

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	6 May 2014
Title:	The Future Strategy for Waste and Resource Management in Hampshire
Reference:	5216
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

1.1. The purpose of this paper is to seek approval for the future strategy for waste and resource management in Hampshire and proposed efficiencies programme.

1.2. This paper seeks to

- set out the County Council's medium term strategic approach to managing waste in Hampshire with the overall aim of reducing service costs and waste arisings;
- set out the approach of the County Council to achieving savings targets through a programme of efficiency projects that are being developed including:
 - A medium term strategy for waste and resource management;
 - A Waste Prevention Strategy;
 - A new contract for the Household Waste Recycling Centres;
 - Driving efficiencies through the waste disposal contract including exploring the provisional option to extend;
- recommend the implementation of this programme; and
- obtain delegated authority to sign the Deed of Variation and to implement the identified projects with future reporting and approvals sought at key milestones

1.3. Delegated authority is also sought for the Director of Economy, Transport and Environment, in consultation with the Executive Member for Economy,

Transport and Environment, for decision making during the delivery of this programme.

2. Contextual information

- 2.1. Hampshire County Council as a waste disposal authority has a statutory duty for the disposal of municipal waste arisings in Hampshire. In order to fulfil this function it has entered into a service contract with Veolia Environmental Services (VES) as well as letting a contract for the management of its 24 Household Waste Recycling Centres (HWRCs). Hampshire is partnered in these arrangements by the Unitary Authorities of Portsmouth and Southampton City Councils (both of which provide 1 HWRC each). In addition to this all 14 waste authorities of Hampshire (Disposal and Collection) are partners, along with VES in Project Integra, the collective and integrated waste management system for Hampshire.
- 2.2. This integrated approach to waste management was novel for the UK when introduced by Hampshire in the early 1990's in response to a shortage of landfill and public demand for greater recycling. As a result of this approach and an investment of c. £200million, a world class suite of infrastructure has been delivered. This includes:
 - 3 Energy Recovery Facilities (ERFs);
 - 2 Material Recovery Facilities (MRFs);
 - 2 Composting Facilities; and
 - 10 Transfer Stations.
- 2.3. This investment has also resulted in Hampshire having the best landfill diversion rate of any County Council in England (93.73% in 2012/13) and consistently being in the lowest cost quartile according to data published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.4. The contract with VES is for a period of 20 years from the commissioning of the ERFs (2003, 2004 & 2005 in DC1 (North), DC3 (West), DC2 (East) respectively) with provision built in for an extension for a further period of up to 10 years.
- 2.5. This paper will be scrutinised by the Economy, Transport, and Environment Select Committee on the 28th April and their comments will be reported at the meeting.

3. Future Strategic Direction

- 3.1. It is important for the authority to define its strategic waste management objectives for the next 15 – 20 years to ensure that the Authority's longer term objectives are clear and progress is measurable.

3.2. The over-arching objectives are to:

- reduce the volume of waste arisings in Hampshire
- maximise the value of the waste and resources
- reduce the cost of waste services in Hampshire

3.3. As part of this process the County Council will be working with its private strategic partner, Deloitte, to review the strategic relationship management of its waste contractors and partners as well as reviewing client arrangements to ensure a lean but robust contract management approach.

3.4. The County Council is committed to ensuring that Hampshire's waste services and infrastructure remain affordable and fit for purpose both during the contract period and beyond. In doing so the County Council will embrace resource efficiency concepts such as the circular economy and maximising the growing value (economic, environmental and social) that sustainable resource management can offer as shown in the diagram in Appendix 1

3.5. As the UK economy grows, it is anticipated that confidence will return to consumers and the housing sector. Both of which are likely to lead to increases in waste arisings. The strategy will need to anticipate this, seek to put in place initiatives to minimise it and ensure that appropriate and necessary capacities can be provided to treat this tonnage.

3.6. As part of the efficiencies programme, funding has been allocated to investigate potential business cases for new infrastructure designed to complement the existing suite of facilities, but which will increase the Authority's ability to capture re-useable or recyclable materials and retain their value.

3.7. Consideration will also be given to the synergies between those waste streams handled as part of Hampshire's statutory function as a Waste Disposal Authority and similar materials handled by other parts of Hampshire County Council, such as the recovery of aggregates for re-use in Hampshire's highways. These investigations can build on previous examples of successful joint working and look to develop innovative solutions to reclaim and re-use secondary materials in the future.

4. Waste Prevention

4.1. The reduction of waste arisings is a key contributing factor to the authority's ability to manage its waste disposal costs now and in the future.

4.2. The Waste Prevention Plan for England was launched on 12 December 2013 and sets out actions that Government, business, the wider public sector (including local authorities), civil society and consumers can take to benefit economically, environmentally and socially from waste prevention.

- 4.3. 'Waste prevention' encompasses strict avoidance and waste reduction, but also encompasses reuse, remanufacturing and repair activities, therefore the roles of business and civil society are central to the Plan's long term vision of a resource efficient and sustainable economy.
- 4.4. Local authorities are expected to develop local Waste Prevention Plans with tailored priorities and targets. They are also expected to lead on waste prevention across the local economy by embedding the national plan's principles within their corporate activities and service delivery, as well as by collaborating with businesses and civil society.

In order to improve the performance and taking account of the aims and objectives of the national plan, the overarching principles of the County Council's proposed waste prevention strategy are:

- i. Modernise services* by adopting the national Waste Prevention Plan as a framework to transform the delivery of waste prevention in Hampshire, and by working with Project Integra partners and the Hampshire community to normalise waste prevention practices for residents and businesses.
 - ii. Maximise materials management* by prioritising the avoidance, reduction and reuse of waste ahead of recycling, recovery and disposal, and by working in partnership with stakeholders to develop and deliver initiatives and campaigns to reduce waste generation and maximise reuse.
 - iii. Optimise value* by reducing the financial burden of waste to Hampshire residents, businesses, councils and voluntary organisations by minimising the overall amount of waste that needs to be collected, transported and processed, while maximising value from materials through reuse and recycling.
- 4.5. Business cases will be prepared and presented for agreement, as appropriate, in order that the Waste Prevention Strategy can be developed into an Action Plan for implementation.

5. Household Waste Recycling Centres

- 5.1. There are a total of 24 HWRCs in Hampshire with a further two provided by Southampton and Portsmouth City Councils. All 26 are currently managed under one contract with Hopkins Recycling Ltd which is due to end on 31 January 2015.

- 5.2. The HWRC strategy, as depicted in the schematic in Appendix 1, is set up under three key strands that will enable the transformation of the service over the next 15 years such that it is suitable to deliver the desired outcomes both now and in the future. The key strands are:

i. Modernising the Service

- a. Continuing to discharge the County Council's legislative and regulatory duties and ensuring that facilities continue to meet the demands of the service and respond to the changing population that they serve.
- b. Engaging proactively with both service users and non users to inform future rationalisation of the network to ensure it remains within both capital and revenue constraints.
- c. Generating capital funding through a combination of developer contributions, reinvestment of capital receipts and considering opportunities to secure third party investment.
- d. Reviewing the provision of the HWRC service including size and quantity of sites to ensure they can be maintained and continue to improve, delivering a fit for purpose service in the longer term.

ii. Resource Management

- a. Ensuring application of the waste hierarchy with the focus on waste prevention and with the aim to achieve zero waste to landfill during the strategy lifetime.
- b. Maximising the capture and capitalising on the value of separate material streams from all sources through increased material segregation and improved market awareness.
- c. Delivering a new HWRC management contract that is flexible, enables and embraces innovation through robust change mechanisms, and is delivered on an open book basis.

iii. Optimising Value

- a. Progressing towards a zero cost HWRC service through achieving a balance between management fee expenditure and material (and additional services) derived income.
- b. Taking a commercially orientated approach towards income sharing arrangements from re-use and secondary materials based on market forces.

- c. Providing a commercial and industrial waste recycling service for Small and Medium Enterprises to fulfil a market gap and generate an income stream.
 - d. Collaborate with all potential partners and stakeholders to ensure that opportunities to innovate and deliver positive outcomes in other areas are maximised.
- 5.3. The elements of this strategy will be subject to public and member consultation in order to gauge opinion before approval of final recommendations is sought.
 - 5.4. These decisions will influence the final structure of the HWRC contract for which approval will be sought prior to contract award in November 2014.
 - 5.5. Procurement for the new HWRC Management contract is underway. Following discussions with the technical advisors it is proposed that the duration of the new contract be extended to 15years with break clauses at 7 and 10 years built in.
 - 5.6. The current procurement process has a very tight timetable and in order to mitigate against the risk of any delays it is proposed that the potential to extend the existing contract by a maximum period of 12 months be investigated and discussed with the existing contractor to understand the costs and terms.
 - 5.7. All investigations and discussions will be undertaken in liaison with both procurement and legal services and final decisions made by the Director for Economy, Transport and the Environment in consultation with the Executive Member for Economy, Transport and Environment.

6. Veolia Environmental Services

- 6.1. Hampshire County Council is working with its contractor, Veolia Environmental Services to negotiate regarding potential savings and efficiencies from the contract, including the opportunity to bring forward the provision to extend the contract pursuant to supporting the Council's Strategic Waste objectives

7. Deed of Variation

- 7.1. In January 2009 a Heads of Terms agreement was signed by Hampshire County Council (acting on behalf of Portsmouth and Southampton City Councils) and Veolia Environmental Services that set out broad terms for the resolution of a number of outstanding contract issues. These issues included:
 - interest payments;

- architectural enhancement payments;
- an income share agreement for third party inputs to the ERFS; and
- access to facilities at end of contract.

7.2. After extensive negotiations, mainly with regard to the rights of access and potential acquisition of freeholds and leaseholds for the land on which facilities have been constructed, the final draft deed has been agreed. Delegated authority is sought for the Director of Economy, Transport and Environment in conjunction with the Head of Legal Services to finalise the Deed of Variation for the Waste Disposal Contract.

8. Finance

8.1. As part of the Transforming the Council to 2015 programme, the Economy, Transport and Environment Department is aiming to reduce its costs by approximately 12%.

8.2. This report outlines the key waste related initiatives that have been developed in order to achieve these savings. These initiatives now require approval in order to be implemented.

8.3. The initiatives have been developed in conjunction with the Council's Private Strategic Partner, Deloitte, and SKM Enviros/Jacobs. The funding for this work is to be met from within existing resources.

8.4. Business cases for implementing these initiatives are being developed on an 'invest to save' basis using external expertise to ensure that they are robust, credible and capable of delivering on-going benefits rather than one-offs. Appropriate approvals will be sought before implementation.

9. Recommendations

9.1. That approval be given for the Authority's strategic objectives for waste to comprise the following principals:

- The reduction of volumes of waste arisings in Hampshire;
- The maximisation of the value of these wastes and resources;
- Reductions in the cost of waste services in Hampshire.

9.2. That the design principles and direction of travel for the medium term waste strategy, Waste Prevention Strategy and Household Waste Recycling Centres (See Appendix 1) be approved.

9.3. That approval be given to develop and negotiate with the existing contractor on the possibility of a short term extension to the current Household Waste

Recycling Centre management contract as proactive mitigation against possible delays to the current procurement process.

- 9.4. That authority be given to the Director of Economy, Transport and Environment in consultation with the Executive Member for Economy, Transport, and Environment to conduct negotiations with the Council's waste disposal contractor regarding potential savings and efficiencies from the contract, including the potential to bring forward the provision to extend the contract pursuant to supporting the Council's Strategic Waste objectives.
- 9.5. That delegated authority be granted to the Director of Economy, Transport and Environment in conjunction with the Head of Legal Services to finalise the Deed of Variation for the Waste Disposal Contract.
- 9.6. That delegated authority be granted to the Director of Economy, Transport and Environment in consultation with the Executive Member for Economy, Transport and Environment to approve the detailed implementation programmes for all work streams described in this paper.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1 The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. The website contains a summary assessment of the impacts on waste and resource management's activities. [Maximising uses of waste and reduction of landfill in Hampshire](#)

It is considered that the issues covered by this report will have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures, such as accessibility to HWRCs if the opening times or number changes.

- 1.2 These will particularly impact upon options being developed with relation to waste prevention and the retendering of the HWRC. The retendering of the HWRC service will be subject to a full public consultation to understand the impact that any changes or improvements may have upon sections of the community, and when the work is completed relating to the waste prevention plan, individual projects will be subject to public engagement to understand any significant impacts which will result for their delivery.

2. Impact on Crime and Disorder:

- 2.1. None.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

The implementation of waste prevention activities will, in time, lead to a reduction in waste generation. This reduction will offset some of the anticipated growth in waste arisings resulting from returning consumer confidence and housing growth. This will help to enable the authority to manage its carbon footprint. These activities will have little or no impact on the Authority's energy consumption.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The sustainable management of waste enables the use of valuable resources either as secondary raw materials or as a renewable energy source. Either use will reduce CO₂ emissions by mitigating the need for the processing of virgin raw materials or combustion of fossil fuels for energy, and hence contribute to the lessening of climate change impacts.