Department for Communities and Local Government

Household Waste Collection: Procurement Savings Opportunities

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Department for Communities and Local Government

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Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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Ministerial foreword

I truly welcome this report which demonstrates how local authorities can make savings from joining up their procurement processes where waste management goods are concerned. As it recalls, the Secretary of State was keen for successful bidders to the Weekly Collection Support Scheme to take the opportunity to build procurement partnerships given so many were buying the same goods in a similar timeframe. However, few did, and this seems a missed opportunity. The three case studies outlined in this report make clear the savings that can be achieved.

This lack of 'join-up' is not unusual. There appears to be a general tendency across local government to see the procurement of waste management goods as restricted by local authority boundaries. We know some county-level Resource and Waste Partnerships have facilitated joint procurement for their districts and this is welcomed. But neither a district *nor* county boundary prevents the buying of goods with local authorities further afield where opportunities to generate savings are concerned.

Local authorities no longer have the luxury of being able to buy waste management goods alone - they need to work together to deliver the best value for money, as well as share resources, knowledge and best practice. Ultimately, buying better is vital to help the public sector deliver its services.

Tax payers are right to expect the most cost effective processes and will hold their local authority to account if they fail to make the necessary changes to drive better procurement.

This Government has introduced a range of key public sector procurement reforms for local government. It cannot deliver better local procurement itself but has created the right conditions for it by eliminating unnecessary red tape and removing barriers to local innovation. It is now up to the local authorities themselves to take the initiative, and capitalise on the opportunities this report suggests are available.

Kris Hopkins MP

Local Government Minister

Household Waste Collection: Procurement Savings Opportunities

1. Introduction

1. In November 2012, the Secretary of State for Communities and Local Government, the Rt Hon Eric Pickles MP, announced the successful bids to the £250 million Weekly Collection Support Scheme[1]. Most of these bids involved projects requiring significant procurement of waste goods, particularly refuse collection vehicles, wheeled bins, and food waste caddies, through which to deliver improved waste and recycling collection services. He encouraged local authorities to work together to procure the best deals as consortiums or groups to ensure value for money for the taxpayer. As an incentive, councils receiving funding from the scheme could keep the savings they made.

2. Ultimately, though, few consortiums were formed. Wider investigation suggests joining up is uncommon where such goods are concerned, particularly outside of county boundaries. For example, local authorities rarely come together to purchase wheeled bins[2]. The findings of a recent survey of local authorities included many examples of re-designing waste services and working in partnership to make efficiencies, but not where joint procurement of goods is concerned[3].

3. The target audience for this report are local politicians and council officers in finance, procurement, waste and fleet management who should consider the opportunities for savings when waste management goods are being procured. The report highlights:
   i) Best practice and opportunities where joint procurement of waste goods such as wheeled bins and refuse collection vehicles is concerned; and
   ii) The scope for savings from national standards and specifications of waste goods.

4. The report collates findings from a short study of both the public and private sectors and information from experts in this field. It finds that **savings of up to 10 per cent on vehicles and 35 per cent on wheeled bins can be achieved** through clearer specification and procuring in larger volumes in partnership with other councils. It estimates that the scale of these opportunities total **over £70m per year**.

5. The key learning points from this report are:
   - The need to standardise and reduce variations;
   - The need to procure in higher volumes;
   - The need to share information through a national pipeline to enable procurement partnerships to be established;
   - The need to ensure contract clauses are included in procurement documents to allow pricing to be disclosed;

[1] https://www.gov.uk/government/news/weekly-collection-saved-as-government-scheme-delivers-for-6-million-families
[2] Green Alliance/Circular Economy Task Force (2014); Wasted opportunities: smarter systems for resource recovery. See: http://www.green-alliance.org.uk/resources/Wasted_opportunities.pdf
[3] http://www.ciwm.co.uk/web/FILES/Technical/CIWM_Ricardo-AEA_Waste_on_the_Front_Line-Challenges_and_Innovations_Feb_2015_v3_Issued.pdf

- The need to share commercial information within the public sector to allow benchmarks to be established; and
- The need for officers to include cost information in their option appraisals that informs local decision makers of the impact of non-standard specifications.

2. Overview of existing household waste collection arrangements

6. To understand the potential for savings it is important to recognise:
   - The size of the market for individual commodities;
   - What drives purchasing practice; and
   - The pattern of typical purchases made by councils in this marketplace.

7. This section will touch on some of the key variables relating to how procurements can be aggregated to provide greater purchasing power.

Scale

8. There are an estimated 23.3 million dwellings in England and nearly all receive a weekly or fortnightly residual waste collection with some form of recycling collection of one or the other frequency.

9. Data collected from a sample of frameworks and procurements shows a wide range of typical specifications in use or available to councils with regard to wheeled bins, refuse sacks, and refuse collection vehicles. While councils should tailor their services to local needs, especially given the differences between urban, suburban and rural communities, the lack of any common standard on bins or rubbish trucks, or colours of recycling bins, increases the costs of procurement.

10. In addition, evidence to an Environmental Audit Committee 2014 inquiry suggested messages about recycling are made more complicated by the fact that different waste collection schemes are in place in different parts of the country[4] and analysis by SITA UK argued the proliferation of different collection schemes is one of the reasons why England's recycling rates are stalling[5].

Local differences in collection processes

11. Waste collection authorities in England make individual choices concerning the extent and the manner in which they collect waste. The collection arrangements deployed by councils are influenced by a number of factors including:
    - Local waste disposal methods available, for example: landfill; Mechanical Biological Treatment; and incineration/energy from waste;
    - Degree of access to a quality Materials Recovery Facility which can enable residents to co-mingle their dry recycling (paper, card, metals, plastics, and glass);
    - Maintaining weekly collections in response to local demand for this level of service;
    - Local policy response to England and Wales Regulations relating to separate recycling collection;
    - Local recycling strategy, for instance local recycling targets, and whether co-mingled, kerbside sort, or source segregated recycling has been adopted;
    - Local built environment (urban/rural, high rise flats and estates, narrow streets, traffic levels, journey times for a refuse collection round);
    - Budget availability;

[4] http://www.publications.parliament.uk/pa/cm201415/cmselect/cmenvaud/214/21405.htm#a8
[5] As reported in *The Times*, 27 May 2014, http://www.thetimes.co.uk/tto/environment/article4100862.ece

- The economics and consideration of landfill tax influenced by Waste Disposal Authority arrangements; and
- Existing contractual arrangements.

Local differences in waste collection containers needed

12. Linked to the above, local differences in collection processes and containers can be due to the balance struck between source separated systems (which require more bins or boxes, but simpler and cheaper post-collection handling) and co-mingled collection (which require fewer bins but more infrastructure to separate the waste at a Materials Recovery Facility).

13. For households using the latter system, their waste and recycling collection process is relatively simple to use, requiring single bodied refuse collection vehicles to collect:
    - A mixed co-mingled dry recycling wheeled bin or bag;
    - A residual waste wheeled bin or bag; and potentially
    - A garden waste wheeled bin or bag.

14. Greater segregation has been designed for households using source separated systems and may require them to present:
    - Two to four boxes or bags for dry recyclates;
    - A caddy for food waste;
    - A garden waste wheeled bin or bag; and
    - A residual waste wheeled bin or bag.

15. A recent National House Building Council Foundation report[6] confirms there are wide variations in the number, type and size of bins and other containers required in different local authority areas.

Local differences in refuse collection vehicles

16. Vehicle choice is influenced by the level of separation in the waste streams collected at the kerbside. Arrangements involving greater segregation of recyclates for collection may require support from the following separate vehicles:
    - Single bodied refuse collection vehicle;
    - Split bodied refuse collection vehicle; and
    - Multi-compartment vehicles for kerbside sort.

17. This, together with operational distances travelled and street configurations, helps to explain the diversity in the types of containers and vehicles used in collection systems.

Opportunities for local authorities to consider joint procurement

18. Wheeled bins tend to have a lifecycle of 10-15 years while for refuse collection vehicles it is 7-10 years. Local authorities can be inclined to replace bins when needed rather than procure in bulk every decade or so. For vehicles, many local authorities stagger their replacement timeframes to 'smooth' capital spend. Nonetheless, given there are around 350 local authorities collecting household waste, this suggests a rough equivalent of 30 councils' requirement of wheeled bins will be bought every

[6] http://www.nhbc.co.uk/NewsandComment/Name,59220,en.html

year[7] and a similarly rough equivalent of 35-50 councils' requirement of refuse collection vehicles will be bought every year.

19. **An obvious opportunity presents itself for local authorities in the form of a 'pipeline' highlighting which local authorities are due to make which large scale procurements and when.** This pipeline would facilitate more joining up of procurement, meaning higher volume orders at a lower price resulting in lower unit costs for local authorities. It could be hosted on the pipeline section of Contracts Finder, now the Government's main advertising platform for both central and local government contracts. Existing pipelines carry £191bn of value to 2019-20 across 19 sectors, one of which is waste, managed by Defra. This approach includes scope to highlight opportunities for small and medium-sized companies, who can often offer increased value for money.

20. Other triggers for procurement in addition to the need to replace outdated bins and vehicles should not be forgotten. These all present opportunities for local authorities to purchase waste goods with others, or harmonise services to fit with others, with the objective of spending less money than they otherwise would have done. They include:
    - Changes to collection regimes that require different containers to be supplied for households (for example a local policy response to England and Wales Regulations relating to separate recycling collection; or a council introducing a separate waste/recycling collection stream);
    - Harmonising collection processes with neighbouring authorities as part of a wider cost reduction strategy;
    - Local housing growth; and
    - A council increasing its provision of trade/commercial waste services.

[7] It is recognised there are also some local authorities that still collect sacks/bags of household waste.

3. Available procurement options

21. Once a procurement need has been established there are several procurement routes commonly available.

Frameworks

22. Frameworks provide the advantage of a pre-qualified supplier list for procuring goods that reduces time to market and may also include standard specifications for such goods. Framework managers can also offer advice on the procurement. This advantage may be offset by their levy of rebates (usage costs) which vary between individual frameworks and can be influenced by factors including procurement value and the specialist input from the framework team.

23. At central government level, the Crown Commercial Services offers access for the public sector to purchase refuse collection vehicles, through its current framework for medium to heavy commercial vehicles (of 7.5 tonnes and above).

24. Procuring authorities have developed a number of local government frameworks that are available for councils to use such as:
    - Eastern Shires Purchasing Organisation. Established in 1981, it has the purchasing power to achieve savings to pass on to customers. It is jointly owned by the county councils of Cambridgeshire, Leicestershire, Warwickshire, Lincolnshire and Norfolk and the city council of Peterborough
    - Yorkshire Purchasing Organisation. It is managed by a committee of elected representatives (local councillors) of 13 public sector member authorities from the North of England.

25. Frameworks have differing requirements so procuring authorities are advised to discuss their procurement needs with framework managers prior to determining the optimum route to market.

26. It should be noted that **geographical location should not pose a barrier to using any of the frameworks or indeed joining with other authorities from an entirely different part of the country to gain the benefits of scale**.

Case Study 1: Using frameworks to save money on the procurement of waste goods for improving recycling in estates across London

Flats and multi-occupancy buildings account for around 50 per cent of all housing in London. In 2010, recycling collected from these properties stood at only 10 per cent; significantly lower than houses. The London Waste and Recycling Board made funding available which triggered a round of bids from 26 London boroughs. In total, 520,000 flats received improved recycling services. This included new food waste recycling facilities and underground recycling storage systems.

On analysing the bids from boroughs, the London Waste and Recycling Board found a number of them required the same or similar items to deliver their schemes and that the total predicted spend to be in excess of £2 million. It determined there were opportunities to procure these items on a bulk buying basis in order to achieve cost

savings, and gained agreement from the boroughs involved. It researched existing purchasing organisations frameworks in place for the purchase of the items required and conducted soft market testing with potential suppliers to get an understanding of where efficiency savings could be made. Boroughs were requested to complete a specification template for each of the items, so the London Waste and Recycling Board could procure them via a mini competition process.

In total the following items were procured:
* 2,400 steel wheeled bins;
* 6,000 plastic wheeled bins;
* 70,000 food waste caddies;
* 225,000 rolls of food waste caddy liners; and
* 2,100 food waste bins housing units.

A total saving of just under £200,000 (or 10%) was realised through joint procurement of containers by a number of authorities and, where practicable, the standardisation of container specification was key to generating the best prices and making highest savings. A key lesson learned for joint procurement of waste management goods was to involve all the partners from the onset of the project to make sure it delivered the items needed at lower prices.

Joint local authority procurements

27. This is simply where authorities work together with a view to sharing procurement cost and gaining market advantage through increased economies of scale and standardisation, whether through a framework or not. However, examples of local authorities joining together to procure waste management goods is relatively rare. This is perhaps surprising since they are often buying the same equipment, and often to the same specification.

Single local authority procurements

28. This is where an authority chooses to procure in isolation. It may be due to the unique nature of the goods to be procured, internal influences or the fact that no suitable partners have been found (and it is difficult for local authorities to establish who is buying what and in what volume in the absence of a local authority ‘pipeline’ of waste goods). Opportunities for achieving significant savings are therefore limited because higher volumes cannot be generated should a council choose to ‘buy alone’.

4. Effective Procurement of Refuse Collection Vehicles

Potential Savings

29. Precise expenditure on "transport" within local authorities' waste collection costs is difficult to establish. While the Chartered Institute of Public Finance and Accountancy[8] and the Association for Public Service Excellence[9] (for example) record such information, it is not always clear whether, particularly for councils with externalised services, such costs are identified in detail. However, procuring in higher volumes leads to significant savings. The case study below highlights a saving of £16,500 per refuse collection vehicle.

Case Study 2: Refuse collection vehicle procurement in Lincolnshire

A project involving the six Lincolnshire waste collection authorities and members of the York and North Yorkshire Waste Partnership saw joint procurement of refuse collection fleets, and associated refuse fleet management and maintenance. The objectives were to:

- standardise refuse collection vehicle specifications;
- identify a single method of vehicle acquisition;
- deliver appropriate provision of vehicle maintenance; and
- use cumulative demand from all the councils to achieve greater value for money.

[8] http://www.cipfa.org/policy-and-guidance/publications/w/waste-collection-and-disposal-statistics-201213-actuals-excel
[9] http://apse.org.uk/apse/index.cfm/members-area/briefings/2012/12-01-refuse-collection-trend-analysispdf/.

According to Carl Miller, Project Manager:

"*Historically, the procurement of refuse fleets had been conducted independently by the individual participating councils. As a result there were differences in their baseline positions including fleet acquisition methods, how maintenance was carried out, vehicle types, replacement cycles, collection cycles and bin types. These differences posed significant challenges in delivering the project objectives because in order to achieve standardisation, change and compromise were required*."

The final specification covered 14 vehicle types (from an initial list of 50 vehicle types used by the different authorities). As well as developing standard vehicle specifications, the project also prepared a common procurement strategy and tender documentation that took account of the needs of the wider partnership.

The financial benefits for the individual councils varied, depending on their previous arrangements. Most of the councils moved from a lease arrangement to outright purchase. As a result there will be savings over the contract life as purchases can be financed at a lower rate than the lease arrangements by accessing borrowing from the Public Works Loan Board.

Based on comparing the lowest tender price against the next lowest one, the savings from procurement of vehicles were £1.85 million. This works out at £16,500 per vehicle (around 10%). The total savings for the four councils involved in joining up fleet management and maintenance are estimated at £2.2 million. As the councils are moving from lease to outright purchase, the eventual revenue savings could be significantly higher. In addition, there were cost savings that came from running one procurement exercise as opposed to several - as a result of the collaborative procurement exercise, each council saved in the region of £10,000.

The delivery of the project also developed strong stakeholder relationships across the participating councils, which will lead to further co-operation and efficiency opportunities.

A standardised fleet means there will also be enhanced opportunities for neighbouring councils to support each other, so improving overall operational resilience.

A key lesson learned for joint procurement of refuse collection vehicles was to involve all the partners from the onset of the project to make sure it delivered the items needed at lower prices.

30. If a broad assessment is taken of the total gross expenditure on 'waste collection' and 'recycling' in England's waste collection authorities of £1.9billion (from Audit Commission analysis[10]) and an assumption that around 25 per cent of costs are 'transport related' (from the Association for Public Service Excellence[11]) it can be estimated that just under £0.5billion is spent on this function. Transport costs can be

[10] http://www.audit-commission.gov.uk/wp-content/uploads/2014/03/Waste-vfm-briefing-26-March-FINAL.pdf
[11] http://apse.org.uk/apse/index.cfm/members-area/briefings/2012/12-01-refuse-collection-trend-analysispdf/.

further broken down into three sub-elements: capital financing/repayments; maintenance/running costs; and fuel, approximately evenly. Therefore, by crudely dividing the half a billion figure by three, vehicle expenditure is estimated at around £167million per year. Using the case study's finding, a 10 per cent efficiency target would yield a saving of £16.7million per annum across England's local authority sector.

31. Consultation with industry produced the following observations on local authority refuse collection vehicle procurement:

Savings are generated by volume orders

- The larger the order, the cheaper the unit price;
- Some purchasing is driven by a local authority's previous procurement process; and
- More innovative thinking and joining up with others will achieve greater savings.

Standardisation will enable more effective joining-up of procurement

- Suppliers can be unclear as to whether specific requirements from similar local authorities are due to different needs or a result of a lack of standardisation. Either way, they make joint procurement more difficult;
- Local authorities can request a range of alterations to the standard specification for refuse collection vehicles, some of which are branding, paint colours and some linked to technology such as GPS. One supplier suggests 95 variants of a recognisable 'refuse collection vehicle' are available, resulting in a unit cost range of £120,000 to £200,000;
- There will be clear benefits in the standardisation of procurement processes including what types of documentation specification are essentially required;
- A clear, well-developed and complete specification, and pre-procurement discussions, are both recommended as altering requirements after contract award can be costly; and
- Local authorities should consider using framework agreements already in existence. However, for large orders of refuse collection vehicles, going direct to the market may provide better value for money (although the process may have to go through the Official Journal of the European Union). It is advisable for local authorities to explore all options including early engagement with existing framework providers. It will greatly improve pricing opportunities if vehicle specifications are standardised as much as possible prior to going to market.

Other factors to consider

- The purchasing interface with councils varies between finance, waste management and procurement. Procurement officials are invaluable but do not always have the technical or operational expertise to recognise vehicle requirements; and
- The operational costs of refuse vehicles - repairs and maintenance, fuel consumption, depreciation and so on – need to be considered in the procurement process as do social value aspects covering apprenticeships and local skills development.

32. It is clear that joint procurement of vehicles, particularly where standards and specifications can be agreed, present an opportunity for local authorities to make savings.

5. Effective Procurement of Containers

33. The key to achieving savings is volume purchase. This is not a revelation but needs reinforcing. In particular, by undertaking joint procurements of wheeled bins or food caddies with other procuring authorities, evidence suggests significant savings can, and have been, achieved. The figures below indicate why this is so.

Standard Size Wheeled Bins

34. Procuring 50,000 240 litre wheeled bins as opposed to 1,000 should realise savings in the range of 35 to 45 per cent.

35. Furthermore, brightly coloured wheeled bins (and there are many different colours of wheeled bin across England!) can prove more costly to produce and thus more expensive to buy. It is also difficult to find other councils that have opted to deploy the same, vivid receptacles with which to join up future procurement. The cheapest wheeled bins are standard grey or black colours and there is a price saving, in the order of 15 per cent, when specifying recycled material versus virgin material for wheeled bins and caddies[12]. Bright colour bins nearly always require virgin rather than recycled plastic. Local residents having to use them might well ask themselves why their local authority is spending more than it needs to on wheeled bins.

36. Where necessary, it is sensible to have some form of colour scheme in place to reduce the risk of recycling contamination but better value can be achieved by using different coloured lids, with a black or grey base made of recycled plastic, rather than different coloured bins themselves.

[12] Local Government Association Report (2013): *Feedback from the Weekly Collection Support Scheme Workshops*

37. In Germany all wheeled bins are the same. The high volume reduces the unit cost. In England, few local authorities jointly purchase wheeled bins, and many insist on expressing local preferences through bin colour, embossed logos and the like. The lack of standardisation and joint procurement means it is estimated each wheeled bin costs £5 more on average in England than in Germany[13].

38. So what is the 'size of the prize' in terms of joint procurement of wheeled bins? The English Housing Survey 2013/14 states there were 23,300,000 dwellings of which 18,407,000 were houses[14]. The vast majority have a wheeled bin collection service. Waste collection patterns have evolved in local areas to the extent that there are wide variations in the number, type and size of bins (and other containers) required for residents to use for waste and recycling collection. The recent National House Building Council Foundation report: *Avoiding rubbish design*[15] included a survey of over 300 local authorities in England. It shows quite clearly that the majority of authorities require households to use three, four or five bins or other containers for their rubbish and recycling.

39. If we adopt a fair assumption that on average two of these are wheeled bins, we can roughly estimate 36,814,000 (18,407,000 x 2) wheeled bins are in use across England. Assuming an average lifespan of a wheeled bin of 15 years, and leaving aside the introduction of new collection systems, this means that every year approximately 2,454,267 bins (36,814,000/15) will need to be replaced. If we take a £5 per unit saving figure we can estimate that over £12m could be saved each year through better procurement of wheeled bins. Add this to the estimated savings on vehicles through joint procurement (£16.7m), and savings on other receptacles such as food caddies, it is not unreasonable to suggest an opportunity for local government to save £30m per year through more effective procurement of waste goods.

40. Local authorities that continue to insist upon buying alone and/or unique, brightly coloured bins should re-consider their procurement and have a very good explanation to hand for their residents as to why they are not making sensible savings. A local authority buying 50,000 wheeled bins in a bright red virgin plastic for example may be spending £250,000 more than it needs.

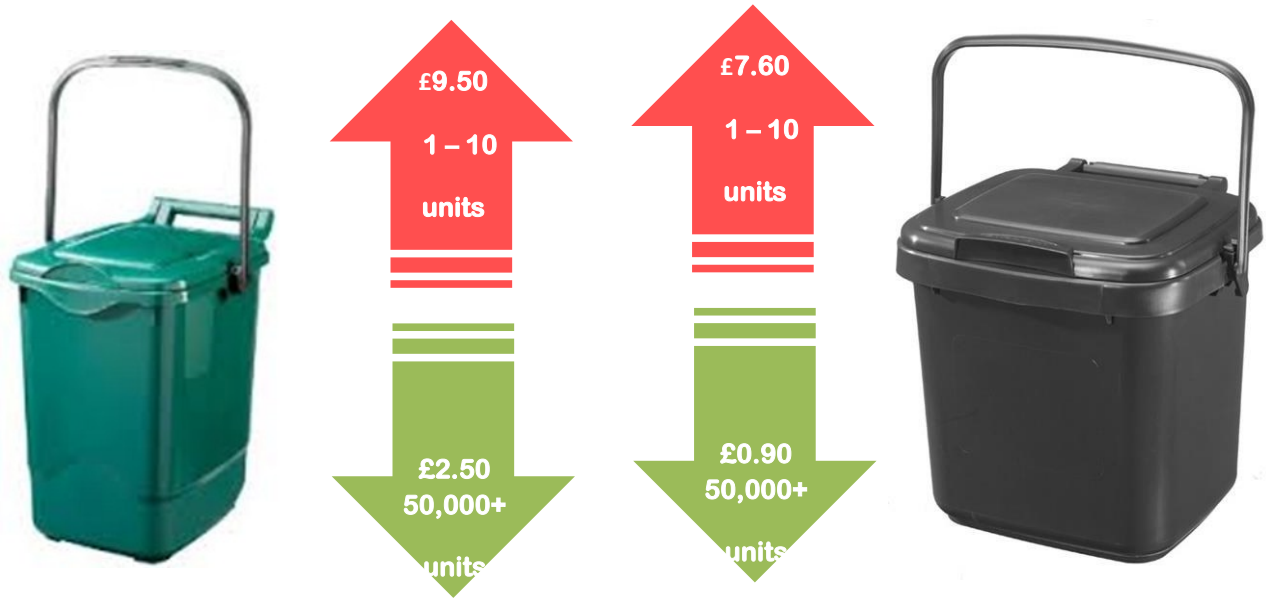
Food waste caddies

41. Procuring 50,000 as oppose to 1,000 units should realise savings in the range of 10 to 35 per cent. Additional savings can be achieved by careful specification and standardisation. The green caddy pictured below left is a 23 litre caddy, for external storage of food waste, and the black one is a 7 litre caddy to hold food waste, most commonly within the home.

[13] Green Alliance/Circular Economy Task Force (2014); Wasted opportunities: smarter systems for resource recovery. See: http://www.green-alliance.org.uk/resources/Wasted_opportunities.pdf

[14] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/406740/English_Housing_Survey_Headline_Report_2013-14.pdf

[15] http://www.nhbc.co.uk/NewsandComment/Name,59220,en.html



Case Study 3: Weekly Collection Support Scheme-related food waste caddy and liners procurement

A number of successful bidders to the Weekly Collection Support Scheme sought to introduce or enhance a food waste collection service for their residents. These were to be delivered in tandem with a weekly collection of residual waste. The London Waste and Recycling Board facilitated a join up of three London boroughs with Colchester Borough Council and Medway Councils to procure 250,000 food waste caddies and 9.5m food waste caddy liners (total value of £460,000). They achieved an overall saving of 25 per cent compared to what would have been paid if they had all bought separately. One London borough, which bought the smallest number of food waste caddies of the five, made the greatest saving (68 per cent) because it would have paid a high unit price for its low volume order but, through collaborating, paid the lowest unit price possible given the combined order was so great.

This case study demonstrates that geographical location does not pose a barrier to joint procurement and smaller orders can generate relatively greater savings.

Polythene Bags

42. Some local authorities provide polythene bags for residents, either to hold residual waste or one or more recycling streams. Higher volumes lead to lower prices. For example, one price available states 15,000 units cost £181 while for 50,000 it is £160.

43. Printing logos and information on polythene bags incurs cost, and, as with wheeled bins, so does a specification seeking bright colours[16]. Using more generic print and a single colour will reduce overall cost and not including a logo or printing will reduce it further. Different sizes and colours increase production complexity and add cost to the production process. Clear, black and grey bags will generally provide optimum value.

[16] Local Government Association Report (2013): *Feedback from the Weekly Collection Support Scheme Workshops*

However, councils will need to ensure they can distinguish their own bags in order to only collect the waste they are responsible for collecting, and avoid picking up any commercial waste which they are not.

44. In summary, for waste management goods there are significant savings on offer for high volume orders. For sizeable purchases of wheeled bins and food waste caddies, significant discounts can be achieved. For volumes in excess of this number it is less clear how the market would respond. Feedback from manufacturers indicates a preference for tender action to enable factors such as production capacity and sub-supplier availability to be assessed for very high volumes.

6. Barriers to Cost Effective Procurement

45. It is worth exploring why a particular local authority might not join up with others when procuring waste management goods. There appear to be three main barriers that may need to be addressed to enable a local authority's statutory duty to provide value for money to be fully realised.

46. **Political barriers**

- A local authority may want to differentiate itself from neighbours and reinforce its identity or local sovereignty through a stand-out colour selection or 'branding' of vehicles and wheeled bins;
- A local authority may rely on previous experiences when it comes to working with others and this influences its procurement operations. It could be that it has not worked with other local authorities at all or that it works regularly but with only one or a few partners and does not look long-term to consider wider opportunities;
- Uncertainty in respect of future funding levels and legislation can make councils cautious of making large-scale procurement; and
- Public resistance to change - some councils and officials report that some residents (and indeed councillors) enjoy having, say, a particular colour of wheeled bin, and do not want it to change.

47. **Technical Barriers**

- Different waste collection regimes present barriers to joining up as local authorities may require different goods for different systems; and
- An unusual physical environment and/or disposal regime can influence the refuse collection vehicle requirement and in some circumstances may be deemed to inhibit joining up the procurement of vehicles.

48. **Management barriers**

- A local authority may demonstrate a lack of transparency when it comes to sharing commercial information thus preventing joined-up procurement; and
- A lack of internal procurement expertise may result in opportunities to join up procurement and make savings being missed.

7. Unlocking the barriers

Greater Transparency

49. To overcome a number of these barriers, the clear presentation of cost data and access to benchmarks that can inform stakeholders of the additional costs, or lost opportunity savings associated with their decisions, will be helpful. Local authorities are encouraged to make this information public and be accountable to it. The requirement placed on councils under the 'Transparency Code for Local Authorities' will make access to all such cost data easier in the future[17].

50. The introduction of the National Procurement Strategy for Local Government in England 2014[18], supported by the National Advisory Group for Local Government Procurement[19] provides further guidance and access to support networks. Advice on standard clauses for councils to use in contracts that allows for data to be shared should be available from these sources.

Better partnership working

51. There are many examples of partnership in local authority waste management, albeit partnership that rarely engages in joint procurement of waste management goods. Closer working relationships can generate better understanding of partners' objectives, greater openness in sharing knowledge and information and more trust. These in turn can generate tangible benefits, such as:
    - Joint resourcing of partnerships through financial contributions, staff secondments, facilities, services, joint posts and training, and some pooling of resources;
    - Joint community consultation strategies;
    - Increased flexibility towards the different needs of different partners; and
    - Mutual support and devolved decision making, along with the need for clear succession planning.

52. Procurement partnerships appear to work best when:
    - There is a dedicated partnership manager or identified resource to take joint work forward; and partners are realistic about having the necessary staff resource to successfully implement the changes;
    - Partners maintain an open book policy when considering financial issues; and
    - Partners continually reinforce the message of what they are doing and why.

Harmonising services

53. As savings for both containers and vehicles are maximised through volume purchasing, then limiting the amount of variation is a critical factor. The natural final extension of this would involve creating some form of 'harmonisation' - a small number of national standards for England narrowing down on a limited range of products. This would create significant opportunities for joint procurements and market management.

54. On top of this, harmonisation would generate revenue savings for local authorities' collection costs. According to the Department for Communities and Local

[17] https://www.gov.uk/government/publications/local-government-transparency-code-2014
[18] http://www.local.gov.uk/web/lg-procurement
[19] http://www.local.gov.uk/productivity/-/journal_content/56/10180/5740863/ARTICLE

Government's Revenue Account Budget 2014-15, local authorities currently spend £852m a year on waste collection[20]. The opportunities for efficiencies through standardised processes are clearly considerable. Just a 5% efficiency saving across local government, driven by harmonisation and standards, would equate to £42.6m less needing to be spent on waste collection and which could be reinvested to improve the frequency or scope of local waste and recycling services.

55. Achieving harmonisation will, though, be a difficult task. Most authorities have developed their existing collection infrastructure so that selection of goods complements their wider collection and disposal process, together with local political desires. The costs of *immediate* changes to these systems are likely to significantly outweigh the cost savings for bulk purchasing of any element such as wheeled bins.

56. Some examples of the obstacles for harmonisation are:
    - The long replacement cycles for existing assets;
    - The existing variation in disposal and recycling facilities and their abilities to handle different containers or vehicle configurations;
    - The need to communicate change to members of the public;
    - The need be aware of any impact on the manufacturing/production sectors; and
    - The economic balance between the long term savings potential and the short term real cost of the change.

57. It is suggested that local government begins to give more serious consideration to the gradual introduction of more standardised goods and processes for England's households given the on-going costs involved and the differences in waste and recycling collection that householders are faced with depending on where they reside.

58. The case studies in this report demonstrate how a change in collection strategy to improve recycling performance led to co-operation and volume savings. The Lincolnshire case explores standardisation of delivery vehicles that enabled volume savings to be achieved and additional lifecycle benefits to be secured.

59. Joint procurement of waste management goods is not without its challenges. It requires bringing local authorities together that may have different operational practices, budgets, and political preferences. However, the case studies present evidence of successes where joint working has realised efficiency savings and performance improvements.

60. Rather than cutting the frequency of frontline services, local authorities can make savings through improved procurement and standardising processes. This report has attempted to show the scale of these opportunities which are estimated to be over £70m per year.

[20] https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2014-to-2015-individual-local-authority-data

8. Conclusions and recommendations

61. For containers and ancillary goods there are some financial savings available through specification changes, but the major savings can be achieved through volume discounts.

    Recommendation 1: Local authorities need to procure in higher volumes. The most obvious way to do this is to join up with other local authorities looking to purchase similar goods at the start of the procurement process.

62. There is no specific mechanism being used to manage a waste management goods procurement pipeline across the whole of England. It is recommended that such a pipeline is developed so that local authorities can see when others are due to procure similar refuse collection vehicles and containers. Joined-up, high volume procurement can then be achieved to produce significant savings to the public sector. In this way authorities do not need to be physical neighbours to benefit from joint procurements.

    Recommendation 2: The local government sector needs to develop a method through which national pipeline data on procurement of waste management-related goods can be assembled and disseminated by creating or adapting existing network groups to gather market intelligence, aid pipeline management and identifying joint procurement opportunities. It makes sense that this is hosted on the pipeline section of Contracts Finder, now the Government's main advertising platform for both central and local government contracts.

63. To enable both councils and members of the public to assess whether value for money is being achieved, a set of price benchmarks needs to be established and the results of council procurements published. This will not only aid future procurements but would enable members of the public to hold politicians to account for the decisions they take.

    Recommendation 3: Local authorities need to review and amend as necessary procurement contracts to make financial data more openly available to the public.

    Recommendation 4: The local government sector needs to develop a set of benchmarks for waste goods and waste vehicles.

64. To create an environment where high volume procurement is the norm there is a need to standardise products, reduce variations and approach the market place in a consistent manner.

    Recommendation 5: Central and local government should consider any appropriate harmonisation of waste collection goods with a view to reducing product variations and aiding high volume procurement. This will of course require significant analysis into the impact on environmental and economic outcomes.

    Recommendation 6: Local government to explore the production of standardised specifications and procurement documents.

9. Acknowledgement

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