

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	23 April 2019
Title:	Recycling Infrastructure
Report From:	Director of Economy, Transport and Environment

Contact name: James Potter

Tel: 01962 845487

Email: james.potter@hants.gov.uk

1. Recommendations

- 1.1 That, based on the initial project appraisal outlined in this report, approval is given to commission Veolia UK Ltd., the County Council's appointed waste contractor, to develop detailed designs for a proposed new Materials Recycling Facility (MRF), to enable a full business case to be prepared.
- 1.2 That authority is delegated to the Director of Economy, Transport and Environment to make all necessary arrangements to complete a full business case for a proposed MRF including pre-application discussions with the Planning Authority and discussions with Veolia UK Ltd.
- 1.3 That a further report on the full business case for the proposed MRF be prepared and brought forward to a future decision day at the earliest opportunity.

2. Executive Summary

- 2.1. The purpose of this paper is to seek approval to commission Veolia to undertake detailed design work to consider feasibility for a new MRF on land in Eastleigh, to process a wider range of recyclable materials. This information will help inform the options going forward for the future provision of waste recycling infrastructure in Hampshire. The funding for the commission of the detailed design will be drawn from existing resources.
- 2.2. The paper also sets out;
 - the current arrangements for household waste management in Hampshire;
 - the drivers for change, such as Hampshire's overall recycling performance and the Government's recently published Resources and Waste Strategy and associated consultation documents; and
 - next steps to be undertaken prior to the presentation of a final business case.

3. Current Arrangements

- 3.1. 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 Household Waste Recycling Centres (HWRCs) (to 2030), both of which have been awarded to Veolia UK.
- 3.2. Prior to the commencement of the contract all 14 waste authorities of Hampshire (Disposal and Collection), along with Veolia, became members of the Project Integra partnership established in the mid-1990s to deliver an integrated waste management service in the county.
- 3.3. The Waste Disposal Service Contract (WDSC) with Veolia is a Design, Build and Maintain, as well as a Service contract, that required the provision of the necessary infrastructure at the outset. 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 WDSC, even though recycling activities are, in the main, the responsibility of Waste Collection Authorities (WCAs).
- 3.4. As a result of this approach, investment was made into a suite of infrastructure, which consists of:
 - 3 Energy Recovery Facilities (ERFs);
 - 2 Material Recovery Facilities (MRFs);
 - 2 Composting Facilities;
 - 10 Transfer Stations; and
 - 26 Household Waste Recycling Centres (including the Unitaries).

4. Drivers for Change

- 4.1. The original driver for change was that Hampshire's Recycling Performance, which is a combination of that of the Waste Collection Partners and the HWRCs, has plateaued in recent years.
- 4.2. There is a strong political desire within Project Integra to be able to expand the range of materials collected as part of the kerbside collections to include plastic packaging (also known as Pots, Tubs & Trays (PTT)) and cartons.
- 4.3. Modelling of waste growth resulting from population and housing growth also identified a potential £20million cost exposure to the County Council if the partnership's recycling performance could not be significantly improved as well as an erosion of capacity in the existing ERFs resulting from potentially recyclable material being disposed of in the residual waste stream.

4.4. In December 2018 the Government published a new Resources & Waste Strategy for England¹, and the subsequent consultations have strongly signalled that the existing waste services in Hampshire will not be sustainable. The key possible outcomes for local authorities are:

- National Recycling targets of 55% by 2025; 60% by 2030; 65% by 2035;
- A consistent set of dry mixed recyclables to be collected at the kerbside;
- Separate kerbside food waste collections;
- Improved working relationships between local authorities – including two tier structures;
- Maintain the quality and extent of local authority collections – potential requirement for free green waste collections;
- Extended Producer Responsibility (EPR) – Producers to pay “full net cost recovery” of packaging waste; and
- A deposit return scheme for beverage containers.

4.5. Submissions to the consultations are required by 13 May 2019 however it will be later in the year before Government publishes the results and its response to them which should provide more certainty on the direction it plans to take.

5. Business Case for a new MRF

5.1. As set out in the Executive Member for Environment and Transport decision paper in November 2017, the County Council has been working with the Hampshire and Isle of Wight Local Government Association (HIOWLGA) Chief Executives to consider the options for delivery of infrastructure to enable a wider range of materials to be captured at the kerbside and recycled.

5.2. On 28 March 2018, the Secretary of State for Environment, Food and Rural Affairs announced the intention to introduce a Deposit Return Scheme (DRS) for beverage containers as part of a forthcoming Waste Strategy for England. It was unknown at the time whether the proposed DRS would cover all or some of the plastic, metal and glass drinks containers. It was also unknown as to whether the containers included as part of the DRS were to be limited to those used “on the go” or not. With this uncertainty it was not possible to identify the most appropriate option to pursue at that stage and so the project was paused until there was further clarity.

5.3. The publication of the consultation on Consistency, one of the four consultations published by Government as a result of the Resources and Waste Strategy, has strongly indicated the direction of travel for increasing recycling performance. It proposes the collection from the kerbside of a

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf

standardised set of recyclable materials alongside weekly food waste collections and a proposal for a free fortnightly garden waste collection.

5.4. The consultation also sets out the Government's preference for the type and frequency of kerbside collection services, as follows:

- Residual waste collections (minimum frequency of fortnightly);
- Separate kerbside collection of Dry Recyclables (weekly);
- Food waste collections (weekly); and
- Free Garden Waste Collections (fortnightly).

5.5. Whilst still subject to the consultation responses it is recognised that the quality benefits that kerbside separation of dry recyclables can offer is compelling, e.g. potentially 0% contamination as opposed to an average of 15% contamination found in co-mingled collections; as well as reduced costs associated with the removal of the requirement for MRFs. It is therefore anticipated that this method will become the default collection methodology. However, the transitioning of Local Authorities currently providing alternative collection arrangements i.e. co-mingled, as in Hampshire, will take some time as current contractual arrangements, be they collection or processing, conclude.

5.6. The proposal to continue to develop the business case for the new MRF is being taken in recognition of uncertainty regarding the final outcome of the government consultations and how these will impact on Local Authorities, both financially and in terms of the services that are provided to the public.

5.7. There was a desire amongst some Hampshire waste collection authorities that glass be included in a revised co-mingled specification as this would reduce collection costs. Accepting glass at a new MRF would result in a significant additional cost exposure for the County Council as the glass entering the MRF would, mixed with the other dry mixed recyclables, be liable for a per tonne gate fee, as opposed to the relatively small handling fee incurred when it is handled and exported to market directly from the network of transfer stations. It is also widely accepted that co-mingling of glass can have a negative impact on quality and available end markets, both for itself and other materials, particularly for fibre materials such as paper and cardboard. These factors have contributed to the decision not to include glass within any revised MRF specification. This means that the capacity required for any new infrastructure is reduced by the exclusion of significant tonnage of glass, estimated at around 40,000 tonnes that is potentially available for capture in Hampshire.

6. Financial Impacts

6.1. The cost of the commission for Veolia to undertake the detailed design work is up to £60,000, to be funded from existing resources, and will provide the full cost and benefits of a new MRF which will give the level of information required for a future decision on recycling infrastructure.

- 6.2. As well as the need to improve recycling performance by increasing the range of materials that can be accepted in the kerbside recycling stream, this project will deliver a £3million contribution to the County Council's £140million Transformation to 2019 austerity savings programme. Whilst the delays in delivering the saving associated with this project can be met from the Department's Cost of Change fund, these savings are still very much required.
- 6.3. As part of the Transformation to 2021 programme the County Council has an overall savings target of £80 million and the Waste and Resource Management service will have a part to play in the departmental target of £11.8 million.
- 6.4. Officers have been working with Veolia to develop working proposals for a new MRF. This has included:
- The estimation of the costs associated with building the new facility, both the civil engineering costs for the building and the processing technology;
 - Consideration of the potential costs/savings associated with the necessary contract variations to accommodate possible changes to the contracted service; and
 - The implications on flows of monies to and from the County Council and its disposal and collection partners.
- 6.5. All of these elements will have impacts on the final business case and are needed in order to support decision making with regards to the infrastructure for managing recycling in Hampshire.
- 6.6. The working proposals have identified that this project will deliver a saving based on the current service and the projected costs for waste disposal in Hampshire over the coming years.
- 6.7. Understanding the full detailed costs will enable the County Council to consider all potential options for recycling infrastructure in the context of having greater certainty about the Government's direction and how this will impact Local Authority services.

7. Consultation and Equalities

- 7.1. This proposal is being progressed on behalf of the three Waste Disposal Authorities in Hampshire but does not impact on pre-existing service delivery and therefore no consultation is required.
- 7.2. An Equalities Impact Assessment has been carried out that demonstrates that this proposal has no impact on groups with protected characteristics.

8. Next Steps

- 8.1. The County Council, whilst continuing to seek to develop a business case for a new MRF that enables its partners to expand the range of kerbside recyclables they collect, alongside alternative options for recycling

infrastructure, will also be working to better understand the likely direction of travel being proposed through the Government's current consultations.

- 8.2. This is to ensure that the County Council chooses the correct option for Hampshire residents in the long term rather than invest in a option that, whilst it may have a stand alone business case, jeopardises the County Council's and its partners' ability to leverage the external funding that is being proposed under the Government's Extended Producer Responsibility proposals or could be eroded by the implementation of the Deposit Return Scheme for beverage containers that could remove from the kerbside recycling system two significant material streams (metal cans and plastic bottles) that, whilst of relatively low tonnage, have substantial value in terms of the income they generate.
- 8.3. In light of this the County Council will explore, through existing partner groups, the appetite for change amongst our partners in light of the Government's proposals in terms of collection consistency, which includes not only a preferred method of dry recyclable collections but also proposed new burdens for Local Authorities in the form of mandatory weekly food waste collections by 2023 and possibly mandatory free garden waste collections.
- 8.4. The County Council will continue to work with Veolia to develop the final detailed design for a new MRF and to explore ways to further improve their indicative offer, so that evidence-based decisions can be made when the final business case is presented.
- 8.5. It is also important to understand any potential implications associated with the change of use of the proposed MRF site in Eastleigh. It currently has the benefit of a waste related planning permission for an Advanced Thermal Treatment process and an anaerobic digester. In order to ascertain any implications resulting from this change of use a pre-application planning consultation will be entered into.

9. Conclusion

- 9.1. The case for extending and renewing recycling capability is clear, however more work is required on the design, costs and implications of the new MRF option in order to complete a full business case to be able to evaluate this opportunity.
- 9.2. However, it is also recognised that this project may be impacted by the direction of the Government's recent Resources and Waste Strategy and subsequent consultations. The County Council will continue to explore a range of options, including progressing towards a full business case for a MRF.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
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:	
Title – Waste Strategy http://democracy.hants.gov.uk/documents/s8517/DD%20Item%201%20Report.pdf	<u>Date</u> 17 Nov 2017
Direct links to specific legislation or Government Directives	
<u>Title</u> HM Government - Our Waste, Our Resources: A Strategy for England - December 2018	<u>Date</u> December 2018

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	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2. Equalities Impact Assessment:

It is considered that this proposal has no impact on any of the protected characteristics. This proposal is to deliver detailed design proposals to inform future decision-making regarding waste infrastructure in Hampshire and will be subject to further decisions as well as being impacted by possible Government legislation which is subject to consultation currently.

2. Impact on Crime and Disorder:

2.1. None

3. Climate Change:

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

This proposal is to deliver detailed design proposals to inform future decision-making regarding recycling infrastructure in Hampshire, so it has no direct impact on the County Council's carbon footprint or energy consumption.

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

The proposal to deliver detailed designs to inform future decision-making contains no proposals that will require adaptation to climate change and its longer term impacts.