

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Economy, Transport and Environment
<b>Date:</b>	8 October 2020
<b>Title:</b>	T21 Waste Savings Proposals
<b>Report From:</b>	Director of Economy, Transport and Environment

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### Purpose of this Report

1. The purpose of this report is to secure a decision on savings proposals identified from the Waste budget that were set out in the Economy, Transport and Environment (ETE) Department's Transformation to 2019 – Revenue Savings Proposals, and Transformation to 2021 – Revenue Savings Proposals, which the Executive Member for Economy, Transport and Environment recommended to Cabinet, and which were subsequently approved by Council in November 2017 and 2019 respectively.

### Recommendations

2. That the Executive Member for Economy, Transport and Environment approves the cessation of Recycling Credit payments for materials (such as glass) for which provision has been made within the Waste Disposal contract from April 2021.
3. That the Executive Member for Economy, Transport and Environment approves that from April 2021 the County Council recharges the Waste Collection Authorities (WCAs) for those extra opening hours that are requested outside of those prescribed in the current agreement between authorities on operation of waste sites.
4. That the Executive Member for Economy, Transport and Environment approves the withdrawal of the glass bottle banks from the Household Waste Recycling Centres (HWRC) network.
5. That the Executive Member for Economy, Transport and Environment delegates authority to the Director for Economy, Transport and Environment to propose to, and work with, its Waste Authority partners to develop proposals for a new joint working agreement that ensures that continuing joint working arrangements are fit for purpose with regards to current operations and reflect the service changes that will be needed in order to meet the Government's Consistency of Collection requirements.

## **Executive Summary**

6. This paper seeks to:
- set out the background to the project
  - review the Waste transformation proposals and consider the current status of this work
  - consider the financial impact of the transformation proposals.

## **Contextual information**

7. Hampshire County Council, as a Waste Disposal Authority (WDA), has a statutory duty for the disposal of municipal waste arisings in Hampshire. In order to fulfil this function, it has, in conjunction with its waste disposal partners, the unitary authorities of Portsmouth City Council and Southampton City Council, entered into a waste disposal service contract (now extended to 2030) and a contract for the management of 26 HWRCs (to 2030), both of which have been awarded to Veolia UK.
8. Prior to the commencement of the contract in 1997, all 14 waste authorities of Hampshire (Disposal and Collection), along with Veolia, became members of the Project Integra (PI) partnership established in the mid-1990s to deliver an integrated waste management service in the county. The partnership agreement is in the form of a non-legally binding Memorandum of Understanding (MOU) setting out the principles of the partnership and the roles and responsibilities of the partner members.
9. The joint working arrangements put in place through the Project Integra partnership enabled the County Council to include recycling infrastructure within the remit of the contract, even though recycling activities are, in the main, the responsibility of Waste Collection Authorities (WCAs). This arrangement is unusual in the extent to which the County Council agreed to subsidise or financially incentivise districts to carry out recycling collections. These arrangements put Hampshire at the forefront of waste and recycling provision at the time.
10. As a result of this approach, investment was made in a suite of infrastructure:
- 3 Energy Recovery Facilities (ERFs);
  - 2 Material Recovery Facilities (MRFs);
  - 2 Composting Facilities;
  - 12 Transfer Stations; and
  - 26 Household Waste Recycling Centres (including facilities located in Southampton and Portsmouth).
11. Recycling provision and performance in Hampshire has, however, not kept pace with the evolution of this service area. Overall, no district in Hampshire is in the top half of the league table nationally for recycling; a number of districts have had 'improvement required' letters from the Secretary of State, while the HWRC network is by far the best performing part of the system. Now the severity of the current savings requirement means that difficult choices need to be made to

deliver the budget reductions required to close the budget gap of £80million by 2021.

12. The Economy, Transport and Environment (ETE) Department's Transformation programmes have been set out in Transformation to 2019 – Revenue Savings Proposals<sup>1</sup>, and Transformation to 2021 – Revenue Savings Proposals<sup>2</sup> sets out how the Department intends to achieve these saving requirements. These proposals include the reduction of the Waste budget by £3.675million (Tt19) and £9.2million (Tt21).
13. Of the £3.675million saving from the Tt19 programme, there is a residual saving remaining to be delivered of £1.760million. It is proposed that a proportion of the savings delivered by this decision will be used, in consultation with the Deputy Chief Executive and Director of Corporate Resources, and in conjunction with other Waste Contract efficiencies to deliver and close the outstanding waste budget savings from the Tt19 programme.
14. The remainder of the savings will contribute to the £9.2million cost reduction required as part of ETE's Transformation to 2021 savings. It has been previously agreed that this will be delivered through:
  - HWRC savings (e.g. through additional charging);
  - re-baselining the County Council's current financial arrangements for recycling with district and borough council partners (between £4-6million, including recycling credits); and
  - on-going contract negotiations; further operational efficiencies, and waste prevention programmes (between £5.1 – 5.4million).
15. The only other area of the budget which is not a statutory requirement<sup>3</sup>, and therefore could be potentially reduced, relates to the HWRC network. The overall cost is in the order of £10million, but most of this is the cost of disposing of material, with site operating costs only comprising around 20%. Therefore, to secure a £6million saving would probably require the closure of 16 or more sites. Alternatively charging an entry fee, would require a change in the law, and would be worth £2-3million annually, still requiring a significant closure programme alongside charges. These options were considered and rejected as the HWRCs are the best performing recycling service, and the public has consistently been strongly opposed to closures.

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<sup>1</sup> <https://democracy.hants.gov.uk/documents/s5841/2017-09-19%20EMET%20DD%20Item%207%20T19%20Report.pdf>

<sup>2</sup> <http://democracy.hants.gov.uk/documents/s38269/Report.pdf>

<sup>3</sup> HWRC provision is a statutory requirement but the minimum service level, whilst not clearly defined in law, would be well below current provision of 24 sites, and the accepting of non-household waste items.

## **Waste & Resource Management Transformation proposals**

16. The paper proposes 3 decisions that will contribute to the delivery of the Council's savings programmes. These are:
- a) The cessation of paying recycling credits for materials for which provision has been made for them to be managed through the Waste Disposal Contract.
  - b) To recharge to the Requesting District/Borough the costs of any extra opening hours outside of those set out in Appendix 4 of the PI MoU.
  - c) The removal of glass banks from the HWRCs

### Cessation of Recycling Credits

17. This proposal was set out and notified to the Districts and Borough Authorities in a letter from the County Council to each Chief Executive on 2 September 2019.
18. This letter set out the following proposals:
- to cease paying Recycling Credits for materials for which provision has been made within the Waste Disposal contract;
  - to re-charge each WCA the cost associated with disposing of Contamination of non-targeted materials within their Dry Recycling deliveries; and
  - to retain the income derived from the sale of said recyclable materials once processed.
19. The cessation of Recycling Credit payments, from April 2021 is applicable now that the County Council has agreed to and made arrangements for glass to be included within its Waste Disposal Contract with Veolia following an unsuccessful procurement exercise by PI for the sale of glass in 2018. As the WCAs are no longer making their own arrangements for glass recycling, the County Council is no longer obliged to pay recycling credits for this material. This will also apply to other materials collected and presented for processing or marketing under the Waste Disposal Contract by the District and Borough Councils.
20. A decision on the other elements of the County's Tt21 savings proposals relating to the district councils will not be brought forward at this time in recognition of the on-going work to review current recycling services that has been delayed as a consequence of the Covid-19 crisis. However, the County Council reserves the right to bring forward these other proposals should a suitable collective agreement not be forthcoming.

### The Recharging of Additional Opening Hours costs.

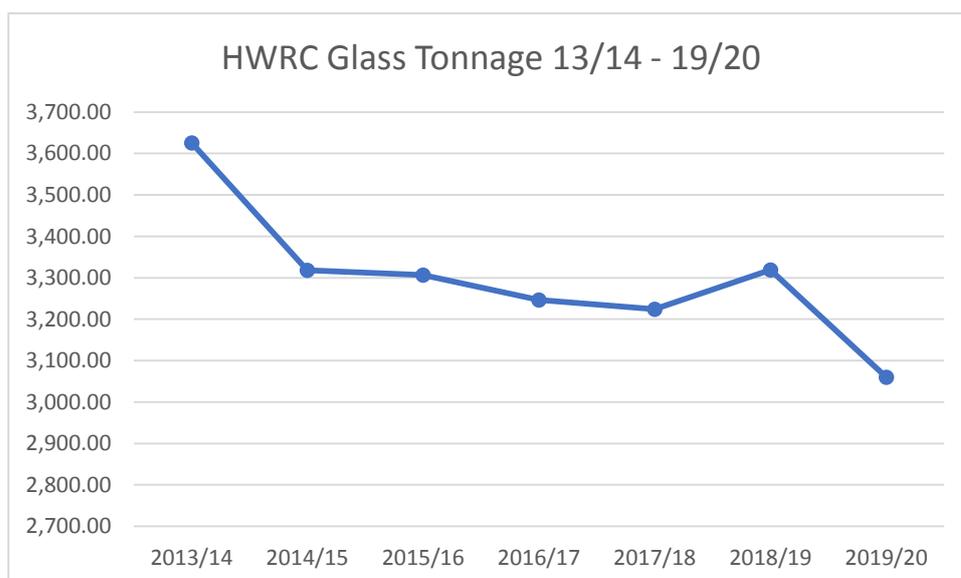
21. The opening hours for waste facilities are set within the waste disposal contract and further referred to in the PI MoU in that the County Council is charged with providing the facilities within prescribed hours as well at specified times outside of these based on pre-contract historic site availability. These times are set out in Appendix 4 of the PI MoU.

22. The costs associated with these additional opening hours have been borne by the County Council for the duration of the waste contract. However, the County Council has also facilitated additional opening hours beyond those specified within the PI MoU. These further additional opening hours can be re-charged to the district(s) requesting it in a manner prescribed in the PI MoU. To date the County Council has not done this. However, in recent years some of the additional hours that have been requested have not always been fully utilised. The financial situation of the Council has also changed with the need to achieve multiple million-pound savings even before the impacts of the Covid-19 crisis can be fully assessed. It is therefore recommended that from April 2021 that the County Council recharges the WCAs for those extra opening hours that are requested outside of those prescribed in the PI MoU.
23. The County Council will continue to honour the financing of the normal and additional opening hours as set out in the MoU, including re-charging for extra opening hours outside of these, until such time as a new agreement can be reached as proposed in Recommendations (paragraph 5).
24. The fact that these opening hours were set based on pre-1997 custom and practice is yet another reason why the PI MoU in its entirety needs to be renewed.

Removal of Glass “Bottle Banks” from the HWRC network.

25. Historically the HWRCs played a significant role in the provision of recycling of glass across the county and sat alongside the local recycling facilities that the WCAs provided in places such as car parks. However, now that 7 out of 11 Hampshire WCAs offer at least a monthly kerbside glass collection service, the quantity of glass received at the HWRCs is in decline (see Graph 2).

Graph 2 – HWRC Glass Tonnage 2013/14 – 2019/20



26. This has operational implications in that the cost of providing this service now outweighs the value of the material from re-sale, meaning that the service operates at a loss.
27. With the likelihood that glass will become collected at kerbside on an even more wider spread basis as a result of the Government's Consistency in Collection policies, the withdrawal of this facility will not unduly impact on the residents' ability to recycle but will contribute to the transformational savings target and enable the space at the HWRC to be utilised for alternative recycling options
28. It is therefore recommended that approval be given to the withdrawal of the glass bottle banks from the HWRC network.

### Finance Performance

29. The final value of any of these decisions is dependent on either the tonnage of material handled, or the value and tonnage of the material sold. Neither of these are fixed variables, and therefore the outcome is subject to potential fluctuation.
30. Based on historic trend information for tonnages up to the end of the 2019/2020 financial year and the value of sold materials at this point, the figures in Table 1 are an estimate of the likely outcome from these policy changes.

Table 1 – Value of Proposed Decisions

<b>Proposal</b>	<b>Value (£) (19/20)</b>
Cessation of Recycling Credits	£1,462,346
Recharge of extra opening Hours	£35,000
Removal of HWRC Glass Banks	£30,000

### Resources and Waste Strategy

31. The Government published its first waste strategy for a decade in December 2018 and consulted on these proposals in Spring 2020. There were three key proposals in respect of Household Waste within the Strategy. These were:
  - Extended Producer Responsibility;
  - A Deposit Return Scheme; and
  - Consistency of Collection.
32. These proposals have been delayed by political uncertainty, the General Election in December 2019, and more recently the Covid-19 Crisis.
33. The Environment Bill, which will act as enabling legislation, is still held, at the time of writing, at the Committee stage of its passage through Parliament, but it is hoped this will complete its passage before the end of 2020.

34. A second round of consultations is then expected in early 2021, which will provide more detail on the government's position on, and timeframe for, delivery of the three proposals above.
35. The uncertainty around these National proposals has led to difficulties, and delays to the Project Integra partnership in developing plans on the future service model for recycling. This service is inextricably linked to these proposals in terms of what materials, and quantities thereof, will be collected, and hence the size and scale of any associated infrastructure.
36. However, what is becoming increasingly clear is the need for changes in both the collection methodology and the infrastructure that supports it, both to comply with the requirements of the Environment Bill and improve performance.
37. The joint working arrangements between the PI Partners are set out in the PI MoU, which was drafted in the mid-1990s and was based on a style of service (co-mingled collection) that was innovative in its time. The likelihood that this service style will need to change in the near future to comply with the Government's requirements and to meet recycling targets means there is a pressing need to replace this aging and non-binding agreement with one that is more reflective of the current pressures and challenges being faced by partners.
38. It is therefore recommended that the County Council propose and work with its District partners on a new joint working agreement, to replace the current Project Integra Memorandum of Understanding, that is fit for purpose with regards to current operations and reflects the service changes that will be needed in order to meet the Government's Consistency of Collection requirements.

### **Consultation and Equalities**

39. In the context of the Governments Resources and Waste Strategy and the implications of the Environment Bill, there has been ongoing engagement with district and borough authorities on the impacts these will have and the required changes to the waste management system in Hampshire. A symposium with senior officers and members was held in February 2020, and a second is planned for later this year to discuss with all parties the options for service changes.
40. All but one of the impacts of the policy changes proposed will fall on the District and Borough Councils of Hampshire. The only exception is the decision to remove the bottle banks from the HWRCs. However, 8 out of 11 districts now offer a kerbside glass collection and there is high provision of glass banks across the County. This change is therefore expected to have a neutral impact on people with protected characteristics in light of existing, alternative provision.

### **Conclusions**

41. The paper sets out the County Council's need to achieve significant savings from the waste budget and some of the proposals for doing so.
42. The paper concludes that despite these proposals there is a pressing need for a new joint working agreement between the Project Integra partners to replace the existing but out dated Project Integra Memorandum of Understanding, and

proposes that work should be begin to negotiate a replacement agreement to support the partnership working of Project Integra in the future.

43. This need is supported by the anticipated service changes that will be needed to deliver the Government's Resources and Waste Strategy.
44. The paper also identifies that the tonnage of glass being received at the network of HWRCs is now at a level as to be costing the County Council money in terms of the logistical costs outweighing the material value, and as alternatives are readily available via either district recycling centres or from Kerbside collection services, the removal of this facility should not adversely impact on the total quantities being collected.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> <a href="http://democracy.hants.gov.uk/documents/s38269/Report.pdf">http://democracy.hants.gov.uk/documents/s38269/Report.pdf</a>  https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=706&MId=6031&Ver=4	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**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.)**

<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:**

All but one of the impacts of the policy changes proposed will fall on the District and Borough Councils of Hampshire. The only exception is the decision to remove the bottle banks from the HWRCs. However, 8 out of 11 districts now offer a kerbside glass collection and there is high provision of glass banks across the County. This change is therefore expected to have a neutral impact on people with protected characteristics in light of existing, alternative provision.

## Appendix 1 Waste related savings

Ref	Service Area & Description of Proposal	Impact of Proposal	Expected Savings			FTE Impact
			2020/21 £'000	2021/22 £'000	Full Year £'000	
ETE1	<p>Waste disposal contract: Make changes to the financial arrangements by removing Hampshire County Council cost subsidies in the recycling of household waste in Hampshire, to:</p> <ul style="list-style-type: none"> <li>• maximise and retain income from the sale of recycled materials by Hampshire County Council</li> <li>• charge costs currently incurred by Hampshire County Council to District Councils</li> <li>• end direct subsidy payments to District Councils where recycling infrastructure and facilities have been provided to them free of charge to use</li> <li>• maximise impacts of Waste prevention activities</li> <li>• explore further re-financing options related to the Waste Disposal Contract</li> </ul>	District Council partners will be impacted by changing the financial model to remove subsidies which will impact through reduced income / recovery of full costs by Hampshire County Council. Service users should see no immediate impact, but in the long term may benefit from potential future countywide harmonisation of waste collection schemes and in the shorter term by a more straightforward recycling offer and / or an increased range of materials. No direct impact upon Hampshire County Council staff is anticipated.	0	8,200	8,200	0
ETE2	<p>Waste disposal – HWRCs: To charge customers to deposit wood at Household Waste Recycling Centres (i.e. non-household wood wastes, including fence panels, sheds, window frames etc.). This is in-line with existing policies to charge for other DIY type wastes and will serve to recover costs only.</p>	Service users seeking to deposit non-household wood wastes will incur additional costs in using HWRC sites. Veolia as partners will deliver the charging service, but there will be limited impact as required infrastructure is already in place. There is likely to be increased customer contact from service users as a result of the introduction of the charge.	500	1,000	1,000	0

