

## **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE MEETING: 12<sup>th</sup> JANUARY 2005**

### **REPORT OF THE STRATEGIC DIRECTOR – OPERATIONS**

#### **SOMERSET WASTE PARTNERSHIP - CONTRACT INTEGRATION (This matter is the responsibility of Executive Councillor Edwards)**

##### **1. PURPOSE OF REPORT**

- 1.1 To consider the proposal to integrate Taunton Deane's Waste Collection Contract with other Somerset Waste Collection Authorities and to delegate political responsibility for waste management services to a "Waste Board" made up of political representatives from all the Authorities involved.

##### **2. SUMMARY**

- 2.1 Eunomia Research & Consulting has recently undertaken work on behalf of the Somerset Waste Partnership investigating the business case for the integration of waste collection contracts across Somerset. This has been seen as the logical "next steps" following on from previous collaborations. Such developments would take the Partnership into a more formalised joint working arrangement and as such necessitates the commitment of participating authorities. This report summarises the key potential advantages that may accrue to Somerset waste authorities through further collaboration, together with the potential disadvantages and the key risks as identified in the Eunomia report. The key driver for the current consideration of this subject is the procurement cycle for waste collection services as both Taunton Deane and Mendip have contracts that have been extended to the Spring of 2006.

##### **3. BACKGROUND**

- 3.1 The development of further integration of services was a key outcome of the Joint Waste Best Value Review Continuous Improvement Plan (CIP) that was adopted by the Council in Spring 2002.
- 3.2 The proposal to integrate contracts was seen as a means of reducing the financial burden of meeting increasingly challenging statutory targets for recycling and waste minimisation.
- 3.3 Since the adoption of the Waste CIP a number of achievements have been made within the Partnership:
  - Joint commissioning of kerbside recycling contracts across 4 district councils in 2003 (for 2003 recycling targets)

- Joint appointment of the Somerset Waste Action Programme (providing awareness raising and education to schools and community groups)
- Introduction of new recycling and waste services in 2004 (for 2005 recycling targets)
- New arrangements at the County Council's Household Waste Recycling Centres (for 2005 recycling targets)
- Improved arrangements for the identification and disposal of abandoned vehicles

3.4 Contract Integration was always seen as the most significant aspect of the CIP. It meant the SWP could move from a relatively loose partnership with no executive authority to a fully functioning Executive Board. It has therefore taken time to develop the approach and discuss the implications for each individual Council.

3.5 In June 2004 the SWP agreed to develop the business case for Contract Integration. A project team was set up as follows:

Sponsor	–	SWP Directors Group
Direction and Overview	–	Bet Perrins, SSDC
Project Manager	–	Gary Russ, SSDC
Service Input	–	Bruce Carpenter, TDBC
Analysis and Advice	–	Eunomia Research and Consulting (funded by DEFRA)

3.6 The business case was reported to the SWP on 10 December 2004 when all partners agreed that contract integration offers potential benefits to the partner authorities and it was agreed in principle that it should be progressed.

3.7 Each Council now has to give formal agreement to pursue the formation of the Somerset Waste Board and contract integration, subject to detailed work on the constitutional and management arrangements and the procurement strategy.

#### **4. BUSINESS CASE FOR CONTRACT INTEGRATION**

Eunomia Research and Consulting (a company specialising in waste matters) was commissioned to investigate the potential business case for contract integration. Joe Papineschi, a Director of the company, undertook the research and presented his report to the SWP on 10 December 2004.

##### **4.1 Contract Integration – A Definition**

4.1.1 In the context of this report contract integration means:

- (a) The formation of a single Somerset Waste Board that has executive responsibility for all waste collection, disposal and recycling services provided by all of the Somerset Councils;
- (b) The establishment of a single client function of officers, responsible to the Board for delivery of the services;
- (c) The tendering and management of contracts to provide the waste services - the packages of work to be agreed by the Board.

4.1.2 As with any change of this magnitude the devil will be in the detail. Work now needs to be undertaken on possible constitutional arrangements, the high level procurement strategy and further research to inform the assessment of risks, costs and benefits.

## 4.2 **Market condition and other drivers**

### 4.2.1 The Municipal Waste Management Market

The private waste management industry in England now controls around 60% of the municipal waste market. This in turn is dominated by seven companies each turning over £100m plus, three of which have little or no interest in waste collection. The turnover curve drops rapidly once outside this “first division”. There is a relatively low profitability for most of the major players and a high degree of indebtedness. The likely impact of this as it relates to waste collection in Somerset is that the industry is becoming increasingly selective in its tendering activity. However, there is potential to conclude contracts at favourable prices in these market conditions and local authorities that can offer an attractive combination of service packaging, contract length, a partnering approach and clear tender documents should be well positioned to “stand out” from the crowd of municipal waste management procurements.

### 4.2.2 Government Policy

Government policy is largely driven by the goal of compliance with the Landfill Directive Article 5. In summary this means that Government policy will require significantly higher environmental performance from municipal waste management whilst being supported by a diminishing level of financial support from the Treasury.

## 4.3 **The Potential for Efficiency Savings**

The aim of the Eunomia research was to quantify, where possible, or at least describe the potential advantages that might accrue to the Somerset waste authorities through contract integration. The benefits were identified across five themes:

### 4.3.1 Contractor Efficiency

The extent of efficiency gain on the contractor side that would be realised depends largely on the contract strategy and quality of the procurement process. Some potential does exist to benefit from efficiency gain in terms of logistics, but this is both marginal (worth a maximum of perhaps 1-2% of contract value) and uncertain. Essentially, the current operations are likely to have already benefited from the driving

out of most inefficiencies. Most refuse and recycling operations are already area based or ‘zoned’ and it is difficult to imagine the circumstances where the number of rounds in either service area could be significantly reduced (ie. most vehicles and crews are already highly utilised). However, significant overall potential does exist for efficiency savings. The following table summarises the results of discussions with potential suppliers. It should be noted that Eunomia’s professional judgement has been the ultimate interpreter and arbiter of the information provided by the waste management companies. All potential efficiencies are shown in terms of revenue savings, in effect through reductions in contract payments.

Item	Potential Efficiency Savings	
	Low	High
Logistics flexibility	£0	£150,000
Depot optimisation	£100,000	£200,000
Supervision optimisation	£105,000	£210,000
Bidding costs	£0	£0
Management	£40,000	£90,000
Internal labour cover	£52,500	£105,000
Internal vehicle cover	£30,000	£40,000
Capital financing / purchasing	£10,000	£20,000
Others	£55,988	£111,976
<b>Total savings value (revenue)</b>	<b>£449,476</b>	<b>£1,094,941</b>
<b>Total as a proportion of current contract cost</b>	<b>4.0%</b>	<b>9.8%</b>

Clear potential to deliver cashable efficiency gains does appear to exist on the contractor side. These are based on estimated contract costs of current services following full roll-out of currently planned recycling and composting schemes. These savings are significant and are not considered to be over optimistic.

However, the delivery of these savings are predicated on two issues that carry significant risks:

- The need to achieve optimisation of depots and reducing depot numbers from the current seven major sites.
- The integration of work forces and implementation of parity in terms and conditions.

#### 4.3.2 Client Efficiency

The substantial centralisation of client operations and the political process as it relates to waste offers significant opportunities to reduce duplication of activity that inevitably exists between the separate District clients. Further synergies exist when the implications of the County waste operation are considered. The table below illustrates the scale of the current client operations, based on Eunomia’s survey of the Somerset authorities.

Item	Districts		County		Both Tiers	
	FTE	Spend (£'000)	FTE	Spend (£'000)	FTE	Spend (£'000)
Monitoring/inspection	4.31	105	3.05	81	7.36	186
Contract management	3.31	109	2.28	90	5.59	199
Performance management	2.38	66	1.71	66	4.09	132
Admin/finance management	4.75	107	5.19	143	9.94	251
Promotion of recycling	3.19	81	1.74	54	4.93	135
Policy/strategy/democratic process	2.21	105	1.53	68	3.74	174
<b>Total</b>	<b>20.15</b>	<b>574</b>	<b>15.50</b>	<b>502</b>	<b>35.65</b>	<b>1,076</b>

As can be seen the current client side costs of waste management in Somerset are not insignificant. Including the impacts of waste management on partially central functions such as financial management and engagement with the democratic process, the survey suggests that over 20 full time equivalents (FTE) are engaged in delivering waste management services in the Districts, at an approximate cost of £547,000. If the County is included, the headcount increases to almost 36 FTE at a cost of some £1.08 million

#### 4.3.3 Procurement Advantages

The efficiencies that might result from collaboration on the procurement process itself fall into three categories. Firstly, direct savings that might accrue from the minimisation of duplication of effort (ie. one or two projects, rather than five to ten). Secondly, the improvement in process and contract documents that might result from pooling knowledge and resources and consequent benefits in terms of ongoing contract management. And thirdly the impact of collaboration, in terms of quality of process, differentiation of the 'Somerset offer' and the sheer scale of the project on interest from potential bidders and therefore on completion and, ultimately, price.

Eunomia have estimated that the savings relating to reduced direct spend on procurement would be worth between £240,000 and £360,000. These savings would be one-off and generally only happen every seven (or so) years. These therefore equate to savings of between £34,300 and £51,400 per year.

The impact of a high quality process and contract documents, combined with the scale of an integrated contract is likely to have a positive impact on competition (and therefore price). The effect of competition on price is obviously difficult to estimate, but the assumption made in the cost modelling has been that optimal competition (i.e. at least two very keen bidders) would have the impact of reducing tender prices (based on the full roll out specification) by between £54,000 and £154,000 or 0.5% to 1.5% of the estimated tender price.

#### 4.3.4 Vertical (Collection/Disposal) Integration

The split between the administration of waste collection and disposal in two-tier areas is obviously something of an artificial one. The current situation, where the two functions are largely funded separately (perhaps apart from recycling credits, which are in any case under review by DEFRA) creates a situation where it is possible for the interests of the upper and lower tiers to diverge.

A good example of this might be on the provision of waste transfer stations. Whilst the upper tier is responsible for paying for transportation from transfer stations to disposal sites, it is clearly in its interests for the number of these to be optimised in terms of location relative to disposal sites, as opposed to collection rounds. Indeed, the ideal solution for the upper tier might be to provide no transfer stations at all, requiring collection authorities to drive collection vehicles straight to disposal facilities, potentially incurring the additional cost impact of shortened vehicle life from driving onto landfill tip faces. Clearly, the optimal solution from a collection authority's point of view might be to have transfer stations dotted around their district, allowing full vehicles to drive a short distance to tip and allowing much higher collection productivity and return on capital investment.

The current situation relies on fairly open legislation and the commitment of local authorities generally to work together. However, the result even in terms of this example is rarely optimal. The lack of a clearly shared financial arrangement for services that interface to the extent they are clearly 'one system' becomes more problematic during periods of change to that system. In particular, the need to dramatically increase diversion from landfill has obvious implications for the relationship, since the responsibility (and capacity) to fund sorting, composting and treatment facilities resides primarily at the upper tier but such investments must be made in line with the plans for collection arrangements by collection authorities. The advent of the Landfill Allowance Trading Scheme, which has the potential to expose the County Council to millions of pounds of additional costs between the later years of this decade and 2020 and the 'offsetting' of that risk by the granting of a power of direction to the County over the Districts has brought the need for collaboration between the tiers into sharp focus.

The existing SWP is one of the best examples of collaboration between waste collection and disposal authorities in England and already provides a forum for addressing these issues. However, its powers are limited and the requirement for all major decisions of the partnership to be ratified by each member authority obviously has implications for the speed of decision making.

Eunomia did not attempt to quantify the advantages that common sense implies should result from the integration of the strategy, policy development and client functions of both tiers, along with a large part of the political and administrative activities associated with waste management across Somerset. However, it is likely that some tangible as well as intangible improvements should result, including:

- the optimisation of waste management infrastructure in relation to both collection and treatment and disposal;
- an improvement in the delivery of the Somerset Municipal Waste Management Strategy, through better leadership and decision making;
- joint responsibility of all authorities for decisions and services that will effect all Somerset county tax payers; and

- the right incentives to foster collaboration generally between the tiers, maximising the potential for delivery of best value across both functions.

#### 4.3.5 Added Value

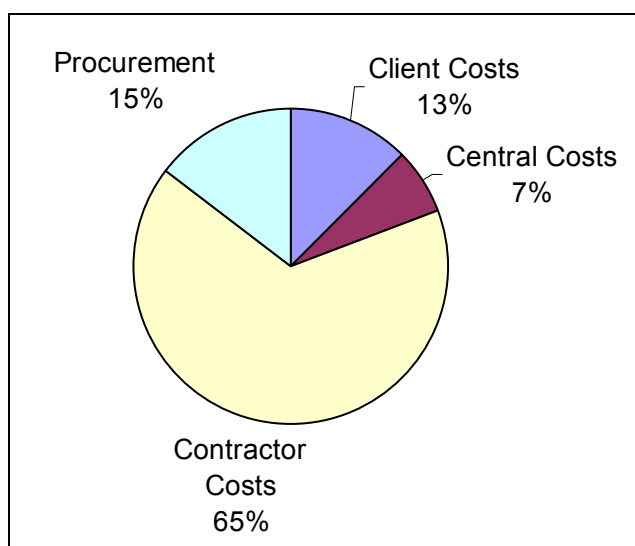
The client side efficiency savings outlined above would be largely non-cashable. In other words, they would release resources that could be used elsewhere within the beneficiary authorities. In doing so, they ought to have the potential to add value over and above the value of the costs of employment associated with them. Additionally, the nature of the collaborative approach to waste management service delivery may have further potential to add value by improving service levels without incurring additional cost. As these added value aspects of contract integration are difficult to quantify, especially prior to agreement of, for example, the precise nature of the ‘pooled’ client, they have not been considered in the cost modelling. However, they should be taken into consideration where possible, and may include:

- Increased specialisation; waste management is becoming increasingly technical and the technical risks are, as a result, becoming more difficult for non-specialists to manage. Whilst the level of expertise within the Somerset authorities is certainly high by national standards, it may be possible to gain from the development of a dedicated waste management team, resourced centrally and charged with managing the collective risks of all Somerset authorities as legislative, regulatory and technical change continues to impact on the ways services are delivered;
- Focus on other corporate priorities; whilst the SWB would not absolve member authorities from their statutory duties for waste management, it should be capable of providing some ‘insulation’ for authorities from the day to day challenges of waste management without compromising local accountability or service quality. In this way, authorities would be able to redeploy resources at all levels in the direction of other corporate priorities;
- Funding and best practice; the contract integration project is well aligned with the policies and objectives of central Government and the stated views of the Audit Commission. DEFRA and ODPM are currently funding research into approaches to creating ‘virtual’ single tier waste authorities in two-tier areas and it is difficult to imagine, given the general thrust of policy, that the Somerset authorities would not be able to continue to access central Government funding as a direct or indirect result of the project. There is little doubt that the issues relating to two-tier areas in waste management will continue to demand resolution and the development of best practice in Somerset is likely to bring many advantages, not least in terms of CPA.

#### 4.3.6 Conclusions on Efficiency Savings

The table below summarises the results of the cost modelling of potential efficiency savings. The figures (taken from Eunomia’s report) only take account of three of the five themes and, within the three, the policy has been to provide conservatively low estimates and not overly ambitious high estimates.

	District Councils		County Council		Both Tiers	
	Low (£'000)	High (£'000)	Low (£'000)	High (£'000)	Low (£'000)	High (£'000)
<b>1 Client Costs</b>						
Monitoring and inspection	26	53	12	20	39	73
Contract management	27	54	13	22	41	77
Performance management	17	33	10	16	26	49
Promotion of recycling	20	20	8	13	28	34
<b>2 Central Costs</b>						
Admin/financial management	27	27	22	36	48	63
Policy/strategy and political process	26	53	10	17	37	70
<b>3 Contractor Costs</b>						
Logistics flexibility	0	150			0	150
Depot optimisation	100	200			100	200
Supervision optimisation	105	210			105	210
Management	40	90			40	90
Internal labour cover	53	105			53	105
Internal vehicle cover	30	40			30	40
Capital financing/purchasing	10	20			10	20
Profit margin	54	154			54	154
Others	56	112			56	112
<b>4 Procurement</b>	34	51			34	51
Total Client Efficiency Savings	90	160	43	72	134	233
Total Central Efficiency Savings	53	79	32	53	85	132
Total Contractor Efficiency Savings	448	1,081	0	0	448	1,081
<b>Total Efficiency Savings</b>	<b>625</b>	<b>1,372</b>	<b>75</b>	<b>125</b>	<b>701</b>	<b>1,498</b>





The review compared the savings identified relative to current Somerset district council's spending as follows:

<b>District Council Budgets only</b>	<b>Low</b>	<b>High</b>
Estimated Total Efficiency Savings	£625,324	£1,372,373
Estimated Cashable Efficiency Savings	£447,509	£1,081,036
Total Savings as Proportion of Budget (Base)	7.4%	16.3%
Total Savings as Proportion of Budget (Roll-out)	5.3%	11.6%
Total Cashable Saving as Proportion of Budget (Roll-out)	3.8%	9.2%

<b>All SWP Budgets (districts and county)</b>	<b>Low</b>	<b>High</b>
Estimated Total Efficiency Savings	£700,577	£1,497,796
Total Savings as Proportion of Budget (Base)	7.8%	16.7%
Total Savings as Proportion of Budget (Roll-out)	5.7%	12.1%

<b>Savings per Capita/Household</b>	<b>Low</b>	<b>High</b>
Estimated Total Efficiency Savings	£625,324	£1,372,373
Savings Per Capita	£1.25	£2.75
Savings Per Household	£2.97	£6.52

<b>Notional allocation of savings by District</b>	<b>Low</b>	<b>High</b>
Mendip	£130,406	£286,198
Sedgemoor	£132,914	£291,702
South Somerset	£189,465	£415,812
Taunton Deane	£128,651	£282,345
West Somerset	£44,012	£96,592

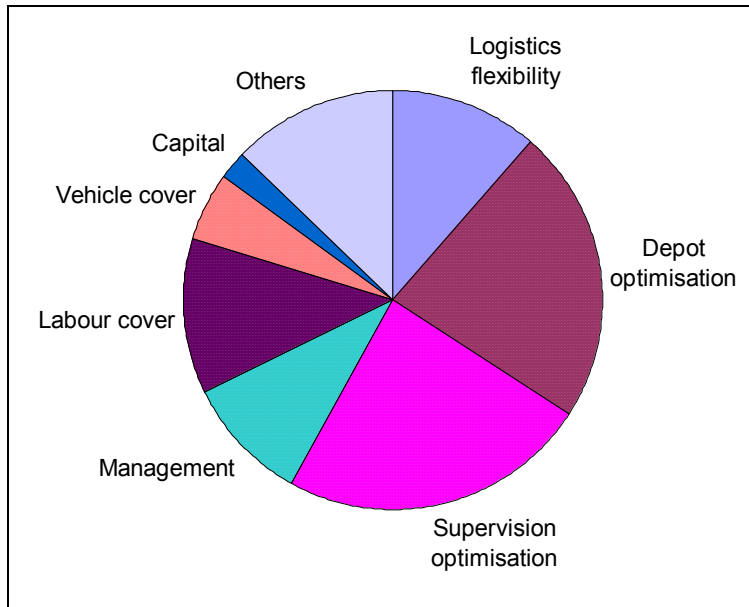
(NB – these figures are estimated purely on a pro rata to population basis)

#### 4.3.7 Risks

The elaboration of the advantages offered by contract integration has been the dominant feature of this report so far. However, it is essential that contract integration is not seen as a panacea for all that is a problem or will be a problem in the future with waste management in Somerset. It can evidently help to drive the efficiency of service delivery and has the potential to rationalise the relationship between the tiers to the general benefit of cost effective delivery of the sustainable resource management agenda through the Somerset Municipal Waste Management Strategy. These are clear advantages that must be considered seriously; but alongside these potential advantages, two other factors must be considered. Firstly, the risks that might place the advantages in jeopardy and secondly the disadvantages that may also result from integration. These factors are not considered in detail in this report for two reasons; firstly, because the accurate assessment of risk will require further research; and secondly, because the advantages and disadvantages relate more to *how* contract integration is delivered, rather than *whether* it is, and as such cannot be commented upon in detail until work has progressed further on, for example, the possible constitutional arrangements.

There are two major (and related) risks, which have been discussed already that have the potential to impact on the significant bulk of the efficiency savings identified. The

potential contractor side efficiency savings suggested equate to 65% of all savings identified (as an average of the ‘high’ and ‘low’ scenarios). The chart below illustrates the extent of those savings, again based on the average of the two scenarios that are predicated partially or fully on depot optimisation (the dotted segments, which represent in total 64% of contractor side efficiency savings).



So, in essence, an average of 42% of total District level efficiency savings, equivalent to an average of £416,000 is exposed to the risk associated with dependency on the delivery of depot optimisation. It should be noted that not all of that £416,000 would be ‘at risk’ if depot optimisation failed to materialise, as a majority of the dotted segments are only partially predicated on it; but also that the impact of those partially dependant items would probably be very significantly reduced in such circumstances.

The key risk factors to the delivery of depot optimisation relate to the obvious development problems so well known to the waste management industry. The risks associated with finding and securing appropriate sites, acquiring planning permission and site licences, financing and developing them are numerous. The obvious next step is to conduct an initial feasibility study against which a full risk assessment can be carried out, taking account of the locations of current depots, other potentially usable land holdings, the status of sites in development plans and their locations in relation to areas of population, the road network and likely tipping points. This work, if progressed rapidly, should allow the assessment of depot optimisation related risks to be assessed early in the New Year.

The second key risk to the contractor side efficiency savings suggested relates to both TUPE and depot optimisation. The clear thrust of Government policy is for public sector service providers and their contractors to move towards a situation where multi-tiered workforces (in terms of varying terms and conditions, and increasingly pension arrangements) are minimised. Where work forces employed by more than one contractor or authority are integrated, the tendency is, of course, for harmonised terms and conditions to gravitate towards those of the best rewarded. Whilst there is currently no statutory duty to achieve single-tier working by a particular date (and indeed it is difficult to envisage full parity between many merged municipal

workforces being achieved for a considerable time to come), Government has provided a code of practice that implies to many that single-tier workforces will be enforced at some point in the future. The potential therefore exists for efficiency gains achieved on the contractor side to be substantially offset by increased unit labour costs across the formerly lower-paid elements of the workforce. This risk may be exacerbated by the merger of the South Somerset DLO workforce (which one might assume is paid more than the average of the outsourced workforces) and depot optimisation, which is likely to result in workforces employed on several different contracts being located together. Again, this risk can only begin to be quantified following analysis of current levels of variation in terms and conditions of the different workforces, which should be progressed early in any potential next stage of the project.

A number of other risks may be associated with contract integration, some related to this project in particular and others to procurement and reorganisation of administration more generally. A full risk assessment, identifying these risks and evaluating their potential magnitude, likelihood, and mitigation measures should be prepared to inform the next stage of the project, if the partners wish to proceed further.

#### 4.3.8 Disadvantages

As discussed above, most of the potential disadvantages of contract integration relate to how such integration might be executed. For example, loss of local accountability for service quality may be a disadvantage, but only if the development of constitutional arrangements results in a structure that diminishes local accountability. Indeed, most of the strictly practical disadvantages are surmountable. Ultimately, it will only be through the evaluation by each authority of the potential risks and rewards of the approach that emerges from any future development of constitutional and procurement arrangements that the decision as to whether to adopt that approach can be made. Clearly, a key issue wherever the roles and responsibilities of authorities are being considered for change relates to potential loss of control or sovereignty. In this case, it should be possible for each authority to have increased influence over a wider range of services that affect their residents, ideally without excessive compromise of accountability or control of what happens locally. However, it is obviously the case that some of these considerations have political dimensions that cannot really be addressed through this type of research.

It will be important in the next stage of this project that a more detailed assessment of costs versus benefits is made. However, this work can only be undertaken following some further development of how contract integration would work in practice.

#### 4.3.9 Conclusions

There are evidently significant opportunities for efficiency savings as a result of contract integration, both in terms of reducing contractor costs and improving the efficiency of the administration of waste management services.

These opportunities are of a magnitude and apparent level of deliverability that should be taken seriously. The savings outlined in the review assume that all five districts and the County Council participate fully. The potential savings arising from contract

integration will reduce if one or more of the districts do not participate or if the County Council did not.

The following table attempts to quantify the effect of less than full participation – but these figures are very crude estimates and should be treated with caution. The scenario illustrated assumes that only Mendip, Taunton Deane and South Somerset participate in contract integration and takes no account of synergies relating to the County.

<b>Efficiency Savings vs. DC Budgets</b>	Low	High
Estimated Total Efficiency Savings	£320,626	£826,255
Estimated Cashable Efficiency Savings	£218,973	£650,883
Total Savings as Proportion of Budget (Base)	5.5%	14.1%
Total Savings as Proportion of Budget (Roll-out)	3.5%	8.9%
Total Cashable Saving as Proportion of Budget (Roll-out)	2.4%	7.0%

This scenario has been modelled by Eunomia as it represents a realistic option including the three districts that have historically shown greatest enthusiasm for the project. Other configurations of districts would produce different results, but this option serves to illustrate the relative loss of efficiency resulting from a smaller partnership. In this scenario, savings per household reduce from between £2.97 and £6.52 per annum to between £2.13 and £5.49.

#### 4.3.10 Next Steps

If the recommendations are agreed there is clearly a huge amount of work to be undertaken, falling into 3 broad categories:

- Constitutional arrangements (scope of responsibility, size of the Board, delegated authority, voting rights, etc)
- Management arrangements (establishment of organisation structure, location of Client side base, HR procedures to appoint to the Team, redeployment, etc)
- Procurement Strategy (decisions on work packages, tendering arrangements etc)

There are 2 councils (Taunton Deane and Mendip) within the current SWP who have waste collection contracts that expire in March 2006, one that expires in September 2006 (West Somerset) and one that expires in February 2007 (Sedgemoor). SSDC is the only in-house operation that could, in theory, join the partnership at any time (provided that the normal employee consultation procedures are followed).

If all councils agree to participate, Taunton Deane and Mendip are willing (subject to discussion with their contractors) to extend their current contracts by six months to provide time for the partnership work to be completed. That would mean a start date from any new contracts of 1 October 2006. Even then the programme of work will be challenging.

Some work on the constitutional arrangements is already being undertaken by Eunomia and will be considered by SWP Directors Group in December and January. A meeting of the SWP has been arranged for 21 January 2005 to review the decisions of each Council and start the work on developing the new Somerset Waste Board.

If TDBC agrees to participate there will be some costs associated with the work. A project team will need to be established and a shadow Board appointed to monitor progress. It is possible that further DEFRA funding could be awarded to enable Eunomia to continue to support the work. Government considers the creation of such a Board to be an effective alternative to local government reorganisation and would enable Somerset Councils to meet the savings targets defined in the Gershon Efficiency Review. No joint waste boards have been established to date – although a couple are making some progress towards it – and DEFRA are likely to support this type of development.

#### 4.3.11 Financial Implications

Participating in this development is estimated to save TDBC between £125,000 and £280,000 on an on-going revenue basis. The figures are only estimates, and until the new management structure is established (and posts filled) and tenders for work are received the actual costs cannot be known.

At this stage the budgets included in the Medium Term Financial Plan will remain unchanged and adjustments would only be proposed once figures are more firmly established.

Initial expenditure arising from the project will be funded from existing budgets

### **5. IMPACT ON CORPORATE PRIORITIES**

5.1 The impact relates to the Environment and Delivery corporate priorities.

### **6. CONCLUSION**

6.1 There are evidently significant opportunities for efficiency savings as a result of contract integration, both in terms of reducing contractor costs, improving the efficiency of the administration of waste management services and in the procurement process. These are most significant if all five districts and the County Council participate fully but are still apparent if a smaller number of Districts agree to participate. There are also risks to be considered but taking into consideration current Government policy and current market conditions, the potential advantages outweigh the risks, as they are understood at the moment.

### **7. RECOMMENDATION**

7.1 It is **RECOMMENDED** that, subject to the consideration and approval of detailed constitutional and management arrangements by the Executive at a future meeting, The Executive now approve in principle the following:

- 1) TDBC participation in cross county contracts for the collection of waste for recycling and disposal
- 2) Delegation of decisions on specific waste collection matters to the Somerset Waste Board (SWB)
- 3) Agreement to the establishment of a single “client” management structure reporting to the SWB
- 4) Agreement to the pooling of waste disposal, collection and recycling budgets across the 6 partner councils of the SWB
- 5) Authorisation for the Portfolio Holder for Environmental Services to represent TDBC in the detailed discussions and negotiations

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