



# WASTE NOT WANT NOT

A Managing Agent's perspective on the challenges and opportunities of reporting waste management data



Managing Agents play an important role in developing and implementing the waste management strategies of their clients' properties.

This typically involves:

- establishing the waste management requirements for the property;
- procuring waste management services to deliver those requirements;
- the on-going management of that service provider;
- meeting all legal requirements in accordance with Duty of Care and maintaining associated records;
- collecting, monitoring and reporting waste management data.

Managing Agents report waste management data to their clients who use the information for their own corporate reporting purposes, which may also include alignment to specific industry reporting frameworks (e.g. [GRI](#), [EPRA](#), [INREV](#)) and participation with industry benchmarking initiatives (e.g. [REEB](#) or [GRESB](#)). In addition, the data is used by Managing Agents to engage with occupiers and inform the continual refinement of waste reduction strategies for the properties they manage, supporting client's corporate targets and reducing service charge costs.

From a legal perspective, Managing Agents, are required to apply the waste hierarchy by ensuring the best environmental outcome is achieved where practicable – maximising recovery, re-use and recycling – and reporting this in a transparent way. However, challenges exist which directly limit their ability to fulfil these requirements. These include the:

- ☰ way in which waste management services are procured and contracts are structured to incentivise performance;
- 📊 lack of standardised reporting processes and methodologies for reporting waste management data;
- ✔ accuracy and quality of data which is provided by waste management service providers and ultimately reported by Managing Agents to their clients;
- ⦿ priority attributed to waste management in comparison to other sustainability criteria.

This paper summarises these challenges and sets out the opportunities to improve the reporting of waste management data. It is hoped that this will help to inform a dialogue with waste management service providers (waste carriers and/or brokers), helping them to understand the requirements of Managing Agents and their clients. The paper includes the programme of work that will be taken forward by the Managing Agents Partnership to help support its members and the wider industry.

## Opportunities

- 1** Engaging the waste management sector on the desired services and reporting requirements
- 2** Developing standard clauses for waste management service agreements
- 3** Developing standard reporting templates, KPIs and assumption methodologies
- 4** Defining a methodology for grading the quality of waste management data reported by service providers
- 5** Developing approaches to auditing and rating waste management service providers



## PROCUREMENT: ROLES AND RESPONSIBILITIES

Managing Agents are dependent on the information and data provided by waste management service providers to ensure legal compliance, inform client reporting and optimise on-site waste management programmes.

Thus, effective management programmes and reporting regimes require robust contracts that clearly articulate the roles and responsibilities of each party. The easiest time for these to be defined is during the procurement of a new waste management contract, yet this is rarely as simple as one might imagine.

Firstly, there is a disconnect between the expectations of both Managing Agents and service providers. A shared understanding of the rationale for gathering performance data together with the practicalities of providing such data would help to bridge this gap.

Secondly, the reporting requirements set by Managing Agents within waste management contracts can vary significantly. This sends an inconsistent message to the waste management industry and fails to help service providers understand, justify and invest in the systems required to meet reporting needs.

In addition, typical waste management contracts do not always incentivise improved performance from service providers. Fees are often based on KPIs such as the number of collections / bin lifts etc. As a result, there may be little incentive for service providers to reduce the number of collections or seek more environmentally conscious disposal routes for any reason other than lowering costs.

The degree of separation between managing agents and the final waste carrier creates a further challenge. Due to the localised nature of waste management practices, when managing a portfolio of buildings at a national or international level, waste brokers are used by Managing

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Agents to contract waste management services to regional waste carriers. As the Managing Agent's relationship with the final waste carrier becomes further removed, their level of direct influence also reduces. Therefore, the robustness and clarity of the contract that a Managing Agent has with the waste broker, and in turn, the contract they have in place with a waste carrier, becomes even more important.

There is a clear role for Managing Agents procuring waste management services to consider how contracts can be improved, to both set standardised reporting requirements and to incentivise improved performance. Potential options include the use of open book assessments, guaranteed profit margins and performance related bonuses. Discussions highlighted that a number of members of the Managing Agents Partnership had or were trialling more innovative approaches, however, this was the exception rather than the norm.

### Legal Requirements: Duty of Care

Waste management is a key area of environmental legislation and one where Managing Agents are required to demonstrate compliance with a number of different statutes. The collective term used when referring to the compliance of these statutes is 'Duty of Care'.

Duty of Care, at its highest level, puts the onus on the Managing Agent to ensure waste is stored, transported, and disposed of without adversely affecting the environment. Generally, this waste would fall into two broad categories, Non-Hazardous, or Hazardous Waste (Special Waste in Scotland).

## REPORTING METRICS AND PROCESSES

Transparency, accuracy and consistency are the most important factors for effective reporting. However, in comparison to other sustainability criteria such as energy and carbon, there is a much lower level of sophistication and standardisation of waste KPIs, benchmarking and industry reporting frameworks.

This lack of standardised reporting across the sector has resulted in waste management service providers typically having their own reporting templates with differing KPIs and reporting frequencies.

A simple example of this can be seen in the way recycling data is reported and the extent to which the level of contaminate is reported or 'netted-off'. For instance, in a building which has recycling facilities, the recycling leaving the building for processing may be reported by the Managing Agent as being 100% recycled and diverted from landfill. However, on arrival at the recycling facility, 50% of that waste may actually be contaminated and sent to landfill. The extent to which the performance of processed data is reported back to Managing Agents varies enormously depending on the waste stream, waste carrier/broker, end processing plant and contractual agreements in place. It is not common practice for such data to be reported nor do industry standards exist that set out the context, KPIs and format against which such information should be reported.

Factoring in the performance of final waste processing would provide the most accurate reflection of performance, together with the level of granularity and transparency required to drive change. These requirements need to be agreed between managing agents and their clients and specified within service agreements. This will not only ensure good quality reporting, but will also enable these requirements to be resourced appropriately.

The example above highlights the challenges with an individual building, however, the issue is amplified when combining data for multiple waste streams across multiple buildings in order to performance at a portfolio or corporate level. This can involve incompatible data

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being aggregated together, compounding issues with the accuracy and transparency of the final data reported to clients. This renders comparisons and benchmarks fairly meaningless and open to scrutiny. The exercise of reporting data therefore adopts a 'trick-box' mentality as opposed to driving improved performance back down-stream. Industry reporting frameworks merely reflect this flawed approach and result in wasted time and resources being expended on reporting with limited measurable benefits.

There is a clear opportunity for managing agents and service providers to collaboratively identify the outcomes the industry wishes to achieve; define how best to report against those outcomes; and agree the KPIs and data collection processes necessary to measure success.

## DATA QUALITY

**When reporting waste management data, it is important to understand the level of accuracy and quality.**

High quality data is critical to the accuracy of reporting and to driving improvements in waste management. It can:

- enable meaningful and accurate comparisons and benchmarking to be conducted both within portfolios and between waste contractors;
- inform strategic resource planning;
- provide insight into equipment/operational efficiency i.e. compactor collection weights;
- ensure accuracy of invoicing and fees;
- achieve greater resource recovery by more accurately measuring current performance.

However, the following factors are prevalent across the industry which can severely limit the quality of data reported:

- Waste management service providers typically use assumptions and inconsistent methodologies to generate data reported to Managing Agents, which reduces its accuracy. For example, the number of collections at a building will be converted to volume based on the size of individual containers, even though the container may be half empty, thus introducing inaccuracy for the actual volume of weight reported. This volume is then converted to weight based on a set of assumptions which are inconsistent across the industry. In doing so, not only does the accuracy of the data reduce with each applied conversion but the inconsistent approach within the wider industry means performance across buildings and companies will be largely incomparable.
- The transparency of the assumptions and methodologies used by services providers in creating reported figures is low. Industry standards on how waste management data should be or can be adjusted are not readily available or used. Service providers often use their own assumptions and methodologies which can vary significantly. Furthermore, the evidence to support how figures have been calculated are rarely provided. Several members of the Managing Agents Partnership have experienced a scenario, when changing waste carriers, where the reported data shifts significantly based on the way in which the new waste carrier is collecting and reporting data even though operations within the buildings have not changed. This demonstrates a clear need for common reporting templates, methodologies and assumptions.
- Data regarding waste sent to end treatment facilities (e.g. Materials Recovery Facility (MRF)) is rarely reported back in the desired frequency. Waste management data is typically reported against quarterly or annual average performance figures of the MRF meaning a Managing Agent will not receive an accurate reflection of performance. Whilst waste sent to an MRF can never be attributed to an individual building, further work is required to ensure MRFs report accurate monthly performance data to provide a greater level of granularity for client reporting purposes.

These factors could all be improved through auditing; however, this is an expensive process which is not often justifiable for Clients and the building occupiers. A possible solution could be the development of an independent certification scheme which rated individual waste management service providers and end treatment facilities in terms of reporting ability, level of data quality reported and overall performance.

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## PRIORITY

**A general challenge for the industry is the value that is placed on understanding, monitoring and managing the environmental impacts of waste generated by commercial property.**

Whilst clients' desire to understand the environmental impacts of their properties has significantly increased in recent years, waste typically sits behind energy and carbon in terms of priority.

This is likely to be a combined result of the challenges previously mentioned. The difficulty in collecting and reporting accurate waste management data in comparison to utilities has led to waste receiving less attention from industry benchmarking and reporting frameworks. This in turn has led to less media coverage and therefore lower public interest in comparison to other environmental factors.

A greater effort is required by the real estate industry at large to highlight the growing challenge of waste generation and work to raise the profile of how businesses manage their waste through industry benchmarking and reporting frameworks.

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Whilst the challenges outlined in this paper pose difficulties for Managing Agents, there are a number of clear opportunities which the BBP Managing Agents Partnership has identified that it will lead on to support the wider industry. These include:

1

Engaging the waste management sector on the desired waste management services and reporting requirements. In turn, improving Managing Agents' understanding of the challenges faced by the waste management industry and the opportunities available to them.

2

Developing standard clauses for waste management service agreements which clarify roles and responsibilities, standardise requirements and incentivise improved performance.

3

Developing standard reporting templates, KPIs and reporting methodologies.

4

Defining a methodology for grading the quality of waste management data reported by service providers.

5

Developing approaches to auditing and rating waste management service providers.

It is hoped that such a programme of work will bring into focus the barriers facing the waste industry and lead to improved reporting practices regarding the accuracy, transparency and standardisation of waste management data. Such improvements would allow for more rigorous scrutiny and benchmarking of performance at all levels of the waste management supply chain. This in turn would raise the profile of waste management

higher up the corporate agenda for Managing Agents and their Clients, and provide the incentive to specify more environmentally conscious waste management practices from their waste management suppliers. Such conditions combined with the collective weight of the Managing Agents Partnership would provide the opportunity for rapid change within the waste management industry.

# Managing Agents Partnership

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## Acknowledgements

This document has been prepared through active engagement with members of the Managing Agents Partnership. The following individuals are acknowledged for their involvement and contribution:

Munish Vaswani	Bilfinger GVA
Alan Prince	Bilfinger GVA
Rob Fisher	Broadgate Estates
Suzanne Roberts	Capita
Craig Heavens	CBRE
Tim Hallett	Cushman & Wakefield
Andries Van der Walt	JLL
David Goatman	Knight Frank
Carl Brooks	M J Mapp
Lizzie Jones	Savills
Alan Page	Savills
Vicky Cotton	Workman

The views expressed in this document are not necessarily those of either the individuals who provided input or their organisations.

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