

DECISION-MAKER:	CABINET
SUBJECT:	WASTE DISPOSAL CONTRACT 2030+
DATE OF DECISION:	16 APRIL 2024
REPORT OF:	COUNCILLOR KEOGH - CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY - NOT APPLICABLE

BRIEF SUMMARY

This report sets out the proposed programme of work required to complete an options appraisal to determine the optimal approach for delivering the council's statutory duties for waste disposal beyond the expiry of the current shared arrangements with Hampshire County Council and Portsmouth City Council (referred to as the Tripartite) post December 2030.

As one of the most significant statutory areas of delivery and spend, as well as 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.

Appendix1_WasteDisposalContract 2030+Options Appraisal sets out the work programme, the resources, and the funding necessary to complete this project as well as the rationale.

The Appendix1_WasteDisposalContract 2030+Options Appraisal report is being considered separately by each of the authorities comprising the Tripartite via their appropriate decision-making process to ensure full support for the proposed programme.

RECOMMENDATIONS:

	(i)	To 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.
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	(ii)	To delegate authority to the Director - Environment, through their role on the Strategic Tripartite Board, following consultation with the Cabinet Member for Environment and Transport within the approvals set out below to progress the options appraisal work set out in the Appendix1_WasteDisposalContract 2030+Options Appraisal.
	(iii)	To approve and commit to supporting the resource requirements to deliver the programme set out in the Appendix1_WasteDisposalContract 2030+Options Appraisal.
	(iv)	To approve in principle the proposed programme budget set out in the Appendix1_WasteDisposalContract 2030+Options Appraisal.
	(v)	To approve the procurement of external expertise and resources to provide the necessary technical input to the options appraisal.
	(vi)	To delegate authority to Director - Environment to approve any minor amendments that may be required to the Tripartite Agreement to support the programme set out in the Appendix1_WasteDisposalContract 2030+Options Appraisal.

REASONS FOR REPORT RECOMMENDATIONS

1.	This programme of work is a critical one due to the financial and reputational risks to the council associated with delivering the waste disposal service for Southampton.
2.	There has been significant change in the waste sector affecting local authorities over the recent years and this programme provides the council with the opportunity to best position ourselves to ensure our waste services deliver the optimal operational and environmental outcomes beyond 2030 whilst also ensuring value for money.
3.	<p>The future waste disposal arrangement post 2030 will form part of the council's Strategic Procurement Programme (SPP). SPP projects will result in the council setting a long-term strategic direction regarding services, contracts and arrangements and once this direction is set it will be challenging, time-consuming and expensive to reverse or significantly alter. To address this, the council has adopted a "delivery model assessment" (DMA) approach to improve the pre-procurement planning stage, which, where the agreed delivery model is to outsource, should result in more fit for purpose arrangements, resulting in less time and cost spent managing issues and disputes, contract changes, unacceptable service levels and re-procurements.</p> <p>A DMA will inform a recommendation on how services should be delivered moving forward - i.e. whether the council should deliver a service(s) – or part of service(s) itself, procure from the market, through a combination of in-</p>

	<p>house and outsourced delivery or alternative commercial vehicles such as frameworks, joint ventures or shared service or partnership models.</p> <p>The options appraisal recommended in this paper aligns with the SPP approach to assessing delivery models and bring the benefit of efficiencies resulting from a collaborative assessment undertaken by the Tripartite.</p>
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	The option to delay commencement of this options appraisal activity has been considered and rejected as it would leave the council unprepared for the future and/or with insufficient time to plan service delivery for post 2030.
5.	The option to not undertake the options analysis has been considered and rejected. Due to both the significant cost and risks associated with the waste disposal service it is critical that a robust options appraisal is undertaken to determine the optimal and most efficient way forward for delivering these services for residents post 2030.
6.	Further detailed consideration of the alternative options under consideration are set out in Appendix 1.
DETAIL (Including consultation carried out)	
7.	Southampton City Council is a signatory to the joint Waste Disposal Service Contract (WDSC) with Portsmouth City Council and Hampshire County Council. The contract commenced on 1 January 1997 and covers the disposal of all household waste collected across the geographical area of Hampshire.
8.	The WDSC is a long-term contract which is due to expire on 31 December 2030. Given the complexity and value of the contract (current annual spend around £8.7 million per annum for Southampton City Council), and its strategic importance in respect of the council's statutory obligations, it is prudent to begin planning for the next iteration of the contract beyond 2030.
9.	Following initial discussions between the council and its Tripartite partners, a proposal has been developed to conduct a major project appraisal during 2024 to determine and evaluate the viable options available to the three authorities and to help inform the next stage of the procurement to ensure a suitable and cost-effective contract is in place beyond 2030.
10.	The WDSC is one of the major service contracts that the council holds, both in terms of cost and its relevance to its statutory waste obligations. The total annual cost is around £75 million to the Tripartite, of which the council is responsible for 11.52% under the Tripartite Agreement.

11.	This is a joint programme of work with Portsmouth City Council and Hampshire County Council and therefore the council will consult with them on this work. The outputs of the options appraisal will be subject to a future formal decision with the associated consultation where required.																																		
12.	<p>The project appraisal proposal is outlined in detail in the appended report (Appendix1_WasteDisposalContract 2030+Options Appraisal), which is written jointly on behalf of all three authorities of the Tripartite.</p> <p>The table below sets out the timeline.</p> <table border="1" data-bbox="331 571 1364 1496"> <thead> <tr> <th data-bbox="331 571 767 616">Dates</th> <th data-bbox="767 571 1364 616">Activity</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 616 767 660"></td> <td data-bbox="767 616 1364 660"></td> </tr> <tr> <td data-bbox="331 660 767 705">March 2024</td> <td data-bbox="767 660 1364 705">Programme Inception</td> </tr> <tr> <td data-bbox="331 705 767 750">April 2024 – December 2024</td> <td data-bbox="767 705 1364 750">Options Appraisal</td> </tr> <tr> <td data-bbox="331 750 767 795">April 2024 – December 2024</td> <td data-bbox="767 750 1364 795">Infrastructure Assessment</td> </tr> <tr> <td data-bbox="331 795 767 840">January 2025</td> <td data-bbox="767 795 1364 840">Options Shortlist Decision</td> </tr> <tr> <td data-bbox="331 840 767 929">January 2025 – January 2026</td> <td data-bbox="767 840 1364 929">Detailed Options Analysis</td> </tr> <tr> <td data-bbox="331 929 767 974">January 2026</td> <td data-bbox="767 929 1364 974">Final Options Decision</td> </tr> <tr> <td data-bbox="331 974 767 1064">February 2026 – September 2026</td> <td data-bbox="767 974 1364 1064">Market Engagement</td> </tr> <tr> <td data-bbox="331 1064 767 1108">October 2026 – April 2027</td> <td data-bbox="767 1064 1364 1108">Procurement Strategy</td> </tr> <tr> <td data-bbox="331 1108 767 1153">May 2027</td> <td data-bbox="767 1108 1364 1153">Procurement Approval</td> </tr> <tr> <td data-bbox="331 1153 767 1243">June 2027 – September 2027</td> <td data-bbox="767 1153 1364 1243">Procurement Preparation</td> </tr> <tr> <td data-bbox="331 1243 767 1332">October 2027 – October 2029</td> <td data-bbox="767 1243 1364 1332">Procurement Process</td> </tr> <tr> <td data-bbox="331 1332 767 1377">November / December 2029</td> <td data-bbox="767 1332 1364 1377">Contract Award Decision</td> </tr> <tr> <td data-bbox="331 1377 767 1422">January 2030</td> <td data-bbox="767 1377 1364 1422">Contract Award</td> </tr> <tr> <td data-bbox="331 1422 767 1467">March 2030</td> <td data-bbox="767 1422 1364 1467">Contract Mobilisation</td> </tr> <tr> <td data-bbox="331 1467 767 1496">January 2031</td> <td data-bbox="767 1467 1364 1496">Contract Start</td> </tr> </tbody> </table>	Dates	Activity			March 2024	Programme Inception	April 2024 – December 2024	Options Appraisal	April 2024 – December 2024	Infrastructure Assessment	January 2025	Options Shortlist Decision	January 2025 – January 2026	Detailed Options Analysis	January 2026	Final Options Decision	February 2026 – September 2026	Market Engagement	October 2026 – April 2027	Procurement Strategy	May 2027	Procurement Approval	June 2027 – September 2027	Procurement Preparation	October 2027 – October 2029	Procurement Process	November / December 2029	Contract Award Decision	January 2030	Contract Award	March 2030	Contract Mobilisation	January 2031	Contract Start
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RESOURCE IMPLICATIONS

Revenue

13.	The estimated cost of the programme to the council is £185,000 over seven years from 2024/25 to 2030/31.
14.	The 2024/25 costs of around £50,000 will be met from existing resources in the waste disposal budget. Costs from 2025/26 onwards will be incorporated into the Medium-Term Financial Strategy, as part of future budget updates.
15.	The detailed estimated annual programme budget and estimated costs to the authority are set out in the Finances section of the Appendix1_WasteDisposalContract 2030+Options Appraisal.
16.	The proposed programme will enable the council to work with the partner authorities to fully analyse the options available post 2030. This will include an assessment of the future financial implications for waste disposal. Achieving

	best value for the council will be a key assessment consideration for those options.
<u>Property/Other</u>	
17.	None at present, but property belonging to the council will feature in the options which need to be appraised.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
18.	The Environmental Protection Act 1990. Local authorities are obliged by law to provide a domestic waste collection service to households, while county councils must handle its disposal, and unitary authorities must undertake both. Southampton is a unitary authority.
<u>Other Legal Implications:</u>	
19.	In exercising its duties, regard will be paid to the council's obligations pursuant to the Equality Act 2010, in particular, the Public Sector Equality Duty set out in section 149 of the Act.
20.	It is considered that this decision will not have an impact on any of the groups with protected characteristics as this decision relates to undertaking an options appraisal. The outcome of this work will be subject to a separate formal decision process with due consideration given to the impact any arrangement may have from an equalities perspective when it comes to service delivery.
RISK MANAGEMENT IMPLICATIONS	
21.	Due to the financial and reputational risks associated with delivering the waste disposal service for Southampton, failure to undertake an options review for post 2030 waste disposal will leave the council at risk.
22.	Undertaking this work will ensure that the Council is best placed to continue to deliver its statutory duties when the current arrangements come to an end in 2030.
POLICY FRAMEWORK IMPLICATIONS	
23.	The recommendations of this report are consistent with and not contrary to the council's policy framework. The council will consider and act fully and wholly in accordance with all relevant Policy Framework Plans, in particular the Local Development Framework and Local Area Action Plans and the Sustainable Community Strategy.

KEY DECISION?	Yes
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WARDS AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix1_WasteDisposalContract 2030+Options Appraisal
2	Appendix2_ ESIA Waste Disposal Contract 2030
Documents In Members' Rooms	
1.	N/A
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
<p>It is considered that this decision will not have an impact on any of the groups with protected characteristics as this decision relates to undertaking an options appraisal. The outcome of this work will be subject to a separate formal decision process with due consideration given to the impact any arrangement may have from an equalities perspective when it comes to service delivery.</p> <p>See Appendix2 ESIA Waste Disposal Contract 2030</p>	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at: N/A	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)