

Title of meeting: Cabinet Member for Environmental Services

Date of meeting: 11 March 2024

Subject: Waste Disposal Contract 2030 + Options Appraisal

Cabinet Member Councillor Dave Ashmore

Report by: David Emmett - Head of Waste Management Services

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. This report has been written jointly by the Tripartite Authorities of Portsmouth City Council, Hampshire County Council and Southampton City Council (from this point forward, known as the 'Parties').
- 1.2. This report sets out the proposed programme of work required to complete an options appraisal to determine the optimal approach for delivering the Parties' statutory duties for waste disposal beyond the expiry of the current shared arrangements post December 2030.
- 1.3. As one of the most significant statutory areas of delivery and spend for the Parties, and also an area that carries both significant risk and opportunity, it is critically important that this process commences early to allow sufficient time to assess and develop the options available.
- 1.4. The report sets out the work programme, the resources, and the funding necessary to complete this work as well as the rationale for it
- 1.5. This report is being considered separately by each of the Parties via their appropriate decision-making process to ensure full support for the proposed programme.

2. Recommendations

- 2.1. That Cabinet Member for Environmental Services:
 - 2.1.1 Approve the proposed programme and governance arrangements to jointly undertake the initial project appraisal to inform and direct the arrangements

for managing waste disposal beyond expiry of the current contract after December 2030

- 2.1.2 Give authority to the Director of Housing, Neighbourhoods and Building Services as a member of the Strategic Tripartite Board to deliver the options appraisal work set out in this report, within the scope of the below approvals, including procurement of external contractors and expenditure
- 2.1.3 Approve and commit to supporting the resource requirements to deliver the programme
- 2.1.4 Approve in principle the proposed programme budget
- 2.1.5 Approve the procurement of external expertise and resources to provide the necessary technical input to the options appraisal
- 2.1.6 Approve any minor amendments that may be required to the Tripartite Agreement to support this programme.

2.2 Requests that updates are brought to the Environment Services member briefings as the work progresses.

3. Background

3.1. Context

- 3.1.1 The current Waste Disposal Service Contract (WDSC) was signed in the mid 1990s and commenced on 1 January 1997. The WDSC specified that all household waste collected across Hampshire (including Portsmouth and Southampton) would be in scope for handling and processing, and as such a suite of infrastructure was planned and developed to support this process. This included provision of two Materials Recovery Facilities (MRFs), three Energy Recovery Facilities (ERFs), three open air windrow composting facilities¹, supported by 11 waste transfer stations to facilitate bulking and haulage.
- 3.1.2 A significant high tonnage of waste is handled annually requiring recycling or safe disposal in line with environmental legislation. Disposal costs incurred are shared proportionally with Hampshire County Council responsible for 77% and Portsmouth and Southampton responsible for 11.52% and 11.48% respectively. In 2022/23 this amounted to a total cost burden of around £75m.
- 3.1.3 One of the key benefits of the original WDSC was the regional approach, and economies of scale from all three disposal authorities working in partnership. This enabled more efficient location of infrastructure that complemented the main conurbations in the county, achieving better value for haulage and opportunities for processing outlets through incorporating household waste from across the three areas. This also ensured greater resilience and stability than many other authorities have experienced by having a suite of facilities available to manage periods of outage or maintenance, as opposed to each Party having to rely on a single facility

each. This is particularly important with such a high tonnage of material managed across the entire geographical county area and increasing complexity arising from legislative changes over time.

3.1.4 A separate contract is in place for managing the 26 Household Waste Recycling Centres (HWRCs) provided by Hampshire, Portsmouth and Southampton respectively. This contract is also due to expire on 31 December 2030 and has clear synergies with the WDSC. Opportunities for integration of the WDSC and HWRC contracts will be a line of enquiry for the proposed appraisal.

3.2. Please see **Appendix 1** for the Parties joint report which includes all background information, programme proposal, options, timeline, governance and estimated budget.

4. Reasons for recommendations

4.1. This programme of work is a critical one for the Parties due to the financial and reputational risks associated with delivering the waste disposal service for a geographic and administrative area the size of Portsmouth, Hampshire and Southampton.

4.2. There has been significant change in the waste sector affecting local authorities over the recent years and this programme provides the Parties with the opportunity to best position themselves to ensure their waste services deliver the optimal environmental outcomes beyond 2030 whilst also ensuring value for money.

4.3. The waste disposal infrastructure is jointly owned by the three disposal authorities it is therefore essential that the parties work together using hence this joint report being presented to each of the authorities appropriate decision making meeting.

5. Integrated impact assessment

5.1. This report is for approval of an options appraisal, therefore at this stage an IIA is not required because no initiatives or changes are being considered. An IIA will be completed as required for a future report to assess the full impact of any new initiatives or changes.

6. Legal implications

6.1. When Portsmouth City Council ("PCC") became a unitary authority in April 1997, it assumed the functions of a waste disposal authority for the Portsmouth area.

6.2. A contract for waste disposal services between Hampshire County Council ("HCC") and Hampshire Waste Services Limited (subsequently sub-contracted to Veolia) was completed on 25 March 1997 ("WDSC"), and enabled the sharing of the rights and liabilities under it on a joint and several basis between HCC, PCC and Southampton City Council ("SCC") in consequence of the local government re-organisation.

- 6.3. WDSC was then transferred from HCC to PCC by virtue of the Contracts Agreement for Transferring Property between HCC and PCC dated 27 March 1997. A similar Agreement was entered into between HCC and SCC. The WDSC concerns waste collection, treatment and disposal services across Hampshire county and expires on 31 December 2030.
- 6.4. In 2009, HCC and PCC and SCC entered into a Tripartite Agreement to address the sharing of responsibilities of the Parties under the WDSC. The Agreement establishes a partnership approach with HCC taking over administration of the Contract. The Agreement also provides for the sharing of the costs under the WDSC. Essentially, where there is no specific alternative agreement, the liabilities are apportioned as follows: HCC - 77%, PCC - 11.52%, SCC - 11.48%.
- 6.5. The responsibility for the estimated budget for the proposed programme of work required to complete an options appraisal set out in Appendix 1 to this report is split in accordance with % shares of costs set out in the Tripartite Agreement.
- 6.6. A separate contract (HWRC contract) was entered into between HCC and Veolia (ES) UK Limited on 21 April 2016 for the management of the network of twenty-six (26) household waste recycling sites in Hampshire, Portsmouth and Southampton. The HWRC contract is also due to come to an end on 31st December 2030.
- 6.7. The Joint Report at Appendix 1 proposes that some of the existing governance arrangements for the joint administration and management of waste disposal services across the county under the WDSC, are utilised for the purposes of the options appraisal work set out in this report. This includes:
 - 6.7.1. The Strategic Management Group (referred to in Appendix 1 as 'Strategic Tripartite Group'), which comprises a senior manager from each Party who is responsible for the discharge of that Party's functions as waste disposal authority. The Strategic Group meets on the quarterly basis.
 - 6.7.2. The Joint Member Liaison Group (referred to in Appendix 1 as 'Members Tripartite Group'), which comprises the executive member of each authority with responsibility for the discharge of that Council's executive functions as waste disposal authority. It meets on a six-monthly basis.
- 6.8. The proposal is to set up an additional 'programme level group' with a programme lead appointed and representation from each of the authorities.
- 6.9. Terms of reference for each group in the governance structure will need to be developed to ensure clarity over responsibilities of each.
- 6.10. As the purpose of Tripartite Agreement is specifically aimed at shared administration and management of the WDSC, it is advisable for the Parties to either amend the Tripartite Agreement or enter into a separate partnership agreement that will set out the specific arrangements for the joint working set out in Appendix 1 of this report.



This should cover the principles of co-operation between the Parties, agreement on extended responsibilities of the the Strategic Tripartite Group and the Members Tripartite Group set up under the Tripartite Agreement, as well as terms of reference for a new programme level group, financial commitments towards the work of the Parties set out in Appendix 1 and the sharing of costs, communications, confidentiality, assistance with FOI requests, and arrangements for procurement of experts and external legal support (and potentially a replacement contractor(s), depending on option chosen for future delivery of the waste disposal service).

7. Director of Finance's comments

7.1 The joint report of the Tripartite Authorities (Appendix 1) sets out a total estimated programme budget of up to £1.6m. Portsmouth City Council’s share of this is estimated as £185,000 (11.52%) in the financial years up to 2030/31. A budget of £50,000 will be available in the 2024/25 Waste Disposal budget to contribute to the cost of infrastructure assessment and associated support. This expenditure will be recognised as revenue spend in-year and charged from HCC as part of their routine monthly billings to PCC. HCC will track and provide detail of spend charged to PCC.

7.2 The Cabinet Member is recommended to approve and commit to supporting the resource requirements to deliver the programme and to approve in principle the proposed programme budget.

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Signed by: James Hill, Director of Housing, Neighbourhoods and Building Services

Appendices:

Appendix 1 - Waste Disposal Contract 2030 + Options Appraisal

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
N/A	

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: