

AGENDA ITEM 6 [N280]

To: ECDC Community & Environment Committee
Date: 8 May 2014
From: RECAP Partnership – Nigel McCurdy
Subject: RECAP Overview and Progress towards a Whole Systems Approach

Purpose

1. To update the Committee on progress being made by RECAP with the Whole Systems Approach and ‘single public purse’ ethos and to discuss current outcomes and identify ongoing delivery of projects and efficiencies across the Partnership.
2. This paper provides the Committee with an overview of the current RECAP work programme, along with particular progress and issues. A glossary of terms is included at the end of the report. A presentation to Committee on 8 May will focus on key points.

Recommendation: It is recommended that Members note the report.

Background

3. The Whole Systems Approach and Outline Business Case were agreed by the ‘*Cambridgeshire Together*’ Public Service Board Leaders and Chief Executives in spring 2013, to be delivered by RECAP. The RECAP Board has agreed the following objectives for a Whole Systems Approach:
 - Reduces the overall expenditure against the public purse;
 - Increases the overall income to the public purse; whilst
 - Improving services for the customer, which would include levelling up services across Cambridgeshire to achieve consistently high quality services across the partnership area;
 - Improving environmental performance.
4. The agreed Outline Business Case defines key elements of the Whole Systems Approach (WSA) as:
 - Developing a common ‘optimum’ collection methodology across all councils;
 - Operating cross border collections and fleet management.
 - Increasing the value derived from recyclable materials.
5. Within the WSA, a range of seven key projects have been agreed and are running under the direction and scrutiny of the WSA Programme Board (Chief Officers) and RECAP Board (Members) of which Cllr Ellis is the Chairman. Those projects are identified at Appendix 1, along with details of current status.

Progress and Achievements

6. Current outcomes and key elements of work successfully progressed across the WSA Programme workstreams (WS), in building and delivering the concept of a ‘whole systems’ approach and securing stronger relationships working collaboratively through RECAP are:
 - a) WS3 - The Joint MRF procurement for collective tonnages of dry recyclate was collaboratively agreed between Partners, with direct Member briefings as appropriate and successfully issued to the market on 13th January as programmed. Multiple bid responses were received by end February and evaluated by Partners through

March/April. Internal moderation will take place early May, with an expectation of being able to award the contract in June. The contract is expected to be 'live' from September 2014, initially with Peterborough, other Partners joining sequentially at expiry of existing contracts, Easrt Cambs in 2016. The related RECAP Charter Governance Agreement (Schedule 2) is being updated to reflect the final specification and accountabilities and will be reported back to Board and Councils for ratification before contract issue. This project has been a significant element of work and has successfully built better understanding, trust and joint working between Partners that can positively translate into the delivery of further WSA projects.

- b) WS1 - The WSA Programme Board and Operations Panel met on 10 January for a wide-ranging discussion and refocusing of future service options, Optimum Service Design (OSD) and exploration of individual Council initiatives. The RECAP Board on 7 February endorsed a relaunched OSD project, focussed on the need for collaboration on efficiencies that can only or best be achieved together, including a commitment to cross-border (no-border) working on collection systems; options for common fees and charging practices; exploration of common (rolling 4-day) working patterns and; a collective approach to options for green waste. Recommendations are expected for Board deliberation on 16 May and by Chief Executive and Leaders June onward.
- c) WS4 - The Joint Vehicle Procurement (Small Vehicles) project completed in 2013. Whilst no large-scale savings were identified, due to efficiency of existing procurement routes and the small numbers/range of functionality of vehicles required, an improved common procurement route was identified - The Procurement Partnership - that offers scope for additional cost savings. Use of that framework arrangement has already secured Cambridge City savings of approximately £5 000 per vehicle on light vans. A further JVP (Refuse Collection Vehicles) initiative recently concluded in April, to secure procurement savings achievable from revised common specifications for the now newly agreed 7 types of RCVs required across the Partnership, that have identified jointly by the project group (fleet and procurement Officers). These new collaborative specifications and procurement process have identified savings across the Partnership of £74 000 in Year 1 and £262 000 across the 3-year arrangement, (approx 6k/vehicle), ongoing.
- d) WS7 - Continuing dialogue between Cambridge City and South Cambs over options for new collection systems (inc underground banks) in Northwest Cambridge developments; scope for wider joint round optimisation and; increasing commitment to work on shared depot arrangements at 'Waste Hub', Waterbeach. That latter element has now extended to an objective of a single waste service shared by both Authorities, incorporating site, operations and vehicles. A Strategic Officer Group has been established, with interim Outline Business Case report expected for July and full case by October. This could form a model for wider cross-border collaboration between other RECAP Partner Councils and should converge with OSD project outcomes.
- e) WS2 - The MBT at Waterbeach is now fully operational in processing residual waste. Cambridgeshire County Council is in ongoing discussion with Amey Cespa over treatment of MBT outputs, seeking to secure markets for CLO (Compost Like Output) as potential RDF fuel, thereby moving further toward a 'zero to landfill' approach and reducing disposal costs to less than Landfill Tax prices. Development of the Peterborough EfW continues apace, offering scope for County/Unitary collaboration on complimentary disposal options.
- f) WS5 - The East Cambs wheeled bin service was successfully rolled out in Autumn 2013, with resultant significant increase in recycling (blue bin) performance, rising from mid-30's to in excess of 54%, now one of the best RECAP performing authorities and thereby helping reduce disposal volumes/costs and increasing Recycling Payments income (e.g. Quarter 3 2013 additional payments of £44,161 compared to Q3 2012 payments).

Key Issues

7. Progressing the WSA workstreams highlights some key issues that are important to recognise and understand for both Members and Chief Officers in guiding ongoing progress.
8. There are some clear key complexities governing when the benefits of the WSA, in reducing costs or increasing incomes might be secured, either:
 - as Partners sequentially join initiatives at point of contract expiry (e.g. Joint MRF contract with Partners joining from 2014 - 2016)
 - timings of fleet or other asset renewals (e.g. procurement opportunities and scope to implement OSD)
 - availability of disposal treatment technologies (e.g. how the PFI facilities evolve)
 - public facing service change timings in regard to political expediency.
9. Given the ongoing difficult financial context of Local Government services, it is important to map and understand impacts of the WSA in terms of financial years and Medium Term Financial Strategies as to when benefits can actually be realised. Section 151 finance officers are also engaged in the RECAP progress, with particular involvement in the Joint MRF procurement. It is important that any key assumptions already being made within Councils' MTFs are matched to the realities of delivery and implementation of WSA project outcomes.
10. Whilst the real value of RECAP is in driving and securing the benefits that we can only achieve in collaboration and partnership - in effect the WSA programme securing savings over time - it is equally important that Partners continue to capture operational efficiencies in their respective individual services, provided any such actions are not divergent from the ability to deliver together on the wider joint WSA programme.
11. Also important is understanding and linking the impacts of 'individual 'domestic' savings and income initiatives with the WSA programme and ensuring convergence of actions. Key within that, for example, will be the corporate and political approach to options for green waste (and resultant implications for food waste collection and the PFI). Given the experiences of Huntingdonshire and the decision of East Cambs to also introduce a chargeable 2nd green bins option (in response to public demand) careful consideration needs to be given to the enhanced benefit from and scope to implement service change collectively together, rather than individually - which may result in more coherent, coordinated and collective decisions on collection options overall, particularly for organic garden and food waste and clearer, more manageable communication with the public.
12. A key test for the Partnership is the current Joint MRF procurement. There was a need to commit to a joint contract before seeing bids and evaluation results and to achieve understanding and agreement on what is the collective appetite for risk in securing a contract payment mechanism that seeks to minimise cost whilst also seeking an appropriate share of material income. That test was successfully passed last autumn 2013, with RECAP partners each resolving through respective Councils to enter the procurement, thereby achieving the strongest offer to the market of RECAP tonnages and with 'exclusivity' of recycle materials, thereby maximising competition and competitive pricing.
13. An Optimum Service Design had been expected to be identified and costed, indicatively, by December 2013. That project was delayed due to availability of staff resource across the Partners and the need to prioritise the delivery of the Joint MRF project, alongside individual Councils' service/budget setting priorities. The OSD project has now been relaunched and is expected to report to RECAP Board on 16 May. Whilst an OSD will be identified, it is for Partners to determine if and when to move to that common service, a decision initially for

'Cambridgeshire Together' Leaders and ultimately, for each individual partner Council. Consequently, actual implementation and savings for OSD will likely be in the latter part of 2014/15 earliest, dependent upon contract lengths and individual partners' operational and political positions. The ability to manage capital and revenue costs and maximise operational savings will therefore only be realised at differing times/years. The WSA programme assumes there is no 'big bang' approach and seeks to retain Partner flexibility.

14. To deliver robust progress and build the resilience of the RECAP Partnership, it is important to ensure availability and commitment of key people, together with the timely exchange and transparency of information. There is a reputational and a financial risk to the whole Partnership if Councils appear to collaborate but subsequently are unable to consistently commit to supporting projects through staff time and expertise or, pull-out of initiatives at a late stage. Availability of staff resource is an ongoing pressure on programme delivery, whilst Leaders, through the *'Cambridgeshire Together'* forum have made it clear that the WSA is an 'opted in' approach with participation to be assumed.
15. An 'all in' or all out' approach remains the overarching Partnership aim:
 - to maximise the influence on markets for procurements
 - to achieve service consistency to enable cross-border working
 - to ensure simplicity to the public and thereby maximise engagement.

APPENDIX 1

Progress against each WSA work stream is detailed below, together with an illustration of how work streams fit together and key assumptions.

Work Stream	Status	Update
<p>1 Optimum waste service design for Cambridgeshire. Partners will develop and assess a long list of potential service design options, including twenty-three service design options appraised by Peterborough City Council. The partnership will draw on the learning from Peterborough as a unitary authority in its whole systems design development and assessment, working strategically together to identify and develop joint benefits. Service design options will be assessed against agreed criteria in view of partnership objectives and, with Member input, reduced to a short list for detailed assessment.</p>	Amber	<ul style="list-style-type: none"> Joint WSAPB/Ops Panel event held 10 Jan to refocus into 2-stage project: Stage 1: Cross-Border Modelling and Collection Stream implications/ knowledge; Stage 2 Delivery Plan Project Group formed: Richard Cassidy as Sponsor, FDC & SCDC Officers and CCC support. Scope of project agreed with WSAPB 5 Feb and RECAP Board 7 February WebAspx involved in modelling assistance. CCC to explore constraints & opportunities of PFI in parallel as part of Workstream 2. Options scoping reduced to 3 thematic variants on frequency; streams; charging and which will require political steerage. Collection and disposal costs already refreshed during Autumn 2013 to enable comparison and also more accurate modelling of impacts of service change re waste streams, vehicles and crews. System design will be cross-informed by MRF procurement and any emerging TEEP guidance/best practice. Implementation likely to be dependant on fleet renewal programmes and related capital investment. Stage 1 outcomes to report to RECAP Board 16 May <p>Key Assumptions: Costs and Legislative Compliance drive design rather than recycling targets; ease of transition and 'costs of change' re process/publicity /political important; paper/glass/food identified as key to service design and delivery: Each Council will need to consider timing of adoption. Must avoid WCA/WDA cost-shunting.</p>
<p>2 Waste disposal opportunities. As part of the above work stream the partnership will understand in more detail the opportunities and constraints around current waste</p>	Amber	<ul style="list-style-type: none"> CCC seeking to clarify realities of PFI in terms of 'contract waste' definition, impacts of collection waste stream changes, particularly green and food and identify 'attackable' elements of

<p>disposal and treatment arrangements to inform the development of an optimum whole systems approach. This will include investigating potential joint strategic opportunities for waste treatment and disposal facilities across Cambridgeshire and Peterborough.</p>		<p>contract to inform OSD.</p> <ul style="list-style-type: none"> Increasing regional approach to disposal opportunities with neighbouring County waste arisings and facilities (inc Norfolk). Operation of MBT in 'steady state' for CLO and assessment of 'organic fraction' requirements will constrain existing WCA Baseline and now collection materials presented by WCA's, particularly food waste. Ongoing exploration of potential uses for the Compost-Like Output (post MBT treatment), likely for RDF fuel usage, if reduces costs below 'Landfill Tax' levels. Ongoing dialogue between CCC and PCC on potential synergies between chosen disposal methods and facilities, inc new PCC EfW in 2015. Household Recycling Centre Service strategy currently consulted upon - will need to be cross-informed by OSD re materials types and extent of facilities/locations and avoid cost-shunting . <p>Key Assumptions: WSA approach to balancing costs and savings impacts between changes to collection and disposal, inc opportunities for re-investment; transportation costs will impact on treatment/facility options. Must avoid WDA/WCA cost-shunting.</p>
<p>3 Joint procurement of services for bulking, sorting and onward processing of recyclable materials.</p> <p>All existing MRF arrangements will be coming to an end over the next two years. In addition, the successful DCLG funding award to East Cambridgeshire will mean the introduction of a co-mingled wheeled bin recycling scheme and therefore a further sorting/processing requirement for recyclables. The partnership will ensure that this opportunity is managed with the waste service design work stream.</p>	Green	<ul style="list-style-type: none"> Full ITT package issued to market 13 January, bid deadline 24 February. Initial interest positive in extent. Bid evaluation March/April with input by all Partners. Quality & Price evaluation Moderation to be held 1 May. Notification of Evaluation Outcome expected end June, contract award end July, Contract commence Sept. RECAP Charter Schedule 2 'Governance Agreement' being refreshed to reflect specification requirements and include contract administration. Will require final Member/Council agreement. Lessons Learned report considered by WSAPB re prioritisation and communications to inform other WSA projects delivery. <p>Key Assumptions: All partners committed to</p>

		<p>supply recycle on basis that maximising volume to market will secure best price; Levelling up of materials but no collection service change; Governance approach to be 'consortium' based with no one lead authority - JWOG manage contract; materials income figures will change upwards/ downwards, impacting differently on individual Councils but with ability for each Council in internally 'smooth'.</p>
<p>4 Joint procurement of vehicles. To ensure that the joint procurement of vehicles supports work towards a whole systems approach, work will initially focus on the short to medium term vehicle procurement needs and identify and progress a joint procurement route that best responds to these needs, supports a whole systems approach and achieves the greatest financial benefit.</p>	<p>Green</p>	<ul style="list-style-type: none"> • 'Small Vehicles' Project now concluded. Limited savings achievable due to small numbers and specifications required and does not warrant bespoke procurement. Best available existing Framework Agreements identified – Procurement Partnership. Already saved City £5k/vehicle. • Further RCV procurement. Revised vehicles specifications (7) agreed through collaborative work. Estimated 3-year savings £262k, approx £6k/vehicle. • Continued exploration of scope to utilise Peterborough vehicle procurement arrangements, using ITT outcomes to test value. • Future fleet procurement programme, composite across all RECAP Partners now secured. • Fleet replacement programme will need to match Optimum Service Design outcomes and take account of end of MRF contract and ECDC 'Pickles' commitment, both 2019. <p>Key Assumptions: common base specification facilitates optimum service approach and flexibility for cross-border collections; any spec enhancements designed out if non-essential, payable locally if pursued; common branding not a current requirement/ priority.</p>
<p>5 Supporting East Cambridgeshire's development of waste services. The partnership will support East Cambridgeshire in the forthcoming development of its waste services, looking for opportunities where partnership working can contribute and add value both now and in the longer term.</p>	<p>Green</p>	<ul style="list-style-type: none"> • New system roll-out now complete. Initial indications significant recycling performance increase to 54% • Introduction of chargeable 2nd green bin policy in response to residents requests for additional provision. <p>Key Assumptions: external funding ties system until November 2017, convergence to optimum system design thereafter; capital investment required if implement additional 'black' wheel bin.</p>

<p>6 Cross border route optimisation. Following procurement of partnership route optimisation software, partners will in the first instance look to optimise their current service routing and in the longer term look to develop this work to under-take cross border route optimisation.</p>	<p>Green</p>	<ul style="list-style-type: none"> Phase 1 Route optimisation has been undertaken by City, HDC; FDC, with SCDC currently underway in conjunction with City refresh. ECDC wheeled bin roll-out data been reformatted to facilitate cross-border route-optimisation modelling for OSD purposes. Phase 2 (RECAP area wide) now to form part of OSD project to provide high level collection system design savings comparisons and then Stage 2 OSD implementation Plans – will require additional Partner investment and Webaspx contract extension. HDC already collecting proportion of PCC waste City & SCDC collaborating on North-Cambridge growth site re bin systems (underground) and collection regimes SLAs. Software contract renewal required June 2014. <p>Key Assumptions: WSA and common Optimum Service Design facilitate a ‘no-borders’ approach and consistent offer to public.</p>
<p>7 Making Assets Count Final Business Case - Joint Operations Centre Project. Seeks to generate significant financial from the development of a single service site in the South of Cambridgeshire. The Final Business Case for this work is nearing completion. The partnership will seek to keep abreast of developments in view of whole systems working development.</p>	<p>Green</p>	<ul style="list-style-type: none"> Waste element of MAC project now agreed to focus on a ‘Waste Hub’ at Waterbeach. A ‘MiniJOC’ for other public multi-agency public services now separate MAC project beyond RECAP interest. SCDC now fully operational from new depot since October. City/SCDC Strategic Officer Group now established seeking a single service solution delivering to both Councils. Dependant on Outline and Full Business Cases in July & October 2014, Waste Hub co-location envisaged during 2015. Site has scope for future partner expansion, subject to planning considerations. <p>Key Assumptions: co-location must identify least cost to public purse and facilitate operational efficiency and responsiveness. *</p>

GLOSSARY

Term	Meaning	Detail
CLO	Compost Like Output	The end material produced from black bin residual waste following the MBT process and which is currently landfilled.
EfW	Energy from Waste	A facility/process by which waste is incinerated to produce power, normally electricity, as an alternative to landfill. (NB: EfW facility currently under construction by PCC to dispose of Peterborough's waste. Cambridgeshire waste is treated through the Amey Cespa facility, mainly by MBT)
JVP	Joint Vehicle Procurement	Projects where RECAPO is seeking efficiencies through how it buys, common vehicle specifications and buying collectively
JWOG	Joint Waste Officers Group	Senior Waste Officers meeting of all RECSAP partner Councils that guides consideration of waste collections and disposal matters, including responses to new legislation and government policy.
MBT	Mechanical & Biological Treatment	The process by which black bin residual waste is treated at Amey Cespa, Waterbeach to reduce volume of material and form CLO prior to landfill.
MRF	Materials Recycling Facility	Facility where blue bin recycle materials are sent for separation, bulking and onward sale for reuse.
OSD	Optimum Service Design	The type of collection and disposal service arrangements across RECAP that seeks to reduce cost and maximise income.
PFI	Private Finance Initiative	Used to describe the arrangement between Cambs County Council and the contractor Amey Cespa for disposal of Cambridgeshire waste at the facility at Waterbeach.
RCV	Refuse Collection Vehicle	The vehicles used to collect waste, usually 26tonne freighters.
RECAP	Recycling for Cambridgeshire & Peterborough	The Waste Partnership, comprising Cambridgeshire County and the 5 District Councils and also Peterborough City (Unitary).

RDF	Refuse Derived Fuel	Material formed largely from residual waste that can be burnt for energy and to reduce landfill of waste materials.
SLA	Service Level Agreement	Document setting out arrangements by which services are delivered by one party on behalf of another.
TEEP	Technically, Economically & Environmentally Practicable	The tests required to be considered under the Waste Framework Directive and Regulations in determining by 2015 whether recyclate materials need to be collected as source separated rather than comingled in order to generate quality materials for reuse.
WCA	Waste Collection Authority	The District Councils – which have a statutory duty to collect household waste.
WDA	Waste Disposal Authority	The County Council - which has a statutory duty to dispose of household waste. (NB: Peterborough City being Unitary, is both a WCA & WDA)
WSA	Whole Systems Approach	The programme under which Leaders and Chief Executives have sponsored the waste efficiency projects seeking to reduce service cost and maximise income through collaborative working.
WSAPB	Whole System Approach Project Board	The group of senior waste officers (Directors and Heads of Service) that monitor delivery of the WSA.