

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	COMMERCIAL WASTE - TRANSFER AND DISPOSAL SERVICES
DATE OF DECISION:	CABINET 29 OCTOBER 2024 COUNCIL 27 NOVEMBER 2024
REPORT OF:	COUNCILLOR KEOGH CABINET MEMBER FOR ENVIRONMENT & TRANSPORT

CONTACT DETAILS

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STATEMENT OF CONFIDENTIALITY

Appendix 2 of this report is not for publication by virtue of category 3 (Information relating to the financial or business affairs of any particular person (including the Authority holding that information) and category 7A (obligation of confidentiality) of paragraph 10.4 of Southampton City Council's ("the Council's") Access to Information Procedure Rules, as contained in the Council's Constitution.

It is not in the public interest to disclose this information as the report contains confidential and commercially sensitive information in relation to one of the Council's suppliers. It would prejudice the Council's ability to operate in a commercial environment and obtain best value in contract negotiations and would prejudice the Council's commercial relationships with third parties if they believed the Council would not honour obligations of confidentiality.

BRIEF SUMMARY

The Environmental Protection Act 1990 allows Southampton City Council to collect commercial waste from businesses from within the city, and a charge may be levied for this service. The council's Commercial Waste Service was established in the early 2000s. The council must have a solution in place which is compliant with the council's contract procedure rules, to enable disposal of the commercial waste collected. The current commercial waste transfer and disposal contract expires on 31 March 2025. This report seeks approval to commence a formal procurement exercise to secure a contract from 1 April 2025 under contract to receive and dispose of waste collected via the Commercial Waste Service.

RECOMMENDATIONS:		
CABINET		
	(i)	To approve a formal procurement process for a waste transfer and disposal contract for the transfer and disposal of commercial waste.
	(ii)	To delegate authority to the Executive Director - Resident Services to carry out the procurement process and to enter into a contract for the delivery of the service in accordance with the Contract Procedure Rules.
	(iii)	To authorise the Executive Director - Resident Services, following consultation with the Cabinet Member for Environment and Transport, to take all necessary actions to give effect to the recommendations of this report.
COUNCIL		
	(i)	Subject to approval of Cabinet recommendations above, to approve the financial envelope as set out in Appendix 2.
	(ii)	To allow the financial envelope to increase in line with any increase in business and therefore tonnage collected for the Commercial Waste Service, on the basis that the additional cost will be met via cost recovery mechanisms and additional revenue from the service.
	(iii)	To note the potential risks that could cause the level of cost to exceed the estimated budget because of lack of clarity around the government waste strategy and the likely impact on future contract disposal costs.
REASONS FOR REPORT RECOMMENDATIONS		
1.	Under the Environmental Protection Act 1990, waste collected by local authorities must be disposed of properly. The council is required to have a solution in place to dispose waste collected by the Commercial Waste Service in a safe and efficient way. The current commercial waste transfer and disposal contract expires on 31 March 2025. The council will have no route to transfer and dispose of waste collected by the Commercial Waste Service from 1 April 2025 which would result in service failure.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	Do nothing. This option was rejected. The council will have no compliant route to transfer and dispose of waste collected by the Commercial Waste Service from 1 April 2025 after the current contract expires on 31 March 2025.	
3.	Extend the current contract with the current supplier. This option was rejected. There is no option under the current contract to compliantly extend the service with the current supplier further than 31 March 2025.	
DETAIL (Including consultation carried out)		
4.	The Environmental Protection Act 1990 allows Southampton City Council to collect commercial waste from businesses from within the city and a charge may be levied for this service. The council's Commercial Waste Service was established in the early 2000s, has 1,668 (July 2024) business customers in and around the Southampton area and directly employs 10 staff.	

5.	The waste collected by the Commercial Waste Service must be disposed of properly in a safe and efficient way in accordance with the Environmental Protection Act 1990 legislation, and therefore the council is required to have a contract in place with a supplier to provide this service. The council must also have a solution in place to dispose of the waste it creates itself.
6.	Businesses have a legal Duty of Care to store their waste safely and to dispose of it using a registered waste carrier. The council's Commercial Waste Service is a registered waste carrier.
7.	The current waste transfer and disposal contract expires on 31 March 2025, therefore a compliant procurement process must take place in advance of this date to appoint a supplier to transfer and dispose of waste from 1 April 2025 to ensure continuity.
8.	The undertaking of a formal procurement process in accordance with the Council Constitution 10 Part 4 - Contract Procedure Rules Rule 10 PCR Procedure shall be managed by the Procurement Team and approved by the Head of Contracting and Procurement to ensure the council achieves best value for money for a transfer and disposal service, as well as factoring in other considerations such as social value, the council's zero landfill aspirations whilst taking every opportunity for the supplier to recycle and reuse all available resources. The procurement under the PCR Procedure will also ensure compliance with the council's Financial and Contract Procedure Rules.
9.	Between the commencement of the current contract in April 2020 to the end of the current contract the Commercial Waste Services will have sent just over 50,000 tonnes of waste for transfer and disposal.
10	The net value of the waste transfer and disposal contract over the next five years is set out in Appendix 2. The income received from the Commercial Waste customers will be expected to cover the disposal cost as well as the collection and operating overheads.
11.	The council's current Commercial Waste Service provides collection and disposal services to businesses for General Waste, Dry Mixed Recyclables, Glass recyclables as well as services to SCC Housing for bulk waste collections, void property clearances and regular and ad-hoc chargeable work to private landlords and tenants for bulky items, including fridges as well as items which include hazardous waste and Persistent Organic Pollutants (POPs).
12.	It is worth noting that waste disposal costs are affected by global and national markets and is difficult to accurately forecast future unknowns and uncertainties. There is also the possibility of changes in scope within the waste sector, which would ultimately add financial pressures to the service.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
13.	Commercial Waste disposal revenue costs in 2024/25 are set out in Appendix 2.
14.	An increase in the number of trade waste customers would increase the disposal costs beyond the current budget, and this can be covered through

	the additional revenue raised from new customers, and ensuring fees are regularly reviewed.
15.	The impact of the national Resources and Waste Strategy for England (RAWS) is still unknown, but could significantly impact on waste disposal costs. Officers will continue to monitor these risks and will report on the impact through financial monitoring or other appropriate channels.
<u>Property/Other</u>	
16.	The commercial waste collected from businesses and customers by the council's Commercial Waste Service vehicles will not be stored on council property pending its transfer and disposal. Waste created by the council itself from council assets will be managed in accordance with the specific site rules of the individual site prior to collection from the Commercial Waste Service for transfer and disposal as required under Section 34 of the Environmental Protection Act 1990, whereby all businesses have a duty of care to keep waste secure and compliantly transfer and dispose of all their recyclable materials and commercial waste.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
17.	Under the Environmental Protection Act 1990 local authorities have a duty to arrange for the collection of household waste and, if requested, of commercial and industrial waste.
<u>Other Legal Implications:</u>	
18.	Under Simpler Recycling from 31 March 2025 businesses with 10 or more full time equivalent employees will have a further legal requirement to separate their waste and have a Dry Mixed Recycling bin and a Food recycling bin as they must recycle their food waste, glass, metal, plastic and cardboard in addition to disposal of their general waste.
19.	Procurement will be subject to compliance with the council's Contract Procedure Rules.
RISK MANAGEMENT IMPLICATIONS	
20.	Under the Environment Act 2021, more demanding action on waste is required and set out high level in the Resources and Waste Strategy for England (RAWS). This includes major Simpler Recycling reforms, including but not limited to weekly mandatory food waste collections, consistent collections, Deposit Return Scheme (DRS), Extended Producer Responsibility for Packaging (EPR), UK Emissions Trading Scheme (ETS), Persistent Organic Pollutants (POPs) and digital waste tracking.
21.	The impact of the above is expected to add extra financial pressures to businesses and to the council, which are currently hard to predict as they will relate to the unknown behaviour change of a population as the changes are implemented and rolled out across the UK.
22.	Businesses and non-household municipal premises will need to do more to understand what wastes they produce, how these wastes should be stored, collected and disposed of to be compliant with the new legislation.
23.	From 31 March 2025 the new regulations state that businesses with 10 or more full time equivalent employees will have a legal requirement to recycle

	their food waste, glass, metal, plastic and cardboard separately in addition to disposal of their general waste. This means that separate containers will have to be used to securely store waste at premises.
24.	Changes to the way businesses are required to manage their waste could have an impact on whether the council's Commercial Waste Service customers will be the most cost-effective solution for them from 31 March 2025.
POLICY FRAMEWORK IMPLICATIONS	
25.	Re-procurement of a commercial waste transfer and disposal contract will have no direct impact on the council's Policy Framework. However, it will support delivery of the council's goals, outcomes and objectives as set out in the Southampton City Council Corporate Plan (2022-2030) and 2024 update of the Corporate Plan
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All Wards
<u>SUPPORTING DOCUMENTATION</u>	
None	
Appendices	
1.	Appendix 1. ESIA Procurement of a Commercial Waste Transfer and Disposal Contract.
2.	Appendix 2. Exempt Financial Information Procurement of a Commercial Waste Transfer and Disposal Contract
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Appendix 2. Exempt Financial Information Procurement of a Commercial Waste Transfer and Disposal Contract	
Title of Background Paper	
Appendix 2. Exempt Financial Information Procurement of a Commercial Waste Transfer and Disposal Contract.	By virtue of Paragraph 3 of the Council Constitution 05 Part 4 - Access to Information Procedure Rules Part 10 Exclusion of Access by The Public to Meetings Clause 4. Category 3 Information relating to the financial or business affairs of any particular person (including the Authority holding that information).