

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 July 2023
Title:	Waste Disposal Recycling Arrangements
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to seek approval for new financial and operational arrangements between the County Council, the 11 District and Borough Authorities and the Unitary Authorities of Portsmouth and Southampton City Councils.

Recommendations

2. That Cabinet approves the Inter Authority Agreement (IAA) setting out the financial and operational relationship between the County Council, the Waste Collection and Unitary Authorities of Portsmouth and Southampton City Councils.
3. That Cabinet approves the implementation of both the partnership agreement and financial arrangements from 1 April 2024.
4. That Cabinet approves that, regardless of whether Extended Producer Responsibility for packaging is implemented or not, 31 October 2023 is the date by which the County Council requires all Waste Collection and Unitary Authorities to approve and sign up to the IAA.
5. That Cabinet approves that, where sign up is not achieved by 31 October 2023, the implementation of the default financial arrangements, as set out in paragraph 38 below, with effect from 1 April 2024.
6. The Director of Universal Services be given delegated authority, in consultation with the Leader and Executive Member for Hampshire 2050 and Corporate Services and the Lead Executive Member for Universal Services to approve non-material amendments to the partnership agreement to finalise it ahead of signing.
7. That the Director of Universal Services be given delegated authority, in consultation with the Leader and Executive Member for Hampshire 2050 and Corporate Services and the Lead Executive Member for Universal Services to vary the date and phasing of the implementation in relation to 65 (b) and (c)

below, subject to the delivery of the new Materials Recovery Facility (MRF) at Eastleigh.

Executive Summary

8. This paper seeks to:

- set out the background to the proposed financial and operational arrangements;
- provide an outline of the Inter Authority Agreement (IAA) and how it is expected it will impact on the system;
- set out the options that exist in relation to the recycling arrangements in Hampshire:
 - 1a – Proceed with the Inter Authority Agreement with Extended Producer Responsibility implemented as currently proposed.
 - 1b – Proceed with the Inter Authority Agreement with Extended Producer Responsibility delayed or scrapped.

Or

- 2 – No sign up to the Inter Authority Agreement and the arrangements set out in the 2019 letter are implemented and the County Council fundamentally reviews the provision of new recycling infrastructure;
- explain the structure of the different financial arrangements and rationale behind that structure; and
- briefly consider the next steps.

Contextual information – Current Partnership Arrangements

9. All 14 of the waste authorities of Hampshire (Disposal and Collection) are partners, along with a private waste contractor, Veolia UK Ltd., in Project Integra, the partnership established in the late 1990s to deliver an integrated waste management service.
10. Following local government reorganisation in the late 1990s the Unitary Authorities of Portsmouth City Council and Southampton City Council were established and joined the Project Integra partnership.
11. In forming the partnership, a Memorandum of Understanding (MoU) was developed in 1997 to set out the roles and responsibilities of the parties as well as the operational and financial arrangements for the delivery of the service.
12. Through the MoU the County Council agreed to step beyond its statutory duty and to take on responsibility for recycling which was and remains a statutory duty of Waste Collection Authorities (WCAs). This agreement led to the delivery of, amongst other infrastructure:
 - two Materials Recovery Facilities (MRFs) to sort dry mixed recycling into its individual material streams;
 - two open windrow composting sites; and
 - 13 transfer stations to ensure local tipping points for dry mixed recycling, garden waste and food waste in addition to the residual waste streams.

13. Both the capital cost of this infrastructure and the ongoing revenue costs were taken on by the County Council as part of the long term Waste Disposal Service Contract with Veolia.
14. The MoU is a non-legally binding agreement that has remained unchanged since it was developed and reflects the waste system that was in place at the time it was agreed.
15. There has been significant evolution over the last 24 years both in terms of the waste system in Hampshire and the wider waste management industry because of both legislative and behaviour driven change. In addition, the Environment Act 2021¹ will drive meaningful change both on a national and local level and therefore the current agreement is no longer fit for purpose.
16. In 2015, because of an opportunity created by the need for a mid-contract upgrade of the existing Materials Recovery facility at Alton, the County Council commenced a programme of work to review the recycling services provided with a view to determining the most appropriate strategy going forward.
17. The Hampshire Waste Partnership programme was developed with sponsors from the Hampshire and Isle of Wight Local Authority Chief Executives group to function as a steering board for the work. This programme has included a number of different work packages:
 - engaging external consultants to undertake a high-level review of the existing service and provide an options analysis of alternative recycling systems;
 - engaging external consultants through the Waste and Resources Action Programme (WRAP) to do a detailed assessment of the shortlisted system options and rank them in terms of cost and both recycling and carbon performance; and
 - development of the Project Integra Joint Municipal Waste Management Strategy (JMWMS) which setting out the strategy for the partnership up to 2035.
18. This work has been delivered by Project Integra with the Strategy Officer Group (Heads of Service) representing their authority and with updates provided to the Strategic Board (elected portfolio holders) on a regular basis.
19. There have been periodic updates as required to both the HIOWLGA Chief Executives and Leaders groups to ensure that there was a consistent message to all parties regardless of the availability and attendance of officers and Members at the Project Integra meetings.
20. The County Council has played a leading role in progressing this work and committing resources to support the procurement and project management to support the Project Integra Executive.
21. Most recently the Lead Executive Member for Universal Services and the Assistant Director for Waste and Environmental Services offered one to one

¹ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

meetings with each of the WCAs to gain feedback on the proposals and this is reflected in the financial proposals set out below.

Contextual Information – Hampshire County Council Waste Finance

22. The County Council has experienced a long period of sustained financial pressure driven by the removal of the central government grants and significant increases in demand for local government services.
23. These pressures have impacted all areas including the Waste and Resource Management service which has made several changes to systems and operations to improve efficiency and reduce cost through both key services, the management and disposal of kerbside collected waste and management of Household Waste Recycling Centres (HWRCs).
24. There are limited mechanisms for the County Council to reduce the cost of waste management services as the bulk of the cost is related to the provision of infrastructure and revenue costs for processing each tonne of the wide range of waste streams that must be managed.
25. The Waste and Resource Management service has delivered savings through:
 - investment in waste prevention to divert bulky, food and garden waste out of the waste stream entirely;
 - diversion of waste from landfill and disposal to recycling;
 - re-procurement of contracts;
 - changes to operating hours of HWRCs; and
 - Introduction of charges for non-household waste at HWRCs².
26. In 2019 the County Council wrote to all Hampshire District and Boroughs to inform them that, due to the financial pressures, it would be ending the non-statutory financial arrangements associated with recycling:
 - cease to pay recycling credits for recyclables for which provision has been made through the contract;
 - re-charge each WCA the cost of disposing of contamination/non-recyclable materials within their DMR deliveries; and
 - retain the income from the sales of all MRF processed recyclables.
27. Following the publication of the Resources and Waste Strategy³ the County Council initiated the Hampshire Waste Partnership project aimed at moving the current recycling system forward by developing new infrastructure and changing collection systems to provide residents with improved dry recycling services across the County.
28. In doing this work the County Council paused the implementation of most of the measures set out in the 2019 letter whilst the implications of the Government's proposals were assessed and options for delivery considered. To manage the immediate financial pressures and provide time for the work to take place the

² See para 25 below

³ [Resources and waste strategy for England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/resources-and-waste-strategy-for-england)

proposal to cease recycling credit payments was implemented with effect from the 1 April 2021.

29. Whilst this work has been ongoing the County Council has had to manage the financial implications by allocating c. £3.2 million of cost of changing funding per annum since 2021/22 (total cost to date £9.6 million) until the changes are implemented. This funding position is not sustainable and therefore a permanent solution has to be implemented.
30. Dealing with the implications of the COVID-19 pandemic and the associated impact that has had on material off takes has limited our ability to achieve savings from key materials streams like waste wood, whilst the Government's recent announcement of a ban on charges for 'DIY' waste at HWRCs have resulted in a total unbudgeted pressure of c. £2 million for the two areas.

Options

31. There have been significant delays to the implementation of the Waste management measures set out in the Environment Act 2021, most notably Extended Producer Responsibility (EPR)⁴ for packaging and Consistency in Recycling Collections⁵.
32. Each of these policies contain financials support for Local Authorities in the form of payments from producers or new burdens funding from Government and the continuing delay to implementation has resulted in uncertainty over when, or if, the associated funding will be provided.
33. The uncertainty has led to authorities not being able to commit financially to introducing the required service changes to ensure that the standard range of materials, as set out in the Environment Act 2021, are collected. In Hampshire this is proposed to be via a twin stream system, where fibre materials (Newspaper; Cardboard etc) are collected separately to containers (plastic bottle, plastic packaging, cartons, cans and glass). The purpose of the funding was to enable increased capture of recyclable materials which can be recycled into new packaging thus meeting the ambitions of a more circular system. This in turn would lead to reduced carbon emissions and more effective and efficient resource management.
34. The County Council has managed the financial impact of these delays but has reached the point where it is no longer affordable to continue to make this financial provision and a decision on how to proceed must be made.
35. Option 1a is to proceed with the Inter Authority Agreement as set out below in this report and in doing so proceed with the delivery of the new dry recycling infrastructure.
36. Option 1b is a variation to the above where we are notified by Government that EPR is delayed or scrapped but we proceed with the IAA with a change to the way in which the DMR income is managed. In this scenario we would split the DMR income 50/50 for two years from the 1 April 2024 and then the County Council retains 100% of the income.

⁴ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk) – Section 50

⁵ [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk) – Section 57

37. These options would require all WCAs and the Unitary Authorities to formally approve and sign the Inter Authority Agreement by the 31 October 2023 and that their approval is not subject to funding resulting from the Collection and Packaging policy measures set out in paragraph 30 above.
38. The details of the Inter Authority Agreement are set out in the next section of this report.
39. Option 2 is one where we do not have sign up from the WCAs and Unitary Authorities of the IAA by the 31 October 2023 and the County Council will then have to implement the remaining measures set out in the 2019 letter namely:
 - re-charge each WCA the cost of disposing of contamination/non-recyclable materials within their DMR deliveries; and
 - retain the income from the sales of all MRF processed recyclables.
40. Under this option the County Council will need to fundamentally review, in discussion with its Tripartite partners, the financial viability of its proposed investment in the Materials Recovery Facility at Eastleigh.

Inter Authority Agreement

41. The purpose of the agreement is to set out the operational and financial responsibilities of the Waste Collection Authorities (WCAs), Waste Disposal Authority (WDA) and Unitary Authorities that together make up the 'Project Integra Partnership'. This is key as the approach differs from the statutory duties set out in the legislation⁶, primarily in relation to the management of recycling which is a WCA function.
42. It should be noted that whilst both the Waste Collection and Unitary Authorities as partners within Project Integra will enter into the IAA, certain aspects, such as the financial arrangements, do not apply to Portsmouth and Southampton. This is because financial arrangements between the Unitaries and the County Council are dealt with through the Tripartite Agreement. These exceptions are made clear within the IAA.
43. When Project Integra was established in the late 1990s it was agreed that a common and centralised approach to the transfer, storage, processing and marketing of recyclable material would provide best value for taxpayers in terms of a reduced need for infrastructure and multiple individual authority contracts as well as benefiting from the economies of scale achieved in the material markets. The rationale for this approach remains today particularly as the cost of and ability to deliver waste infrastructure has become more challenging due to competing demands for commercial and residential development.
44. As a result, the agreement represents an alternative arrangement to that which would otherwise be set by the legislation and is done so based on mutual agreement by all parties. In taking this approach it is recognised that each partner will need to seek formal approval within their own Authority.

⁶ [Environmental Protection Act 1990 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

45. The agreement is a legally binding document in the form of an Inter Authority Agreement (IAA) that all parties will be required to sign up to and comply with the operational and financial measures set out within it.
46. The guiding principles of the agreement reflect the aims of the Project Integra Partnership as set out in the Project Integra Joint Municipal Waste Management Strategy⁷ (JMWMS):
- the JMWMS sets out the aims of the partnership and forms the basis for strategic framework under which this partnership agreement will sit. The strategy has been developed jointly through close working by the full partnership and endorsed by formal Member decision by each of the partners;
 - the financial principles of ‘whole system cost’ and ‘best value to the taxpayer’ should be used to provide direction and inform all decisions about the programmes, projects and processes and determine the viability of or continuation of them;
 - the partnership recognises the growing challenge faced in terms of climate change and the key role that the waste sector has to play in both resilience to and mitigation of the impacts of climate change; and
 - matters requiring decisions that affect the partnership will be firstly discussed by Strategy Officers and then, subject to the nature of the decision, referred to the Strategic Board for onward recommendation to each individual partners decision making process.
47. The agreement, which will commence on 1 April 2024, will not be time limited to reflect that service delivery in terms of waste management is an ongoing activity and therefore gives certainty to all parties. The IAA has a clear change control process to recognise there may be changes required by any of the parties or due to external factors such as new legislation. The process ensures that any changes are documented and managed effectively.
48. There are provisions to enable an authority to exit the agreement and for the agreement to be terminated following the process set out in the agreement, however the County Council, having invested in the infrastructure, retains the right to use ‘Power of Direction’ for the material to ensure it is not placed in a position where it has committed significant investment in recycling infrastructure in order to process the material which then is diverted elsewhere.
49. Any decisions to vary the agreement or to terminate it will require formal approval from each of the individual authorities, these will be made in line with guiding principles and require unanimous agreement to be implemented. Where a decision cannot be made, a mediation process will be followed.

Waste Volume Service Plans

50. This section covers the plans that the County Council and the Waste Collection and Unitary Authorities will produce on an annual basis to provide information about the services they will deliver and any changes that they are looking to

⁷ [Joint Municipal Waste Management Strategy-2021-09-23-EMETE Decision Day \(hants.gov.uk\)](https://www.hants.gov.uk)

make. This will inform waste arisings forecasting and enable the County Council working with Veolia to undertake infrastructure planning, which is critical to the successful management and futureproofing of the system.

Waste Prevention

51. Requires all parties to support the delivery of waste prevention with each party to manage their operations to ensure that as much material as possible is diverted from the system for reuse. This relates in the most part to the bulky household waste stream where the system currently in place does not support reuse due to the way in which items are managed as they pass through the system.
52. This measure is supported by the financial agreement where a residual waste arisings target is proposed. Further details are set out in Financial Arrangements section below.

Waste Operations

53. This section of the agreement is broken down into a number of areas detailing the requirements of the parties in relation to the delivery of waste services including:
 - waste types – materials that are covered by the agreement;
 - material specifications – the specifications for each waste type showing what should and should not be in each waste container;
 - material markets – the process and basis for agreeing to add materials to the core materials required by the legislation;
 - contamination – the process for identifying contamination and setting out how contaminated loads will be dealt with and who will be responsible for the costs associated with contaminated loads;
 - Trade Waste – for those WCAs that undertake trade waste collections this sets out the way it will be administered and the recharge arrangements that will be put in place for the material processing costs;
 - Delivery Points – sets out the basis for the allocation of delivery points for material, how changes to the allocated delivery points should be managed as well as the process for dealing with delivery point unavailability; and
 - Opening Hours – provides the standard opening hours for the waste disposal infrastructure, the process for seeking amendments to those opening hours and associated costs for opening sites beyond the set hours.

Fly Tipping

54. This section recognises the role of the Hampshire Fly Tipping Partnership and Strategy and the roles that all partners play in tackling and reducing fly tipping and other anti-social behaviour across the County.

Other Waste Streams

55. This section covers the operational arrangements relating to the waste streams that are not covered via the core recyclable collections but for which a countywide approach has been established to ensure that they are managed as efficiently as possible. These include food waste, abandoned vehicles and clinical waste.

Household Waste Recycling Centres

56. In recognition of the whole system approach to waste a section has been added into the agreement regarding the operation of the HWRC service and how any changes to its operation will be considered and managed.
57. There is a process set out for how potential changes to the network are to be managed particularly regarding sharing information and determining the impact that any change will have on the wider waste system. This will be done using the same principles of evaluating change in terms of cost, performance, and carbon.
58. The final decision regarding changes is to be made by the County Council and its Tripartite partners but ensures that the impacts are recognised and managed.

Communications

59. It is recognised that communication is a key element of ensuring that services provided are used by the public in the right way and it is proposed that a consistent partnership wide communications plan be developed and managed by the partnership to develop and deliver this.
60. The Inter Authority Agreement is a single agreement for all partners to sign up to formally. However, due to the range of Authorities involved it is recognised that certain aspects will be applicable to certain partners with the Unitary Authorities particularly having elements, including the financial arrangements, which are subject to the separate Tripartite agreement between Hampshire, Portsmouth and Southampton Authorities.

Financial Arrangements

61. The proposed financial agreement sets out how costs and income will be allocated in line with the partnership agreement and reflecting the approach that is set out in the above section regarding the statutory duties of each of the parties to the agreement. For clarity, these only apply to the WCAs.
62. The agreement is based on the following key principles:
 - whole system cost – the partners will work to ensure that financial decisions are taken based on managing the whole system cost of collecting and processing waste across Hampshire, Portsmouth and Southampton; and
 - performance incentivisation – the arrangements are designed to ensure that all parties are incentivised to improve and sustain performance and where improvement is made that the benefits accrued are shared.
63. The County Council, alongside its Tripartite partners Portsmouth and Southampton City Councils, will fund the fixed costs associated with the provision of the recycling infrastructure, and associated transfer infrastructure, and the County Council will fund the revenue processing costs of all the material delivered by the waste collection authorities.
64. In 2022-23 the provision of recycling cost the County Council just over £11million. This is a cost that it has borne since the first infrastructure was delivered in 1998. The County Council, through this agreement is committing to

a further capital spend of £23.1 million to deliver the new infrastructure and to justify both this expense and the ongoing revenue costs associated has had to review the discretionary payments and costs that it incurs in relation to recycling.

65. There are three key elements to the financial arrangements that are set out in full in the agreement but outlined below:

65a) Material Income

- i) Currently it is understood that any payments made to the County Council under the forthcoming Extended Producer Responsibility (EPR) system for packaging, will be net of any income generated from material sales, the County Council will need to retain 100% of the associated income to be made whole.
- ii) Under option 1a it is proposed the income from any dry mixed recycling that is not covered by EPR will be split between the County Council and the WCAs on a 50 / 50 basis, based on tonnage sent to market, for a period of two years. From the 1 April 2026, the County Council will retain 100% of the material income from dry mixed recycling.
- iii) If EPR is formally delayed or scrapped then under option 1b the total dry mixed recycling income will be split on a 50/50 basis, based on the tonnage sent to market, for a period of two years. From the 1 April 2026, the County Council will retain 100% of the material income from dry mixed recycling.

65(b) Contamination

- i) Contamination is monitored using the Materials Analysis Facility (MAF) by analysing samples taken from all recycling rounds. The costs associated with contract contamination rate, currently 5% but estimated to rise to 7.5%, once the new MRF is delivered, will be funded by the County Council with the costs associated with contamination above that level borne by the WCAs based on their individual recycling rate.
- ii) In recognition of the fact that the new Materials Recovery Facility at Eastleigh will not be operational until mid-2025 the County Council will fund the first 10% of contamination until the 31 March 2026. From that point forward this will reduce to the contract rate estimated to be 7.5%.
- iii) This initial higher contamination rate is offered in acknowledgement that some of the materials (i.e. Plastic Pots, Tubs and Trays) cannot presently be separated at the two existing MRFs but will be accepted and separated once the new MRF is commissioned.
- iv) In addition, where a whole or part load must be rejected, having been assessed at a delivery point via an agreed protocol prior to it being processed, due to the level of contamination the WCA shall be recharged for the additional cost of disposing of the load over and above the normal disposal costs that the WDA would incur.

65(c) Residual Waste Arisings Target

- i) In line with the new Government target from the Environment Act related to residual waste arisings, it is proposed that a residual waste arisings target

will be introduced to incentivise both waste prevention and improved recycling performance.

- ii) A single target, equivalent to the average of the top performing quartile of local authorities in 2019/20, will be set for all WCAs to achieve by 2030. Where a WCA exceeds the target then a 50% share of the residual waste cost saving generated will be paid to that authority. Where a WCA does not achieve the target then 50% of the additional residual waste processing cost will be passed onto that authority.
 - iii) From the 1 April 2024 where a WCA exceeds the target the County Council will share 50% of the residual waste cost saving generated with that authority.
 - iv) The target will come into effect from 1st April 2030.
 - v) We will ensure that a 4-year gap is maintained between the start of the MRF operating and the target date.
66. Should delivery of the MRF be delayed then the introduction of proposals in 65 b & c would be delayed by an equivalent timeframe.

Discussion

67. Following the response to the presentation of these proposals to the WCA Chief Executives in May, the Lead Executive Member for Universal Services has offered all Authorities the opportunity for bilateral meetings to understand their concerns. Meetings with all but 2 WCAs have been held with similar concerns being expressed by most namely:
- uncertainty over EPR timetable and funding;
 - achievability of the residual waste target; the level of penalty associated with the waste target and the reliance on the delivery of the new MRF to achieve this target; and
 - the cost implications of the changes to the financial arrangements and of switching to a twin stream recycling collection system.
68. As a consequence of these discussion the County Council is minded to amend the residual waste target proposal by reducing the recharge for any material over the target threshold from 100% to 50% of the associated disposal cost. The County Council will reserve the right to increase the Residual Waste Target cost recovery from 50 to 100% from 2035 alongside a review of the target (kg/HH) itself.
69. The County Council also commits to delay the introduction of this target, in the event that the new MRF delivery is delayed ensuring that the WCAs have adequate time to introduce systems to support its achievement. Currently the MRF is planned to open in mid-2025 with the target coming into effect from 1 April 2030, four years later. The County Council commits to maintaining this transition window and so, should the MRF be delayed, proposes to introduce the target from the beginning of the financial year marking the fifth anniversary of the MRF opening.
70. In proposing these revisions, the Council recognises that some authorities are uncertain about their ability to meet this target due to specific local

circumstances. However, it feels right that there should be consequences to ensure that authorities actively pursue actions to minimise residual waste arisings.

71. The County Council also recognises the need for, and commits to, collaborative working, with all partners, to drive the education of, and communication with, residents to engender the necessary behavioural changes to support the achievement of the proposed residual waste target.
72. The County Council is committed to playing its part as a member of the Project Integra Partnership and has been playing a leading role in looking to develop, in line with the refreshed Project Integra Joint Municipal Waste Management Strategy, a re-invigorated partnership that is focused on delivery high quality services for all residents across Hampshire, Portsmouth and Southampton.
73. The Project Integra Joint Municipal Waste Management Strategy, which the County Council has formally signed up to, sets out the key objectives that the partnership will deliver:
 - Partnership Working – using whole system thinking to deliver on the agreed action plan and key performance indicators;
 - Recyclable Materials Management – introduce a twin stream recycling system and focus on reduced contamination and high-quality recycling;
 - Waste Reduction – maximise opportunities to reduce waste through a waste prevention action plan working together to deliver initiatives;
 - Best Practice – drive towards achieving zero waste to landfill and reduced carbon emissions by identifying and implementing best practice and new technologies from both within and outside the partnership; and
 - Service Delivery – Drive towards consistency across the Partnership area to make it as easy as possible for residents to do the right thing with their waste, utilising best practice and improved joint and consistent communications campaigns.
74. The County Council will ensure that it allocates the necessary resources to play its part in delivering on these key objectives alongside all of the other Partners.

Financial Implications

75. As discussed above the implementation of the Inter Authority Agreement forms part of the delayed Transformation to 2021 savings proposals for waste, the total value of the savings linked to the Inter Authority Agreement is £3.2million.
76. In addition to the above the delivery of the new Materials Recovery Facility will deliver further savings of £1million as a result of the diversion of material and changes to the wider waste infrastructure.
77. The County Council, based on the quantity of packaging found within the residual and recycling streams, has estimated that it would receive an Extended Producer Responsibility for packaging payment of £2.1million.
78. The total value of the savings to be delivered on an ongoing basis is £6.3million which are set out in the below table based on the options provided in this report.

This table sets out the amount that will be achieved by against each element within each option to deliver the total savings required.

79. The figures in the below table are based on the 2022/23 data and are subject to fluctuation based on material markets, tonnage inputs and inflation.

Table 1 – Savings by Option

Item	Option 1a	Option 1b	Option 2
Dry Mixed Recycling Income	£3.5 million	£2.5 million	£5 million
Contamination Recharge	£0.75 million	£0.75 million	£1 million
Extended Producer Responsibility Funding	£2.1 million	£0	£0
Recycling System Change	£1 million	£1 million	£0
Contract Income	£0	£2.3 million	£1 million
Total	£7.35 million	£6.55 million	£7 million

The table shows that each of the options will ensure that the savings target can be met on an ongoing basis removing the requirement for the County Council to utilise cost of change funding beyond the implementation date of 1 April 2024.

Consultation and Equalities

80. Whilst there has been no formal consultation process the Partnership agreement and financial arrangement have been developed with involvement of all Project Integra partners. This has been done both through the regular Project Integra Strategy Officer and Strategic Board meetings but also via dedicated officer meetings to go through and seek agreement line by line. Regular updates have also been provided to the Hampshire & Isle of Wight Chief Executive Officer group.
81. This project relates to an inter authority agreement setting out the roles, responsibilities and financial arrangements between the County Council and the District and Borough authorities to comply with the requirement of the waste disposal service contract and therefore this will have a neutral impact with respect to all the protected characteristics.

Climate Change Impact Assessments

82. Hampshire County Council uses two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
83. The carbon mitigation tool and climate change adaptation tool were not applicable because this decision relates to an inter authority agreement and is therefore effectively an administrative document. However, the premise on which the agreement is based is that of seeking to improve performance in terms of both waste reduction and recycling and therefore supports carbon reduction activities.

Conclusions

84. It is recognised that there is a significant amount of uncertainty at present created by the delays to the implementation of the Collections and Packaging regulations and that this results in financial challenges for all parties. However, it has become clear that there cannot be an indefinite period of delay and therefore a decision must be made.
85. It should also be noted that the recycling performance in Hampshire has seen limited change in the last decade and even if the legislative driver is delayed there is a fundamental need to provide a better service for residents. This imperative is not going to go away and indeed the pressure will only grow as we seek to achieve the net zero targets that are so important to a more sustainable future.
86. Our engagement with residents clearly shows that there is a significant desire to recycle more waste and it is for us as local authorities to work together to ensure that we can deliver this as soon as is practicably possible.
87. The County Council has worked with Project Integra partners over the last eight years to improve the recycling service across Hampshire, Portsmouth and Southampton investing capital in a new site and securing planning permission for the necessary infrastructure based on a joint strategy that has been agreed by all.
88. The County Council has undertaken a significant amount of engagement with all partners as this programme of work has developed and has sought to address the matters raised through discussions and adjust the Inter Authority Agreement accordingly. We are committed to continuing this engagement throughout the development and implementation phases of this work.
89. The proposed Inter Authority Agreement sets out a reasonable approach that will enable the County Council to make the necessary investment in both the new MRF and the associated changes at waste transfer stations to deliver a modern fit for purpose service for our residents.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Joint Municipal Waste Management Strategy	23.09.2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

This project relates to an inter authority agreement related to the roles, responsibilities and financial arrangements between the County Council and the District and Borough authorities to comply with the requirement of the waste disposal service contract and therefore this will have a neutral impact with respect to all of the protected characteristics.