>Total Population: 470 185 Population of the 4 South Wales Authorities : 664 665</p>

Visit to Shropshire Waste Partnership: 11th and 12th January 2007

Cardiff County Council – Cllr Bob Derbyshire, Cllr Kate Lloyd, Richard Phillips (Operational Manager, Scrutiny)

Newport City Council – Cllr John Guy (Chair of Overview and Scrutiny)
David Collins (Chief Scrutiny Officer)

Monmouthshire County Council – Cllr Major and Cllr Harry

The Vale of Glamorgan Council – Cllr Steffan Wiliam (Vice-Chair of Scrutiny)

Discussion held with the Shropshire Waste Partnership Panel:

Cllr Joyce Barrow, Chair SWP
Cllr John Hurst-Knight, Shropshire CC
Adrian Poller, Director SWP
Helen Powell, Principal Solicitor
Susan Smith Head of Finance
Martin Allard, Head of Project & Waste Management
Nigel Denton, Procurement Manager

Context

- § In 2003 Shropshire County Council, Bridgnorth District Council, North Shropshire District Council, South Shropshire District Council and Oswestry Borough Council formed a formal strategic partnership called the Shropshire Waste Partnership. The Partnership is responsible for waste collection, recycling, recovery and disposal of all municipal waste on behalf of these councils.
- § The SWP is in the process of procuring a long term single integrated waste contract which will see one contractor take on responsibility for the collection, recycling, recovery and disposal of the majority of household and other municipal wastes within Shropshire.
- § The SWP has also been granted £35.8m Private Finance Initiative (PFI) credits to provide the waste management infrastructure, equipment and vehicles needed to deliver sustainable household waste recycling, composting and treatment within Shropshire.
- § The strategic management of SWP will be through a Board of Directors drawn from each member authority with Shropshire County Council acting as the contracting authority for SWP.

- § Under the contract, SWP will seek to recycle and compost more than 50% of Shropshires' waste by 2010/11 and 60% by 2020, reducing waste growth to 0% by 2022. With all five councils working together, they hold a joint target which consequently means that if one authority exceeds its limits it is possible for others to absorb it.

- § 2007/08 is set to be one of the most challenging years of the Partnership's existence, which should see the appointment of their preferred bidder and the transfer of staff into the client team.

Key Drivers for the Partnership

- The need to develop a Joint Waste Strategy
- The need to meet statutory landfill diversion targets
- The need for drastic improvement in recycling
- Old systems i.e. landfill no longer viable and quickly running out
- Potential Government Intervention
- The people of Shropshire

History of the Partnership

- "The impetus came from two sources, a) the technical realisation that the landfill was running out, and b) there was also a politician who was committed to the idea."

- Commenced joint working in 1999 – initially to produce Joint Waste Strategy.

- Began to realise the problems of working on their own – each decision could need six approvals, and if there was one objection, the process had to start again.

- The focus changed – decided to concentrate on their customers, the public.
It was also decided to view all aspects as a single service, as this would help avoid duplication.

- An away day was organised for lead Politicians and Officers, which enabled them to learn from each other and to air their concerns and issues, establishing a baseline assessment.

- Following this came the Memorandum of Understanding – which set out in a simple non-legalistic way that the partners could work together on waste management. It also clarified the responsibilities of the partners both individually and collectively, and finally it established guidelines for establishing a joint decision making body.

- At this point a joint Executive Waste Officer was appointed to project manage the process
- § In June 2004 the final version of the formal constitution was agreed by SWP member authorities, (there were 13 attempts at drafting a constitution).
- § In August 2004 they held the first meeting of the Shropshire Waste Partnership Joint Committee (on the joint Committee there are two Exec Members for each authority).
- § The Joint Committee publishes decisions and they can be called in by any participating authority Scrutiny Committee if the decision affects that local authority.
- § Any matter called in would initially be considered by the Monitoring Panel – formed by Chair and Vice Chair of each Authority’s Scrutiny Committee.
- § A draft copy of a Waste Management Strategy should be ready by March 2007

What the Partnership achieved

- § It is recognised nationally as a leader on ‘Partnership Working in Waste’
- § A Best Value inspection rated Waste management a ‘Fair’ service with ‘Excellent’ chances of improvement
- § It has developed a comprehensive 20-year strategy
- § The recycling rate has more than doubled in four years
- § It has attracted Government investment for infrastructure and communications
- § Is achieving total integration
- § Is maximising logistics and therefore limiting cost

Barriers to partnership-working

- § Differing cultures
- § Varying priorities
- § Different timescales
- § Long-standing views
- § Personalities
- § Exploring the unknown
- § Politics (Of the six District Councils in Shropshire, which could join with the County Council in a partnership, one worked alongside and one has withdrawn it was suggested for political reasons)

Requirements for effective partnership-working

- § Strong political leadership “It wouldn’t have worked if it hadn’t been Member led. The big hurdle was sovereignty, for a District Council it was a big hurdle”
- § It is important to have the right officers in meetings – Directors meet not more junior members of staff who have to report back
- § Be pragmatic and positive
- § Be open minded and flexible, willing to compromise
- § Plan for the long as well as the short term
- § Capacity to maintain momentum
- § Patience is a virtue
- § More patience is a greater virtue (!!!)
- § Have alternatives ready at every stage

Potential benefits from partnership-working for other Councils

- § Sharing:
 - Vision, ownership and understanding
 - Resource/skills/knowledge
 - Risks
- § Maximise:
 - Flexibility/optimisation/strength/influence
 - Economies of scale
- § Minimise:
 - Wastage, duplication
 - Cost
- § Results:
 - Sustainability
 - Meet the targets
- § “If a given type of technical solution is not attractive to the market it is not going to go anywhere” (Martin Allard, Head of Project & Waste Management). “Market will need to believe that the Partnership has credibility and can take decisions quickly.”

Marketing & Branding

- § Joining together as one partnership has enabled joint working on communicating the message of recycling etc. The five councils are gradually moving towards a single identity, which will become even more useful as harmonisation of services take place.

Partnership	Details
<p>North London Waste Authority</p>	<p>A Joint Waste Disposal Authority</p> <p>The NLWA was established 1986 as a statutory Waste Disposal Authority (WDA) for 7 North London Borough Councils.</p> <p>The 7 Councils: Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest are Waste Collection Authorities (WCA's), with a statutory duty for refuse collection, street cleansing and a wide variety of waste collection services, including recycling collections. (Recycling contracts are separate to waste collection contracts, as at low recycling rates, integration does not provide value).</p> <p>In 1992 NLWA entered into a partnership with SITA (GB) Ltd and established a joint venture company called LondonWaste Ltd. In 1994, LondonWaste Ltd was awarded a 20-year contract to deliver all waste disposal services for the Authority and is the largest waste management company in London. The contract is the full range of waste disposal services, including recycling and recovery of energy from rubbish, focussed around the Edmonton Incinerator and 3 major waste transfer stations. Energy from the incinerator can power 24 000 homes.</p> <p>The NLWA has a membership of 14 councillors (2 from each borough), meets 5 times a year, with special meetings and an Urgency Committee who meet as required.</p> <p>The Board of LondonWaste Ltd has 6 directors - 3 from NLWA and 3 from SITA (GB) Ltd, representing the 50% - 50% share holdings of both partners in the joint venture.</p> <p>Total Population: 1, 612 245 Population of the 4 South Wales Authorities : 664 665</p>

Visit to North London Waste Authority: 15th January 2007

Cardiff County Council – Cllr Jim James, Cllr Kate Lloyd, Hazel Ilett (Principal Scrutiny Officer), Richard Phillips (Operational Manager, Scrutiny)

Newport City Council – Cllr Gail Giles, Cllr Alan Morris, David Collins (Chief Scrutiny Officer)

Monmouthshire County Council – Cllr Val Smith and Cllr Ashley Thomas

The Vale of Glamorgan Council – Cllr Steffan Wiliam (Vice-Chair of Scrutiny (Economy and Environment)

Discussion held with: Andrew Lappage, Head of Waste Strategy and Contracts, North London Waste Authority

- § The North London Waste Authority (NLWA) was established in 1986 as a statutory waste disposal authority after the abolition of the Greater London Council. The Authority's prime function is to arrange the disposal of waste collected by its' seven constituent boroughs and to promote waste minimisation and recycling.
- § The Authority has a membership of 14 councillors, with each constituent borough appointing two councillors. The Authority meets 5 times a year, with provision for special meetings as required. An Urgency Committee has also been established to meet and consider appropriate business where necessary.
- § Arising from the requirements of the 1990 Environmental Protection Act, in 1992 the Authority entered into a process leading to the formation of a Local Authority Waste Disposal Company (LAWDC) and subsequently a Joint Venture. SITA (GB) Ltd was selected as the Joint Venture's preferred partner, and a Joint Venture Company, called London Waste Ltd was established. The Authority subjected its waste disposal needs to competitive tender with London Waste Ltd bidding on behalf of the Joint Venture Partners.
- § The divestment of the Authority's operational arm to London Waste Limited took place on 15th December 1994. At the same time, a twenty-year contract for the transfer and disposal of the Authority's waste was awarded to LondonWaste Ltd.
- § The North London Waste Authority is a local authority in its own right. The Authority does not employ any staff directly but makes cross-borough arrangements for supporting its services.

§ The options available to the North London Waste Authority were:

- Full privatization of services
- Wholly owned local authority company
- Joint Venture arrangements

§ The rationale for the agreement to form a joint venture company (London Waste Ltd):

- Financial reasons – Sita could bring the investment whilst the NLWA could bring the physical assets.
- There was insufficient incineration capacity at the old site
- There would be benefits of partnership working

§ The London Waste Ltd Board comprises elected Members, 3 NLWA Directors, 3 Directors from Sita, representative of the 50%-50% share holdings of both partners within the Joint Venture along with 2 from London Waste Limited. The Board meets on a monthly basis, but Waste Disposal Authority officers do not attend these meetings but simply retain frequent communication. Whilst the North London Waste Authority and London Waste Ltd meet frequently in their client/contractor capacity, apart from Board meetings, Sita and the North London Waste Authority do not meet unless required. The entire process falls outside the Local Authority reporting and finance arrangements as Members are not on the London Waste Board, but they do receive their minutes.

§ **Benefits of the joint venture arrangements were felt to be :**

- Greater uniformity of service
- Efficiency through having a waste authority
- Economy of scale – combined tonnage allowed procurement
- The wider advantages of their chosen technology of incineration providing district heating, avoidance of fossil fuel usage and heat recovery (this wasn't a priority with the NLWA incinerator, but will be the case with future plant requirements)
- Joint land Use Planning for Waste – Trade off's between borough to borough

§ The procurement process used the Competitive Dialogue framework, the following additional points being discussed:

- Service costs are reduced in a partnership model
- Inter-authority arrangements are essential
- The private sector needs assurance of a well-thought common vision before they are happy to engage in tendering costs
- PFI – with these arrangements it is difficult to get value for money
- Greater value for money is achieved by taking the risk of a joint venture arrangement

§ Given that London Waste Limited is run as a business, there are distinct commercial aspects to the way in which it is managed, the Director advising that although the government's agenda is waste minimisation, they need to balance this with the potential for under-capacity. Prior to the new landfill legislation, there was an under-capacity at the incinerator so they needed to receive waste from other authorities and as they do not need to pay landfill tax beyond the capacity of the plant, they are able to take others' waste.

§ Currently, their waste stream is being managed as follows:

- 20% Recycling
- 40% energy recovery
- 40% landfill

§ The cost apportioned to each participating authority is reviewed every two years based on their previous usage (tonnage) and is felt to be the fairest method of allocation with costs for land-filling being apportioned according to the council tax formula. The system worked well with no complaints from the constituent authorities.

§ Planning issues were urged not to be under-estimated by any Authority seeking to procure a facility on a similar scale. In order to look ahead to future facility requirements, the 7 Borough Councils who form the North London Waste Authority have agreed to look at Joint Waste Planning, via separate Planning Members Group. They felt the need to separate the two functions as follows:

- Members looking at Waste as a whole
- Members looking at a planning facility

§ Challenges for their future were identified as follows:

- Need to procure successor arrangements by 2014, but the urgency is now, given the time taken to construct and secure planning permissions.
- Need to procure new recycling and composting facilities
- Higher regulatory costs
- Unknown legislative change
- Hazardous Waste
- The influence of the Mayor of London – managing politics

Discussion with Elected Members of the North London Waste Authority

§ Discussions with elected members from constituent authorities indicated that the arrangement worked well. There were no evident political differences or issues in the running or funding of the project. Costs to the Authorities varied between £7.925m (Barnet) and £5.026m

(Hackney), the others authorities being Camden, Enfield, Haringey, Islington and Waltham Forest.

- § Members felt that the success of the NLWA is reliant on joint partnership between the Local Authorities and the private sector, with the rising costs and organisational issues (transport, cost per tonnage, achieving targets etc) being shared on a relatively equitable basis, for example through joint procurement. This is regularly reviewed and adjustments have been made over the years. Sita has also been able to provide expertise in the field and has international connections.

David Sargent – Company Director at London Waste Limited

- § London Waste Limited is a legal entity with decisions being agreed by the Board, so they have to ensure that decisions they make are acting in the interests of shareholders. However, there is no local authority control over the activities of the company. For example, if London Waste Limited chooses to develop additional business and achieve greater profits, it is for them to decide and the dividends would be released to both shareholders. Nonetheless, certain decisions do require the written consent of both shareholders.
- § The North London Waste Authority is the second largest waste disposal authority in UK and the largest in London.
- § The priority customer of London Waste Limited is the North London Waste Authority and the relationship in terms of delivering the integrated waste management contract is fundamentally between these two parties.
- § The strategy is co-ordinated through the board of London Waste Limited, who operate an Integrated Waste Management Strategy along with the Zero Landfill Strategy, exporting energy from waste to the National Grid (initially, the strategy was to maximise incineration as a diversion to landfill). Commercial waste is taken aswell and despite it being relatively easy for commercial traders to landfill waste, given that this is likely to change with the new legislation, this presents and opportunity for London Waste Ltd.
- § Their biggest challenge encountered through their partnership:
 - Dispensing with party politics. Whilst the company tries to deal with elected Members at arms length and focus on the operational issues, there are representatives from 7 Boroughs, so often the performance of a borough becomes an issue. They have had to work hard to avoid Members dividing on party lines.

- § In terms of sharing the wider benefits of partnership working, as the plant infrastructure was built in the 1970's and inherited by the North London Waste Authority, the question of wider benefits being bestowed on one region at the cost of another was not an issue.
- § Given that North London Waste Authority already had the physical assets but required a way of financing it, the joint venture arrangements allowed Sita to bring investment into the project and underwrite the Joint Venture Company, whilst the plant could be operated via the new company London Waste Ltd. The benefits to this particular partnership are therefore:
- The risk is to the financial partner (Sita), whilst the costs are to London Waste Limited and not solely to the authority
 - The parent company (Sita) is guarantor, should the company London Waste Limited fail.

Partnership	Details
<p>Somerset Waste Partnership</p>	<p>1 County Council, 1 Borough Council, 4 District Councils</p> <p>The Somerset Waste Partnership (SWP) has been in operation since 1992 and the partner authorities are: Somerset County Council, Sedgemoor, South Somerset, Mendip and West Somerset District Councils, and Taunton Deane Borough Council.</p> <p>The SWP consists of Officer support groups and a Joint Councils' Member Advisory Committee made up of sixteen Members (two per District and six representing the County).</p> <p>In 1997, the Somerset authorities in the SWP signed a 'Memorandum of Understanding' to work together to develop and implement a 'Somerset Household Waste Management Strategy'.</p> <p>The objective of the Somerset Waste Board project is to further formalise this partnership relationship through the creation of:</p> <ul style="list-style-type: none"> § A new legal structure, the Somerset Waste Board, to discharge the duties of both the district Waste Collection Authorities and the Waste Disposal Authority and provide integrated management of waste collection and disposal services in the County; § A joint client team for all household waste management in Somerset; § A combined collection contract (or contracts) for all household recycling and refuse collections in Somerset. <p>Total Population: 1, 065 528 Population of the 4 South Wales Authorities : 664 665</p>

Visit to Somerset Waste Partnership: 15th March 2007

Cardiff County Council – Cllr Bob Derbyshire, Cllr Jim James

Newport City Council – Cllr Bill Pursey, Cllr John Guy (Chair of Overview and Scrutiny), David Collins (Chief Scrutiny Officer)

Monmouthshire County Council – Cllr Ann Webb (Scrutiny Chair for Stronger Communities), Cllr Eric Saxon, Cllr Val Smith, Cllr Doug Edwards, Roger Hoggins (Head of Operations - Waste)

The Vale of Glamorgan Council – Cllr Geoff Cox, Cllr Mark Wilson, Cllr Eric Hacker

Overview of the SWP

1992	Joint advisory committee formed consisting of the six Somerset Authorities known as the 'Somerset Waste Partnership' (SWP)
1996	SWP launched public waste consultation 'Your Waste – Your Choice'
1997	SWP Memorandum of Understanding agreed
2000-02	Somerset Joint Waste Best Value Review
2002-07	Improvement Plan Implementation
2003/04	Joint Waste Management Strategy

§ The partnership is now moving forward and in 2006 signed a new partnering disposal contract with one contractor, the aim for 2007 is to have a countywide collection contract and to establish the Somerset Waste Board.

§ They have found that the benefits of working in partnership include:

- Economies of scale e.g. recycling collection contract, truck and bin orders
- External funding success e.g. Defra
- Officer capacity e.g. procurement and research
- Shared communication and education/awareness raising

§ The move to establish a Waste Board is to achieve:

- Contractor efficiencies
- Client side efficiencies
- Improved decision making
- Single budget
- Better customer experience

- § The partnership has evolved since 1992 and the Memorandum of Understanding was a key stage in the working relationship between the different authorities and has helped to build trust. In addition the improvement plan, which came out of the joint Best Value Review, identified the key issues and a way forward. The partnership has also successfully accessed around £9 million in external funding.
- § They are now looking to develop a more formalised structure and establish a partnership board to achieve greater efficiencies. At the moment each authority has own contractor meetings and there are separate contractors for refuse and recycling leading to a patchwork of different arrangements. A single contract would ideally lead to a cheaper and better service.
- § An officer from one authority has been seconded to work on the procurement of a single waste collection contract. The SWP is looking to agree a 7-year contract with the potential for 2 extensions, each of 7 years. As part of the process they realised the need to engage with potential contractors about what the partnership is about and ran workshops to inform potential contractors of what is important to the partners.
- § The need for partners to be willing to compromise and accept that authorities are starting in different places with different collection and data systems was also highlighted.
- § The SWP are now at the stage of looking to appoint a preferred bidder and reserve for a single collection contract and this should take place on 29th March when they will have simultaneous executive meetings for each authority in the same building.
- § The establishment of the more formal board will mean if a partner authority leaves they may be liable for financial contributions (set by an agreed formula) and more importantly may be liable for any contract signed.
- § The need to project plan for joint working was emphasised and to plan the work in manageable phases. In addition the importance of having a communication strategy and team working within and across authorities was highlighted and the importance of partnership working with the contractor(s). Political ownership was also key to introducing new ways of working and that to ensure consistency and understanding service rules should be stuck to.

Developing the Partnership

- § As part of the current joint working arrangements there have been quarterly meetings involving the relevant executive member from each authority plus one other member. These meetings have had no

decision making powers but have looked at performance and future areas for development and members then returned to their respective councils as advocates.

- § There have also been lead officer and Director meetings and sub-groups e.g. for communications.
- § In order to establish a more formal set up for the partnership external advice was sought regarding models for the partnership e.g.
 - Limited liability partnership
 - Separate company
 - Setting up as a new waste authority (there are still some legal issues to be resolved around this option)
 - Joint Committee
- § The constitution has yet to be established but the SWP have opted for the latter option with 2 members from each executive on the committee and equal voting rights with delegated powers. There is however a caveat that if a decision impacts significantly on budget or service design then it will be referred back to each executive.
- § There will also be changes in staff structure with a single client team employed by an administering authority. The administering authority was decided by evaluating the best business case from those councils interested in taking on this role. A draft officer structure has been developed which will enable more specialist roles and each council has been holding vacancies to try and avoid compulsory redundancies. There are still issues to resolve with regards to changes in the staffing arrangements and these are different for some authorities depending on their current arrangements.
- § A joint scrutiny committee will also be established although call-ins will not be delegated to the committee and will remain with each authority. However, officers are optimistic that their partnership approach will hopefully result in few call-ins.
- § Officers advised that to help inform decisions in the development of the partnership it is useful to use business cases to help partners reach a decision.

Procuring the Contract

- § Officers are working to procure one collection contract and achieve economies of scale. A business case was produced in 2004, which identified potential savings from councils coming together e.g. fewer contracts to manage and fewer depots. They are still on track to achieve the business case, and have been providing proof of the gains to ideally achieve a better service and less cost.

- § Quarterly meetings of key members and officers have helped give a steer and workshops were held to fine tune the Invitation to Negotiate. Members have not been involved in the evaluation but have been briefed regularly. Members signed off to commence the process and have been content for officers to proceed. The lead officer group has met frequently to progress the project and Directors meet fortnightly, the whole process has involved considerable officer time which should not be underestimated at the outset. They have previously undertaken one procurement exercise for kerbside collection but this resulted in different contracts for each authority. However, the benefits of the joint work undertaken to date have helped progress this next stage in the development of the partnership.
- § To assist in the partnership work and procurement process the SWP have successfully attracted Defra funding and have received technical advice from Eunomia consultants who produced the business case. The SWP will also discuss with Defra about the release of information to other authorities to help them progress their own joint working and benefit from the SWP experience.
- § It was recognised that there is a risk with a large contract of this nature but also an acceptance that the councils wouldn't have the buying power on their own to make the same level of savings or efficiencies.
- § Simultaneous Executive meetings are being held at the end of March to agree a preferred bidder and reserve with the aim of starting collections with the new contractor in October. Current contracts are being extended to fit in with this timetable.

Future Plans

- § The Project Director for the new Somerset Waste Board brought the seminar to a close with the following points of advice.
- § When procuring a contract it is important that the service requirements are clear, that options/aspirations are limited, that all documentation represents a consensus and it must be attractive to potential contractors. Finally the partnership must be strong enough and ready to do business.
- § With regard to establishing the Somerset Waste Board he highlighted the need to engage with elected members, that a joint committee with an administering authority was the most appropriate model for Somerset at present but if legislation allows they would eventually look to establish a new joint waste authority.

- § The factors considered to be critical to success were;
- Vision supported by sound business case
 - Trust between partner authorities
 - Governance arrangements, legal agreements
 - Change management
 - Innovative financial arrangements
 - Maturity

Key Points

- § Importance of Communication within authorities, across authorities at member and officer level and with the public
- § Regular meetings of officers and members
- § Seconded posts to support the work
- § Accessing external funding
- § Project planning
- § The partnership and move to the single procurement of a significant contract has evolved over 15 years
- § It is important to build trust and establish a working relationship
- § Important to have clear aims
- § Involvement of external consultants to identify the most appropriate partnership model
- § The establishing of a joint scrutiny committee
- § Recognition of different starting points and practices in different authorities.

WITNESSES

Members of the four Authorities received evidence from forty-two witnesses; comprising Members, Senior Officers, Partnership Directors, private sector Waste Management Contractors and an expert on partnership-working to inform this inquiry. Through the case study waste partnerships, contacts were established with following key witnesses, who may be willing to offer further advice to Officers on the practicalities of waste partnerships, the legal and procurement process and the governance arrangements required to underpin them.

Project Integra

Steve Read – Project Integra Executive Officer

Paul Archer – Head of Waste Management, Hampshire County Council

Colin Rowland – Head of Environmental Services, Havant Borough Council

Andrew Trayer – Head of Waste and Fleet Transport, Southampton City Council

Gordon Holdcroft – Chief Executive, Basingstoke and Deane Borough Council

Gavin Graveson – Director of Veolia, Waste Management Contractor

Informal discussion held with 10 Members of the Project Integra Board

Rushmoor and Surrey Heath Partnership

David Quirk – Head of Environmental Health Services, Rushmoor Borough Council

Councillor Roland Dibbs – Executive Member for Environment, Rushmoor Borough Council

Shropshire Waste Partnership

Councillor Joyce Barrow – Chair of Shropshire Waste Partnership

Councillor John Hurst-Knight – Shropshire County Council

Adrian Poller – Director, Shropshire Waste Partnership

Helen Powell – Principal Solicitor, Shropshire County Council

Susan Smith – Head of Finance, Shropshire County Council

Martin Allard – Head of Project and Waste Management, Shropshire County Council

Nigel Denton – Procurement Manager, Shropshire County Council

North London Waste Authority

Andrew Lappage – Head of Waste Strategy and Contracts, North London Waste Authority

David Sargent – Managing Director, London Waste Limited

Robert Bench – Managing Director, London Waste Limited

Ian Sexton – Finance Director, SITA (UK) Ltd

Informal discussion held with 2 Members of the North London Waste Authority

Somerset Waste Partnership

Steve Palfrey – Head of Waste Services, Somerset County Council

Lesley Rowan – Project Manager, Somerset Waste Board

David Oaten – Waste Operations Coordinator, Somerset County Council

Chris Jonas – Regional Manager, Contracts, Viridor Waste Management

David Mansell – Waste Strategy Coordinator, Somerset County Council

Bruce Carpenter – Waste Services Manager, Taunton Deane Borough Council

Paul Chiplen – Waste Communications Officer, Somerset County Council

Rupert Farthing – Manager of Somerset Waste Action Programme

John Osborne – Project Director, Somerset Waste Board

David Greenfield – Assistant Director for Waste and Resources, South East Centre of Excellence (SECE). The SECE was established by the Department for Communities and Local Government (DCLG) to assume the role of lead change agent for local Government efficiency and procurement.

LEGAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented, with or without modification.

All decisions taken by or on behalf of the Council must (a) be within the legal power of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

FINANCIAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications will arise if and when the matters under review are implemented with or without any modifications.