

“Commitment to Change”

Project Integra

Business Plan

2005-2010

Consultation Draft Approved by
Project Integra Management Board
13 January 2005



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Foreword

2005 is a pivotal year in the history of Integra. We can look back a decade to the publication of the first Project Integra branded publication “*Dealing with Hampshire’s Waste – the Proposed Solution*”. In 1995 this strategy set out the vision for Integrated Waste Management and the range of Infrastructure that would support it.

Over the last year the last of the large infrastructure projects in what has been coined “Integra Phase 1” have been put in place. We are still regarded as a model of best practice within local and central government and the Industry. While our infrastructure is widely admired, people have recently become just as interested in how we work in partnership and build trust. We have much to celebrate but we are aware that there are yet greater challenges ahead.

Integra is a key partner in promoting Hampshire’s Material Resources Strategy. The Core document published in early 2005 provides the overarching vision and principles to guide us over the next 15 or more years.

This Business Plan sets firm targets for the five year period up to 2010. The targets are ambitious but achievable and for the first time the business plan will identify how each authority intends to contribute to the whole.

Within the plan there are many projects, some new and some continuing, aiming to make us collectively more effective and efficient. Our primary focus is on communication, education and engagement. In the last year we have won funding bids and conducted research into how we can not only communicate with people but also change their behaviour. To ask the public to do more will mean they expect something in return. We will also have to change the way we listen, design and deliver our services.

The title “Commitment to Change” is therefore not intended to reflect that any particular parts of our system are doing badly. We do, however, need to make sure that we are always asking searching questions of ourselves and answering accordingly. In the words of one of our partners – “being up to scratch and *being seen to be up to scratch*”.

.....
Cllr Roland Dibbs
Chairman, Management Board

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Cllr Michael Thierry
Vice Chairman, Management Board

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Cllr Alan Marsh
Chairman
Policy Review & Scrutiny Committee

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Cllr Judy Onslow
Vice Chairman
Policy Review & Scrutiny Committee

January 2005

1. Executive Summary

1.1 Key Objectives for 2005-2010

Project Integra's headline objective is to reach a 50% recycling/composting rate by 2010. This will be achieved through:

- Improved participation and capture rates stimulated by a behavioural change programme
- Adopting best practice in collection methodology
- Reducing contamination of collected and processed material
- Collecting a wider range of materials through kerbside collection and HWRCs
- Improving HWRCs

Project Integra is one of four core partners in the development of a Material Resources Strategy (MRS) for the county. This Business Plan complements the objectives of the MRS Core Strategy published in January 2005.

1.2 Vision and Goals

Project Integra's current mission is to manage waste generated by households in Hampshire, gaining benefits from integration, scale, synergy and influence. In October 2004, the Management Board proposed the following Vision which will be adopted with this Business Plan.

"By 2020 Hampshire has a world class and sustainable material resources system that maximises efficient re-use and recycling and minimises the need for disposal"

1.3 Background

Project Integra is a mature partnership of the 14 Councils in Hampshire plus Hampshire Waste Services. In the mid 1990s, the partnership set out to achieve an integrated approach to municipal waste management. This has been achieved and the project is a flagship example of local authority collaboration.

The partnership is serviced by an Executive Officer supported by a small secretariat and service level agreements. Much work is progressed through a number of officer working groups looking at particular aspects including Materials Marketing, Waste Minimisation, Research, Communications, and Biowaste. There are also three regional operations groups. These are chaired and supported by officers from within the partnership and this time represents a valuable contribution and resource by the partners concerned.

1.4 Key Objectives 2005-2010

The headline objective for 2005-10 is to reach an overall 50% recycling rate for municipal waste by 2010. This will be achieved through increasing kerbside and "bring site" recycling for each Waste Collection Authority to at least 40% in the same period (city centre or predominantly high rise/ high density areas will be

expected to reach 35%). Household Waste Recycling Centre performance should be increased to over 60%.

Each partner will specify in it's own sub-strategy how it intends to reach 40%, or otherwise maximise recycling and composting.

It is for each authority to specify how it will reach it's target. This may include, but not be limited to the following options:

- Promoting awareness and behavioural change to increase capture and quality
- Landfill avoidance such as home composting
- Green waste collection
- Kerbside glass collection
- Alternate Weekly Collection
- Improved HWRC facilities
- Increasing range of materials collected via HWRCs

1.5 Key Projects

1.5.1 Joint Municipal Waste Management Strategy

- Develop a revised Municipal Waste Management Strategy to sit within the context of the Material Resource Management Strategy for Hampshire.

1.5.2 Operations and Markets

- Support the roll out of collection systems for dry mixed recyclate and green garden material funded via the DEFRA National Waste Minimisation and Recycling Fund.
- Evaluate options for rolling out kerbside glass collection
- Develop a Material Analysis Facility for a comprehensive, full time waste and material resource analysis programme.
- Improvements to the HWRC network.
- Investigate joint working to facilitate increased recycling service to Small /Medium Sized (business) Enterprises.
- Work with major retailer to develop and promote "own brand" bring bank facilities at several stores in Hampshire.
- Leaf fall composting
- On street recycling bins
- Continue to assess options for sustainable collection and marketing of mixed plastics
- Investigate maximising capture and quality from high rise and high density dwellings

1.5.3 Behavioural Change Strategy

- Implement a community engagement programme based on findings of the market research undertaken in autumn 2004.

- Direct communications i.e. face to face contact with the public, to support new and mature schemes, disseminate general and targeted messages about waste management issues including recycling and waste minimisation
- Indirect communications, e.g. publicity through advertising, leaflets, council newsletters etc.
- Crew, Staff and Member training
- Working with local community groups.
- Monitoring, evaluation and dissemination programme

1.5.4 *Waste Minimisation*

Use the waste forecasting model developed by Brook Lyndhurst to increase understanding of future market trends and how consumer behaviour and choice affects the use of resources. The next step will be to apply this information to the process chain and to encourage sustainable choices in purchasing and re-use and refurbishment. This may take the form of pilot waste minimisation projects.

1.5.5 *Organisation and Governance*

- Investigate opportunities for joint working and economies of scale
- Constitutional Review – continue to assess the options for constitutional reform provided in the light of Government legislation. An issue of particular interest continues to be opportunities for the partnership to speed up the business of contracting with third parties.

1.6 **Finance**

Relevant services provided by the Project Integra partners cost an aggregate of £80m per annum - around £46m of this is for disposal. The cost of collection and disposal is growing above the rate of inflation.

Since 2003/04 a total of £10.6m has been awarded by Defra for new infrastructure and collection schemes. A further £800K has been awarded by WRAP to facilitate the development of a Behavioural Change Strategy. This is monitored through a Project Board with representatives from DEFRA, WRAP the 4Ps programme and GOSE and was set up in 2004.

A major review of existing and future finance opportunities in Project Integra will be undertaken in the first quarter of the financial year. This will be undertaken in the context of Project Integra and MRS objectives, the National Review of Recycling Credits and the outcome of the WIP LASU study in 2004/5.

Areas of Review will include Recycling Credits, The Landfill Allowance Trading Scheme, income opportunities in new and existing markets, opportunities for operational cost savings through joint working and other economies of scale.

The Executive has set a budget of £162K for 2005/06. The partnership has also agreed to raise £150K through subscription for joint projects. We will continue to pursue opportunities for external funding.

1.7 **Summary**

Project Integra has set itself a challenging but achievable target of 50% recycling/composting of the municipal resource stream by 2010. This fits with the MRS Core Strategy Objectives.

The proposed Joint Municipal Waste Management Strategy will include a long term forecast of recovery and waste volumes, facilities, investments, efficiency savings outcomes and a budget that reflects the total expenditure of the joint service.

With the majority of households now served by kerbside recycling and within easy reach of “bring site” facilities, the immediate emphasis is on changing behaviour.

This stretches to all parts of the process chain. Residents have a large role to play in increasing capture and quality but so do all involved at all stages in the collection, transfer and processing of the materials.

There is no room for complacency or defensiveness in delivering this ambitious agenda. To reflect this, this Business Plan is titled “Commitment to Change”.

2. Project Integra – The Business

2.1 Description

Project Integra is the partnership of the 14 waste collection and disposal authorities in Hampshire along with the disposal contractor, Hampshire Waste Services.

The Project Integra Management Board is a joint committee constituted by the Partner Authorities under Section 101(5) and 102(1) of the Local Government Act 1972. Meetings of the Board are subject to the provisions of the Local Government Act 1972, including provisions on access to information and meetings being held in public. The role of the Policy Review and Scrutiny Committee is to discharge the functions conferred by Section 21 of the Local Government Act 2000 in relation to the activities of the Board.

The Constitution (<http://www.integra.org.uk/board/index.html>) requires the Board to produce a Draft Annual Business Plan which will set out the strategy for the achievement of the partnership's objectives over the next full twelve-month period commencing on the 1st April.

The Draft Annual Business Plan must be considered by each of the Partner Authorities with a view to giving it their approval. On being approved by all the Partner Authorities, the Draft Annual Business Plan becomes the Approved Annual Business Plan.

2.2 The Vision

In October 2004, the Management Board proposed the following Vision which will be adopted with this Business Plan:-

“By 2020 Hampshire has a world class and sustainable material resources system that maximises efficient re-use and recycling and minimises the need for disposal”

2.3 Recognition

Project Integra is internationally recognised as a successful collaborative partnership of local authorities. In the UK the partnership has been acknowledged through the following awards and references:

- In December 1999, the Project Integra partners were awarded Beacon Status for 2000/01 under the – “Sustainable Development - Dealing with Waste” category
- The partnership was case studied in *Waste Strategy 2000*, which remains the Government's central policy document on waste
- A total of £5.6m awarded from the Defra National Recycling and Waste Minimisation Fund 2003/4, including £2.4m for the partnership bid for additional composting capacity

- Project Integra was highlighted in the Government's Strategy Unit's Report "Waste Not Want Not" (December 2002) as an example of how added value can be achieved through partnership working
- National Recycling Awards 2003 Winner "Best Partnership Project for Recycling" 2003 for collaboration with Midland Glass
- A further £5m of funding for the partnership was announced by Defra in December 2003.
- £800K of funding was awarded by WRAP in June 2004 to support the roll out of new collection and HWRC systems and for development of a Behavioural Change Strategy based on objective research.

2.4 Brief History

- 2.4.1 The history of Project Integra up to 2001 is set out fully in "*Project Integra – a Personal History*", by Bob Lisney (ISBN 1859754430). The concept of an integrated waste management system for household waste in Hampshire was born in the early 1990s out of an urgent need to provide new solutions to the medium term problem of landfill shortage and replacement of obsolete incinerators. The first attempt at a solution failed as, against a background of local objection, a planning application for a large mass burn energy from waste incinerator at Portsmouth was rejected. This led to the recognition that a new approach was needed based on more recycling and smaller scale waste facilities.
- 2.4.2 A wide scale public consultation exercise was undertaken by Hampshire County Council (HCC) in 1993. The process and issues were set out in a consultation paper "*The Way Forward*" which was subject to detailed community debate and scrutiny. The County Council was then the Waste Disposal Authority (WDA) with responsibility for disposing of all Hampshire's household waste. The City, District and Borough Councils were designated Waste Collection Authorities (WCAs). In 1997, Portsmouth and Southampton became unitary authorities and thus also WDAs in their own right. It was realised early on that waste collection, processing and disposal should be regarded as an overall system. This led to the WDAs and WCAs working together to build the consensus approach set out in a second document "*Dealing with Hampshire's Waste - the Proposed Solution (1995)*".
- 2.4.3 The document set out a number of principles that needed to be embedded in the approach. These included:
- Integrated Waste Management – using a variety of waste management options
 - The Proximity Principle – where possible, Hampshire's waste should be dealt with within the county boundary
 - The Waste Hierarchy, with waste minimisation at the top. The strategy aimed to hold waste at 1995 levels
 - For the remaining waste the goal was to achieve a recycling rate of 25% by 2000 with a longer-term target to recycle 40%
 - Energy would be recovered from the remainder, with landfill as the last resort

- The document set out the idea of three Hampshire regions, each with its own infrastructure.

2.4.4 In 1996, following a competitive tendering process, a long-term contract (to run for 25 years after the commissioning of the major infrastructure) was signed with Hampshire Waste Services to deliver the infrastructure and supporting waste management services for all of Hampshire's household and municipal waste.

The name given to the proposal submitted by Hampshire Waste Services was "Project Integra". This name was adopted by the partnership of all Hampshire local authorities who signed a memorandum of understanding setting out the principles under which they would work.

In 2000, the partnership agreed to set the arrangement on a more formal basis through the formation of the Management Board, supported by a Policy Review and Scrutiny Committee. The Board held its inaugural meeting in July 2001.

2.4.5 By the publication of this Business Plan in April 2005, the infrastructure and other outcomes envisaged in the original 1995 Strategy will have been delivered:-

- 2 large scale Material Recovery Facilities (MRFs) with combined capacity to process up to 157K tonnes of dry mixed recyclate a year.
- 3 Energy Recovery Facilities with combined capacity of 420 Ktonnes of municipal solid waste per year, generating around 40MW of electricity.
- 3 central composting facilities processing 90Ktonnes of garden waste into the award winning and organically accredited "Pro-grow" soil conditioner
- 9 waste transfer stations where material is bulked to reduce the number of vehicle miles covered
- 26 Household Waste Recycling Sites which collectively average over 50% recycling rate
- More than 95% of households in Hampshire are served by kerbside recycling collections.
- To date five partners are providing a green waste collection service using reusable, breathable sacks - a methodology developed in Hampshire. The material is composted as described above.
- Most households are within 1km of recycling bank facilities.
- In addition to the infrastructure originally envisaged, through partnership with the Midland Glass Processing Company, a state of the art glass sorting facility has been provided to handle all Hampshire's recycled packaging glass (bottles and jars).
- A trial kerbside glass collection service has run throughout 2004 serving 9,600 households in 2 districts.
- A 25% recycling rate achieved and surpassed.

2.4.6 There has only been one area in which the partnership has not achieved its objectives – holding waste growth to 1995 levels. It has since become apparent that waste growth is linked to economic growth and is an issue for the whole developed world and not unique to Hampshire. Nevertheless, this continues to be an area on which the Project Integra hopes to make an impact and a number of initiatives set out in this Business Plan reflect this.

2.5 **Services Provided**

2.5.1 *Overview*

The services provided by the partnership are the collection, processing and valorisation* or final disposal of material resources which have been discarded by householders.

* *Valorisation refers to the concept of optimising or increasing the value of waste by treating it or regarding it in some other fashion to give it added value. This could include treating it as an economic development resource and/or secondary raw material for industry.*

The services provided have direct and indirect benefits to the consumer. The direct benefits are the safe and reliable removal of the unwanted material from their hands. The indirect benefits are that this is done in the most sustainable way possible to minimise environmental impact and optimise economic and social benefits. Sometimes the two are perceived to be in conflict, for example some householders would prefer not to have to segregate recyclable material for collection. There is, however, a net environmental benefit for the community as a whole if householders do segregate their discarded material.

In order to optimise environmental, economic and social benefits, different solutions and processes are required for different parts of the waste stream. The management of the household waste stream in this way is known as integrated waste management (IWM).

IWM is facilitated through a complex set of relationships, underpinned by various statutory obligations and contractual arrangements between the Integra partners themselves and third parties.

There are many ways that these relationships could be categorised, but the following provides a simple three part model of responsibilities and who fulfils them. Inevitably there are overlaps, notably the issue of communication.

2.5.2 *Frontline Services*

These are the services that directly interface with the public. This category includes kerbside collections of multiple material streams (dry mixed recyclables, garden waste, bulky waste etc), bring banks and household waste recovery centres. It also includes direct engagement, education and dissemination of advice and dealing with the media.

The “hard” services are provided by the waste collection authorities and, in the case of HWRCs, by the WDAs. In some authorities these are provided through a Direct Service Organisation (DSO). In others, the service is contracted out to a private sector operator. Communication is a responsibility of all partners, reflected by the existence of Member and Officer Communication Groups who work closely together.

2.5.3 *Processing, Valorisation and Final Disposal*

This is the transport, handling, processing, high level segregation and transfer of materials to reprocessors, energy recovery or final disposal.

These services are not provided directly by the local authority partners but under contracts with private sector operators. The principal instrument is the long term contract with Hampshire Waste Services but the partners also have contracts with others such as the Midland Glass Processing Company. In turn, HWS and other primary partners enter into contracts with reprocessors to supply material on behalf of the Integra partnership.

2.5.4 *Strategic Development and Co-ordination*

Strategic development is the responsibility of the whole partnership, facilitated through the Executive and the Management Board, so that all involved have a voice in all service areas. Strategic development includes policy direction, market development, research and development, interface with government and other agencies at the strategic level. The Executive also facilitates and co-ordinates communication within the partnership, strategic communication with the public and other stakeholders, promotion of the Hampshire model in the UK and elsewhere and member training.

The Executive maintains an overview of activity and critical issues which affect the partnership, and thereby seeks to be proactive in the management of risk. Partners have become increasingly aware that integrated resource management requires a broad understanding of the whole process chain by each actor within it. Changes made in one part of the chain, for example kerbside collection, can have implications upstream (communication with householders) and downstream (segregation and marketing of material). A major role of the Executive is to ensure that policies and activities join up.

The Executive consists of an Executive Officer supported by a small secretariat but also includes a network of officer and member working groups. The way it works is described in more detail in Section 4.

2.6 **Key Issues and Challenges**

2.6.1 *European Union Agenda*

The European Union Agenda, expressed through its Sixth Environmental Action Plan (<http://www.europa.eu.int/comm/environment/newprg/index.htm>) reflects a change in thinking away from waste management towards integrated resources management.

Traditionally EU policy has sought to mitigate the externalities of waste disposal (the costs that fall on society as a whole rather than the operators of waste management services). For instance there are, within Hampshire as elsewhere, examples of where environmental problems associated with closed landfill sites have been largely left with the local community to deal with rather than resolved by

the previous operator of the site. Landfill site emissions also have a global impact through contributions to the greenhouse effect.

EU legislation over the last three decades has tried to mitigate the effects of externalities by tighter environmental controls reflecting the *Polluter Pays Principle* and *Producer Responsibility*.

This has meant waste management has become vastly more effective (and also much more complex and expensive) over the last two decades, but there is still a tendency to concentrate on “end of the pipe“ solutions. This emphasis on dealing with products at the end of their life fails to look at how resources can be used more effectively and efficiently throughout product life cycles.

The resource management approach is more holistic, looking at environmental impacts throughout the process chain from mineral/raw material extraction, manufacture of goods, distribution, consumption and disposal. The long term aim of the EU is to “decouple” the environmental impacts of resource and energy use from economic growth.

2.6.2 UK Agenda

The UK agenda is currently dominated by the EU Landfill Directive, (http://www.europa.eu.int/comm/environment/waste/landfill_index.htm). The UK has historically relied heavily on landfill for final disposal, partly a reflection of geology and the legacy of previous industrial activity. This has meant that landfill has on the whole been plentiful and therefore relatively cheap as externalities have not been passed on to the operators and users. The UK has for a number of years used an economic instrument (the landfill tax) to try and rebalance the situation. Although from April 2005 the tax will rise by £3 per tonne per year, many, including within Project Integra, take the view that the cost of landfill has been too low for too long, suppressing more sustainable solutions. Throughout the 1990s, UK governments relied on local authorities making progress on reducing municipal waste through recycling/composting schemes without the benefit of direct financial support or channelling cash raised from producer responsibility legislation (income from Packaging Recovery Notes (PRNs)) and with limited access to landfill tax credits.

The Landfill Directive requires EU Member states to progressively reduce the amount of biodegradable municipal waste going to landfill, with key milestones in 2010, 2013 and 2020. The UK potentially faces fines of up to £500,000 a day for failing to comply.

Since 2000, the UK Government has set up the following initiatives:

- Statutory performance standards for all local authorities (BVPIs)
- Formation of WRAP (www.wrap.org.uk)
- Formation of the Waste Implementation Programme to assist local authorities to deliver their targets
- Creation of the Waste Minimisation and Recycling Fund which is expected to be superseded from 2006/7 by a Performance Reward Grant.

- The implementation of the Waste and Emissions Trading Act 2003 which sets up a scheme of Allowances and Tradable permits from April 2005.
- Requirement for Joint Municipal Waste Strategies.

2.6.3 Hampshire Agenda

Over the last year, the partnership has undertaken a review of itself using Best Value principles. The review has followed a rationale, process and timetable agreed by the Project Integra Management Board in October 2003.

(<http://www.integra.org.uk/board/index.html>). The review focused primarily on those areas under the direct strategic control of the Board but also compared performance between the partners. One of the key tasks of the review was to define a “2020” vision for the partnership.

The review was undertaken in parallel with the development of a Material Resources Strategy (MRS) for Hampshire (<http://www.mrs-hampshire.org.uk/>). The MRS and its implications are described in detail in section 2.10 below.

The Review was concluded in early 2005 and examined by an external verification team. The following key issues emerged during the process:

- Performance
- Compliance
- Cost
- Governance
- MRS

In addition, work by Brook Lyndhurst for Project Integra reported in December 2004 has identified waste growth as a continuing issue.

These are explored in the following sections.

2.7 Performance

Table 2.1 (below) shows waste volumes and fate of collected material in the first half of 2004/05. Performance is reported to the Board in this way on a quarterly basis. The data confirms the recycling rate for Integra at just above 27%.

The tonnage of material landfilled is predicted to decline dramatically during 2005/6 with the commissioning of the two further EFW plants and increases in kerbside recycling and green waste collection schemes by WCAs.

Table 2.1
Waste Volumes & Performance - Project Integra 2004/05
APRIL 2004 - SEPTEMBER 2004

	2004/05 (tonnes)	2004/05 (%)			
Total Waste (Material) Handled	481,595.26		Best Value Performance Indicators		
Less: Soil & Rubble/Bric-a-Brac	21,994.40		Recycling	78,654.25	17.36%
Less: Commercial Waste/Clinical & Flytipped	6,519.99		Composting	47,037.87	10.38%
Total Household Waste	453,080.87		Energy Recovery	46,056.01	10.17%
			Landfill	281,332.74	62.09%
			Total	453,080.87	100%
Recycled:					
MRF (actual recycled)	41,899.03				
Green (WCA/U)	3,494.77				
Recycling Banks:					
Glass	10,554.90				
Paper	4,435.01				
Textiles/Other	1,003.96				
Cans	0.00				
3rd Party	590.95				
Fridges (WCA/U)	420.27				
Total Recycled (WCA/U)	62,398.89	13.77%			
HWRC Recycled	18,751.59				
Green (HWRCs)	43,543.10				
Fridges (HWRCs)	998.54				
Total Recycled (HWRCs)	63,293.23	13.97%			
Total Recycled	125,692.12	27.74%			
Recovered:			Incinerator Residues		
Energy Recovered	43,234.13		Bottom Ash	8913.66	19.35%
MRF Residues (sent for energy recovery)	2,680.71		Fly Ash	1502.28	3.26%
SubTotal	45,914.84	10.13%	Ferrous	1072.02	2.33%
Pyrolysis	141.17		Total	11487.96	24.94%
Total Recovered	46,056.01	10.17%			
Disposed:					
To Landfill	277,586.95				
MRF Residues	3,393.17				
Compost Residues	352.62				
Total Landfilled	281,332.74	62.09%			

All actuals for 04/05 have been used unless unavailable. In these cases, 03/04 actuals have been used as estimates.

HWRC Apportionments amended as of September 2004

2.8 Compliance

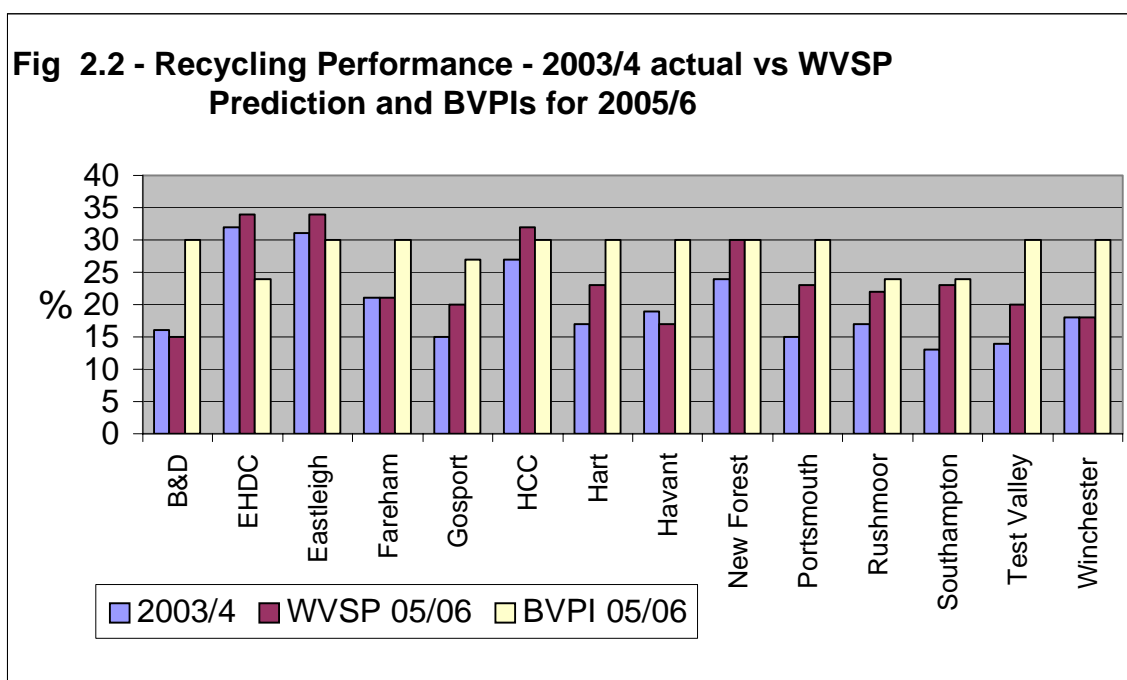
2.8.1 BVPIs

The Government has set Statutory Performance Standards for all local authorities in England and Wales. These are reported as “Best Value Performance Indicators” or BVPIs.

Figure 2.2 (below) shows recycling rates for all the partners, comparing best value performance indicators* to actual performance in 2003/4 and predicted performance in 2005/6 as expressed in the Waste Volume Service Plan (WVSP).

BVPIs are fairly crude comparisons of performance and may mask considerable differences in approach taken, for example UK top performer Daventry DC collects organic waste including substantial volumes of garden waste for composting, free of charge. This increases the overall kg per household of waste collected. In contrast, Project Integra partners Eastleigh and East Hampshire have very high rates of collected dry recyclables.

*<http://www.defra.gov.uk/environment/waste/management/guidance/mwms/10.htm>



WASTE COLLECTION AUDIT

AUTHORITY	CONTRACTOR	RESIDUAL	RECYCLABLES	GREEN	2003/04 NET COST	HOUSEHOLDS	RESIDENTS
Basingstoke & Deane	Onyx	Weekly bin	Fortnightly kerbside	None	2,939,600	62,486	152,600
East Hampshire	Onyx	Fortnightly bin	Fortnightly bin	Rolling out weekly sack £15 pa	2,100,000	43,765	109,400
Eastleigh	In House	Fortnightly bin	Fortnightly bin	Fortnightly sack £18pa	2,041,200	49,101	116,300
Fareham	In House	Weekly bin	Fortnightly bin	Sack system commencing Spring 2005	1,770,000	43,232	108,100
Gosport	Verdant	Converting to fortnightly bin	Fortnightly bin	Fortnightly sack (non renewable)	1,150,110	32,313	76,400
Hart	In House	Weekly bin	Weekly bin (split bodied vehicles)	Fortnightly sack	1,163,000	32,724	83,600
Havant	In House	Weekly backdoor – no container	Fortnightly bin	None	2,007,300	48,521	116,900
New Forest	In House	Weekly sack	Weekly clear sack to most properties	Sack system from spring 2005.	2,797,435	76,174	169,500
Portsmouth	Onyx	Weekly sack	Fortnightly box being replaced by bins in phases	None	3,707,000	80,788	186,900
Rushmoor	Cleanaway	Weekly bin	Fortnightly bin	Fortnightly sack system (chargeable) from spring 2005	1,612,150	34,076	90,900

AUTHORITY	CONTRACT OR	RESIDUAL	RECYCLABLES	GREEN	2003/04 NET COST	HOUSEHOLDS	RESIDENTS
Southampton	In House	Weekly bin	Rolling out recycling bin to all district in phases	None	3,911,000	89,683	217,600
Test Valley	In House	Weekly bin	Fortnightly bin	Fortnightly sack £20 for first, £10 for additional.	3,056,020	43,606	109,900
Winchester	Serco	Weekly bin. AWC trial on 4,500 properties started Oct 2004.	Fortnightly bin	Free green sack in trial area (charge for additional sacks).	2,271,867	46,065	108,038

WASTE COLLECTION PERFORMANCE INDICATORS – 2003/04

Authority	BV 82a	BV 82b	BV 84	BV 86	BV 91	BV 90a	BV 90b
	% household waste recycled	% household waste composted	KG of household waste collected per head	Cost of waste collection per household	% of population served by kerbside recycling	% of people satisfied with household waste collection	% of people satisfied with waste recycling
Basingstoke	16.32%	0%	403.6 KG	£47.64	100%	97	83
East Hampshire	28.2%	4%	340.7 KG	£47.97	100%	85	79
Eastleigh	28.81%	2.16%	333 KG	£41.65	96%	79	78
Fareham	21.15%	0%	399.6 KG	£40.95	99%	87	79
Gosport	14.1%	1%	342.9 KG	£34.89	100%	83	75
Hart	16.6%	0.2%	424 KG	£33.08	99%	75	80
Havant	19.0%	0%	380 KG	£40.52	92%	84	75
New Forest	24.24%	0%	375 KG	£38.88	89%	88	78
Portsmouth	13.05%	2.34%	382 KG	£45.89	98%	80*	63*
Rushmoor	16.7%	0%	360 KG	£49.29	100%	92*	83*
Southampton	9.63%	3.23%	395 KG	£43.61	87.5%	84	63
Test Valley	13.5%	0%	444 KG	£69.79	93%	91	84
Winchester	17.85%	0%	399 KG	£49.32	100%	93	75

KEY: * = 2002

2.9 Cost

The overall cost of Waste Management in the County is increasing ahead of inflation. There are considerable cost pressures on both the Waste Collection Authorities and the Waste Disposal Authority particularly through expansion of recycling services. Pump priming funding via the DEFRA Grants has been helpful, but these do not cover ongoing revenue costs for the new services. At the same time partners are under pressure to make efficiencies through the Gershon Review.

Members of the Management Board have for some time identified a wish to manage Integra's finance in a more holistic way. The first step towards this is harmonisation of strategies and policies. This business plan, with the high level targets and underpinning partner sub-strategies is a further step towards this.

A major review of existing and future finance opportunities in Project Integra will take place in the first quarter of the financial year. This will be undertaken in the context of Project Integra and MRS objectives, the National Review of Recycling Credits (expected spring 2005) and the outcome of the WIP LASU study into joint working and economies of scale in March 2005.

Areas of Review will include Recycling Credits, the Landfill Allowance Trading Scheme, income opportunities in new and existing markets, opportunities for operational cost savings through joint working and other economies of scale.

Part of the review will be to identify opportunities for economies of scale in three dimensions:-

- (i) WCA to WCA,
- (ii) WCA to WDA and
- (iii) WDA/WCA to the Commercial sector.

It is intended that the findings, as agreed by partners, will be fed into a new Joint Municipal Resource Management Strategy which sits within the overall context of the MRS.

More details on how Integra is currently funded are set out in Section 6.

2.10 Governance

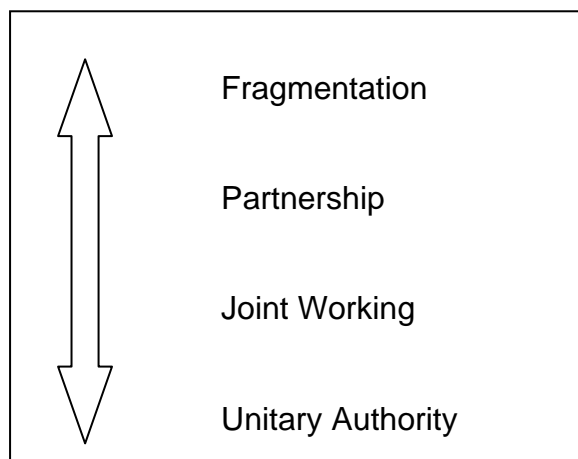


Fig 2.3

- 2.10.1 Figure 2.3 above shows a continuum of options ranging from local authorities acting autonomously to a single unitary authority dealing with all waste matters. Integra can rightly be considered a partnership. During partner consultations in 2004, it was clear that there was no political wish to move toward unitary status, although it has been acknowledged that this is an option which has been considered by Government.
- 2.10.2 Members also acknowledged that Integra has been successful in developing its own agenda and would wish to stay at the forefront of this field with continuing local democratic accountability. Members saw considerable benefit in being seen as leading rather than being led. Integra therefore wishes to continue to be seen as the leading local authority waste grouping in the UK and as a model for others to follow. It is also intended that the Integra partnership model is robust enough to continue even if there is a move toward universal unitary local governance.
- 2.10.3 Several partners are interested in further exploring the opportunities afforded by joint working. This led to a successful bid to the WIP LASU fund for consultancy funding. This study will report in the spring of 2005 and will initially be considered by the Policy Review and Scrutiny Committee.

2.11 The Material Resources Strategy

Integra identified the issues of limited landfill capacity and waste growth in the mid 1990s and put in place a strategy to deal with them. Hampshire's move away from reliance on landfill and the delivery of infrastructure to achieve this has put it well ahead of most comparator groupings and make it well placed to comply with the Landfill Directive.

The strategic debate within Hampshire now much more closely mirrors the EU Thematic Strategy agenda (see 2.6.1). This has led to the proposal for a *Material Resources Strategy*.

The 2003/4 Project Integra Annual Business Plan set out the idea of reaching a "2020 Vision" for Hampshire. It was clear from the outset that the vision would need to be founded on the concept of resource management. Through dialogue with the Hampshire Natural Resources Initiative team (www.hnri.co.uk) the idea of a Material Resources Strategy (MRS) for Hampshire emerged.

The MRS (www.mrs-hampshire.org.uk) is a partnership between Hampshire County Council, Southampton City Council, Portsmouth City Council, Project Integra and the wider community of stakeholders – including commerce and industry, community groups, central Government and other public sector organisations.

A key principle of the MRS is that to be successful in moving from waste to resource management, we will have to stop looking at household and commercial waste separately. The MRS will therefore facilitate an integrated approach to waste collection, processing, and the marketing of recycled materials over all sectors.

There are three main elements to the strategy:

- **Engaging the Process Chain** – Working with industry “upstream” to avoid, reduce or recycle material or energy at all stages of extraction, production, transport, retail, consumption and disposal.
- **Establishing Material Recovery Systems** – To set up collection and other systems that are designed around the various *materials* in the resource stream. The *source* of the material will be much less important. This means changing attitudes and behaviour toward these materials in industry and in the home.
- **Facilitating the delivery of the new infrastructure required** – Through consultation with many stakeholders and the community, setting up a strategic and local land use planning framework to try and speed up delivery.

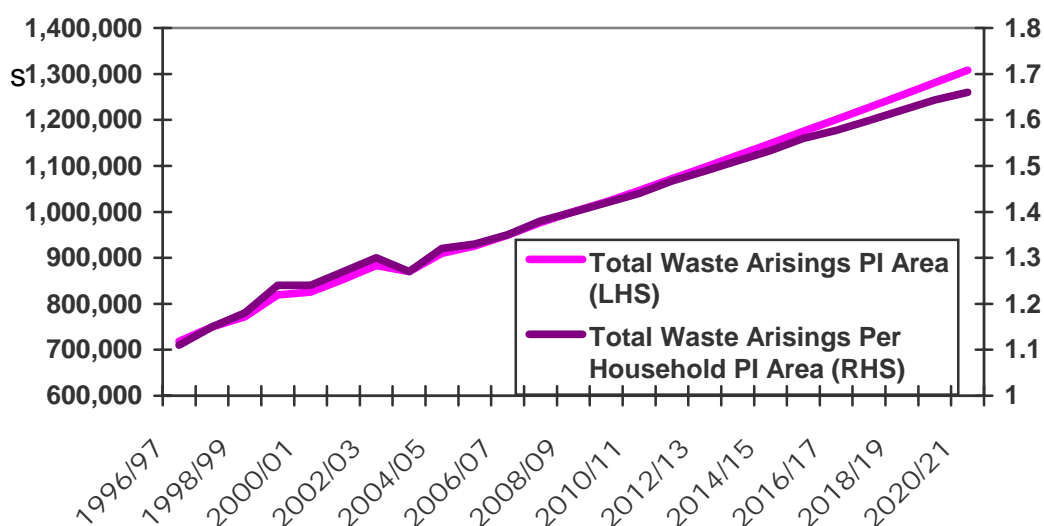
The MRS principles, process and timetable are explained in more detail at www.mrs-hampshire.org.uk. The Core Strategy Document was launched on 2 February 2005.

The MRS has been a material consideration in setting the headline objectives for Integra and will continue to be a principal strategic driver for Integra throughout the period 2005-2010 and beyond.

2.12 Waste Growth

Work by Brook Lyndhurst for Project Integra, reported to the Policy Review and Scrutiny Committee in December 2004, has confirmed municipal waste growth as a continuing issue. Brook Lyndhurst have calculated that, without intervention, growth will continue at an average of 2.4% per year up to 2020. This equates to approximately 100KT of additional municipal waste every 5 years. To put this in context, 100KT represents slightly more than the capacity of the Chineham EFW plant and more than the total municipal waste output of two average sized Districts in Hampshire.

Figure 2.4 Projected Municipal Waste Growth to 2020



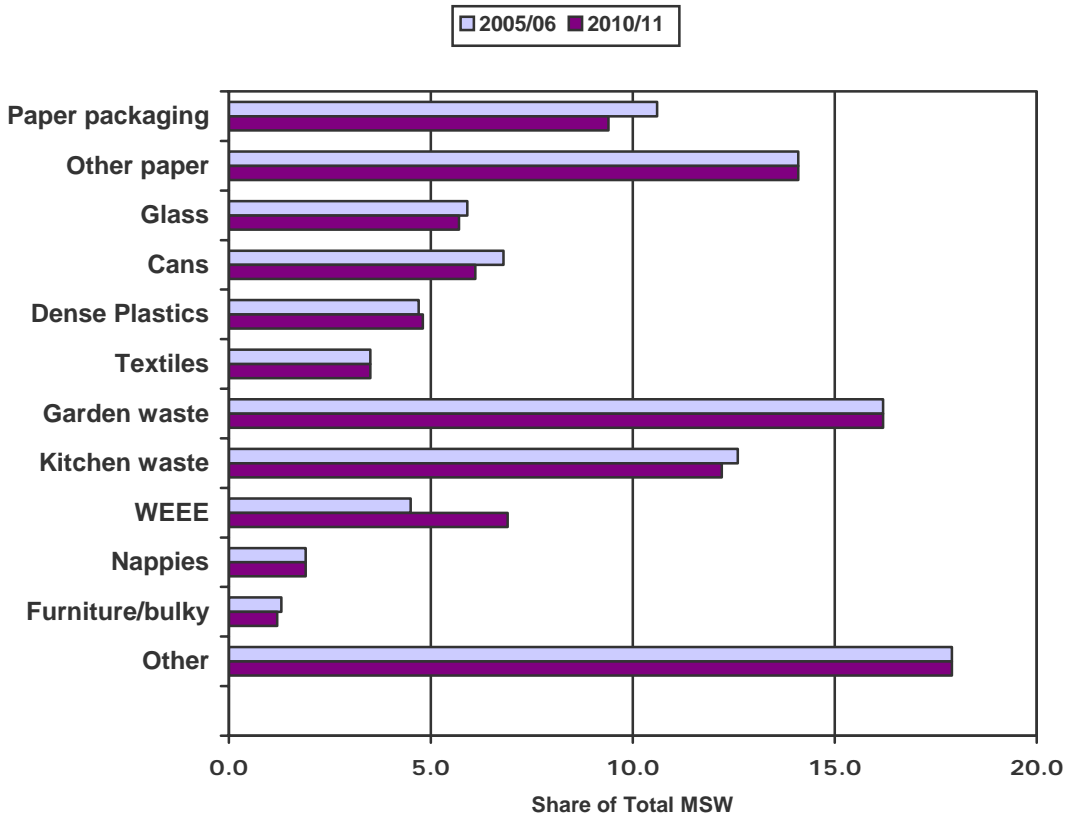
The Research also highlighted that not all materials in the waste stream will continue to grow at the same rate (see figure 2.5 below). For example Waste Electrical and Electronic Equipment (WEEE) is predicted to grow from 4% of the waste stream in 2005/6 to 7% in 2010/11.

The MRS Core Strategy will propose reducing overall waste growth (all sectors not just municipal) to 1% by 2010 and 0.5% by 2020.

The MRS will also quantify the overall need for Infrastructure in the County based on different waste streams such as WEEE. This will enable Project Integra to calculate future additional infrastructure requirements for municipal waste recycling, and recovery. These will be set out in a revised Joint Municipal Waste Strategy for public consultation.

The Behavioural Change Strategy which this research was commissioned to inform, will identify options for promoting waste minimisation. Brook Lyndhurst have also produced a waste forecasting model which will enable various scenarios to be worked through.

Figure 2.5 - Forecast Differential Growth rates for Materials in the MSW Stream



3. Customers and Markets

3.1 Stakeholders

Project Integra has broadly three identified stakeholder groups:

- *The Public* - as consumers of the services and as persons with a direct or indirect interest in effective resource management
- *External Partners* - These include collection contractors, government departments and agencies such as WRAP, processing companies, academic institutions and community groups
- *Internal Partners* - the 15 members of the Integra partnership.

3.2 Marketing Activities

Marketing activities also broadly fall into three categories. Different marketing and promotional approaches are taken in relation to different stakeholder groups.

3.3 The Promotion of Project Integra with Peers and Decision Makers.

This is done by all partners at officer and member level and through the Executive. Integra has a good track record in this area, resulting in a high profile in the UK and Europe. This is beneficial when, for example, making bids for Defra funding. It is also an important motivational factor for members and officers. The mechanism for this includes partner consultation meetings, the annual conference, member training and the annual report.

3.4 Materials Marketing

Integra has a very strong track record in this area, with a long established Materials Marketing Group (MMG). The group works with HWS to achieve “best consideration” in relation to each particular material type. The main factors are:

- Stability of the market place
- Security of take-off in the long term
- Sustainability in terms of economic, environmental and social factors. This includes looking for or developing local facilities where practicable
- Ethical issues
- Share of Packaging Recovery Note (PRN) revenue.

3.5 Promotion of Messages to the Community

As the primary source of segregated materials, Hampshire’s householders are vital and active stakeholders. The continued success of the Integra strategy lies with convincing householders to segregate more material to a higher quality and to consider lifestyle issues which affect the volume of waste generated. Within the community there is a wide range of predisposition and motivation for doing this.

Integra has a good track record of communications, campaigns and producing supporting material but experience to date indicates that there is a limit to how far this encourages all sectors of the community to participate. Many collection partners have had kerbside schemes for dry mixed recyclate in place for a number of years and participation has levelled out. Waste analysis shows that between a half and two thirds of potentially recyclable material is still not being captured in many areas. Recent experience by some partners suggests that more direct *engagement* with communities and individuals can improve both capture and quality of materials.

During 2004, the partnership secured funding from WRAP to develop a Behavioural Change Strategy. The first phase of this was undertaken in the autumn of 2004 consisting of research into best practice and community attitudes.

Expressions of interest were also sought through an advertisement in the EU journal for door-stepping, participation monitoring, training and community engagement.

The delivery phase will commence in late spring 2005. The intention is to develop and deliver a long term programme.

4. Goals and Objectives

4.1 Key Objectives for 2005-2010

Integra's headline objective is to reach a 50% recycling/composting rate by 2010. Waste Collection Authorities are asked to sign up to recycle at least 40% in the same period (city centre or predominantly high rise/ high density areas will be expected to reach 35%).

- Improved participation and capture stimulated by a behavioural change programme.
- Adopting best practice in collection methodology
- Reducing contamination of collected and processed material
- Collecting a wider range of materials through kerbside collection and HWRCs
- Improving HWRCs to boost average performance to over 60%.

Each Partner will specify in it's own sub-strategy how it intends to reach 40%, or otherwise maximise recycling and composting.

It is for each authority to specify how it will reach its target. This may include, but not be limited to the following options:

- (i) Promoting awareness and behavioural change to increase capture and quality. The results of the research phase of the communications strategy will be used to identify areas in which partners can improve quality of service to householders.
- (ii) Giving people access to facilities and services to enable them to participate, This will continue to be achieved through the roll out of kerbside collection schemes and through improving the HWRC network.
- (iii) Expanding both the range of materials collected and the method of collection, for example green waste and glass at kerbside.
- (iv) Promoting landfill avoidance such as home composting and reusable nappies.
- (v) Restricting capacity available for householders to dispose of residual waste by Alternate Weekly Collection or reducing bin size.

Quality improvement remains a critical business objective. The cost of collecting and processing non-compliant material is significant. Drawing on the outputs of the Behavioural Change Strategy research phase, improvements in quality will be achieved through:

- (i) Making systems understandable for the householder
- (ii) Communicating in a consistent way
- (iii) Cracking down on abuse by householders
- (iv) Raising awareness and continuous improvement of practice by staff
- (v) More efficient processing through the two MRFs.

4.2 Key Projects

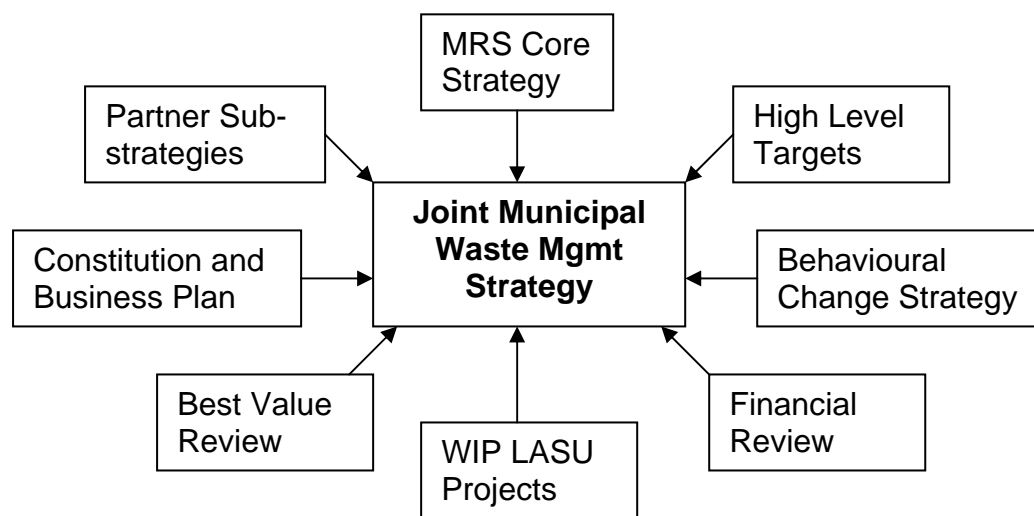
4.2.1 Joint Municipal Management Strategy

It is proposed to develop a revised Municipal Waste Management Strategy to sit within the context of the Material Resource Management Strategy for Hampshire.

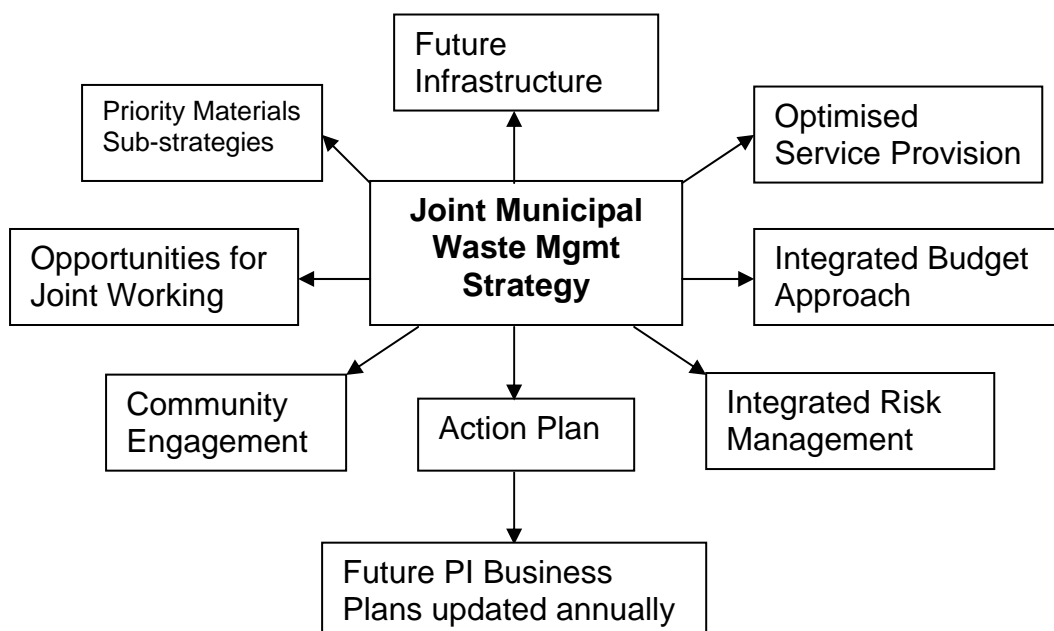
The Joint Municipal Waste Management Strategy is a statutory requirement for all authorities in two-tier areas under the Waste and Emissions Trading Bill. Some authorities are exempted by virtue of being a CPA Excellent Authority or having complied with the latest Statutory Performance Standard (BVPIs 82a and 82b). On this basis, five authorities are exempt from this requirement in 2005/6, however the Management Board on 13 January 2005 resolved that the partner authorities would notify the Secretary of State of the intention to submit a Joint Strategy covering the whole of Hampshire.

The proposed Joint Municipal Waste Management Strategy will include a long term forecast of recovery and waste volumes, facilities, investments, efficiency savings outcomes and a budget that reflects the total expenditure of the joint service.

Fig 4.1 Inputs to Joint Municipal Waste Management Strategy



A draft Strategy will be presented to the Board in July 2005 in order to undertake public consultation over the summer and early autumn. The aim is to publish the final document in January 2006 following approval at the Management Board AGM.

Fig 4.2 Outputs from the Joint Municipal Waste Management Strategy

4.2.2 Rolling Out Collection Schemes

Integra will collectively support the roll out of collections systems for dry mixed recyclate and green garden material funded via the DEFRA National Waste Minimisation and Recycling Fund. Eight partners have schemes in progress or commencing on 1 April 2005.

The monitoring of these schemes is overseen by a DEFRA Board, which has three representatives from Integra and three external members representing DEFRA, WRAP and the Private Public Partnership Programme. This Board will run at least until March 2006.

4.2.3 Kerbside Glass Collection

During 2004, Hart and Rushmoor Councils carried out a trial kerbside glass collection scheme on behalf of Integra. This has proved successful with yields per household running at nearly double the average for glass banks. The public feedback on the methodology has also been very positive.

Hart and Rushmoor intend to continue the service in the trial area pending decisions on rolling out. Through the WIP LASU project, the partnership will explore the opportunities for joint working during 2005.

4.2.4 Material Analysis Facility

This project aims to set up facilities for a comprehensive, full time waste and material resource analysis programme. This facility will be operated permanently to undertake waste analysis for all partners, according to a pre-agreed programme. The programme will include background sampling from all partners and special projects for more intensive sampling, for example before, during and after a time of change. The programme will be managed by a new postholder, initially funded through the resources set aside for the Behavioural Change Strategy.

4.2.5 Improvements to the HWRC network.

Hampshire County Council have an ongoing programme of improvements to the HWRC network. In 2005/6 Basingstoke and Hartley Wintney HWRCs have been targeted for improvement partly through Defra funding.

4.2.6 Recycling Service to SMEs

The MRS process has highlighted the absurdity of having separate collection systems for commercial and household waste when in many cases the materials collected are similar, albeit in different proportions. There is a demand for this service from many Small /Medium Sized (business) Enterprises. As the landfill Tax increases, it will become increasingly uneconomic for SMEs to have a single contract for the disposal of general waste. The issue for Integra and the MRS is how can we expedite the “tipping point” at which it will be economic for businesses to segregate materials and have them cost effectively removed for recovery. Integra will explore the opportunities for closer integration of systems whether through collection or bring facilities.

4.2.7 Work with Retail Sector

Integra partners are working with Tesco to facilitate the development of high tech own branded recycling facilities at several stores in Hampshire. A national pilot automated bank system was opened at Winchester in December 2004. Two further pilot facilities are planned to be introduced at Havant and Portsmouth early in 2005. Similar systems may be eventually be rolled out across all stores.

Integra takes the view that we should align objectives with the retail sector to ensure the most efficient and effective capture of materials.

4.2.8 Leaf Fall Composting

During 2003 and 2004, Eastleigh Borough and HWS trialled the composting of fallen leaves at the Downend composting site. This proved to be successful and with the extension of Little Bushey Warren, the partnership will explore the extension of this service which will convert this municipal waste into a resource.

4.2.9 On Street Recycling Bins

Eastleigh, Southampton and East Hampshire have set up a trial of on street recycling bins to divert newspapers and magazines, cans and plastic bottles from

the litter bin stream. The trial is being closely monitored and results will be fed back to the partnership throughout 2005.

4.2.10 Mixed Plastics Recovery

Following an in depth examination of the opportunities by the Policy Review and Scrutiny Committee in September 2004, the Committee concluded that the Integra strategy of collecting plastic bottles was the correct one for the time being. The partnership should however continue to monitor changes in technologies and markets both of which may change by 2010. In the meantime the Committee will receive a further report on the economics and other implications of sorting mixed plastic via the MRFs in the spring of 2005.

4.2.11 Maximising Capture from Households in High Rise and High Density Dwellings

Residents living in high-rise or high density dwellings are often excluded from enjoying the same level of recycling services provided in other areas. This may be due to the lack of space, the practicalities of servicing individual containers and perceived or actual incidence of contamination in communal facilities. Integra has been awarded consultation funding from DEFRA's WIP LASU programme to investigate this subject.

The project is also intended to address the provision of recycling facilities to transient resident groups such as students and military personnel. This will be delivered through focus group discussions and in-depth interviews with the relevant stakeholders such as residents of flats, caretakers, waste contractors, students, university staff and military personnel. The project also involves the development of methodology for monitoring and evaluating recycling schemes targeted at residents in flats and transient populations. The third element of the project will be to develop a best practice planning guidance document with the view to ensure adequate design standards/principles for future residential developments and compliance with these standards. The Project will be completed in spring 2005.

4.2.11 Behavioural Change Strategy

The Behavioural Change Strategy will focus on two-way communications in order to increase the capture and quality of materials collected for recycling in Hampshire. The project is being jointly funded by Project Integra, HCC and WRAP.

The work has been split into two phases, a research phase undertaken in the autumn of 2004 and a delivery stage which will commence in 2005/6 and put in place the foundations for communications over the period up to 2010.

The research was split into two parts – discovering barriers, motivators and triggers and waste forecasting. Following a tender exercise in the summer of 2004, the first part was awarded to MORI and the second to Brook Lyndhurst.

It is envisaged that the programme of delivery will include

- Direct Communications i.e. face to face contact with the public, to support new and mature schemes, disseminate general and targeted messages about waste management issues including recycling and waste minimisation
- Indirect communications, e.g. publicity through advertising, leaflets, council newsletters etc.
- Crew, Staff and Member training
- Working with local community groups
- Monitoring, evaluation and dissemination programme)

4.2.12 Waste Minimisation

Use the waste forecasting model developed by Brook Lyndhurst to increase understanding of future market trends and how consumer behaviour and choice affects the use of resources. The next step will be to apply this information to the process chain and to encourage sustainable choices in purchasing and re-use and refurbishment. This may take the form of pilot waste minimisation projects worked up during 2005.

4.2.13 Joint Working Opportunities

Integra has also successfully bid for WIP LASU funding to evaluate the opportunities for cost efficiencies, improved performance, maintained or improved service quality and customer satisfaction, and improved sustainability between adjacent or groups of local authorities. Consultants Jacobs Babbie were appointed by WRAP to undertake this work.

The objectives are the Identification of options and opportunities for integrated operational and management practices to achieve high recycling at acceptable cost. In particular three aspects will be examined in detail:

- joint recycling arrangements across the Integra authorities (with main focus on rolling out kerbside glass collections)
- shared RCV maintenance and infrastructure arrangements between selected partners
- case study into the potential for extended partnering between three authorities, covering all waste and recycling services.

4.2.14 Constitutional Review

In the period up to 2010 the partnership will continue to assess the options for constitutional reform provided in the light of Government legislation. An issue of particular interest will be opportunities for the partnership to speed up the business of contracting with third parties.

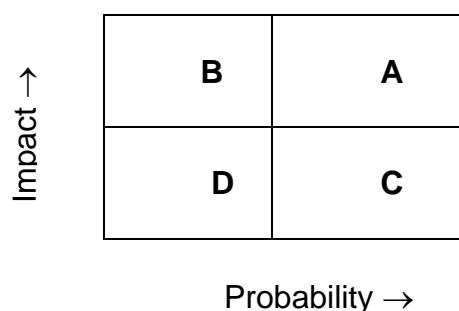
4.2.15 Summary

The above projects and resource implications are summarised in tabular form in Appendix 1.

5. Risk Management

This is a basic overview of risk to the partnership and its management. It is not intended to be a highly detailed or exhaustive risk assessment.

A basic four box model can be used for quantifying risk and determining how it should be managed, based on a combination of the probability of an event occurring and the impact should it do so. A crude rating from 1-5 for Probability (P) and Impact (I) is given in relation to any risk identified. (1 is low and 5 is high). How the risk should be managed and prioritised is determined in relation to the quadrant it falls within.



Box A – High probability, high impact. Mitigation and/or contingency measures should be considered as an urgent priority if not already in place

Box B – Low probability, high impact. Business continuity measures should be considered and contingencies planned.

Box C – High probability, low impact. Should be mitigated by effective day to day management controls.

Box D – low probability, low impact. Should not be dealt with as a priority but reassessed periodically in case probability or impact increases over time.

Risk	P	I	Effect	Mitigation / contingency plan
Failure to reach overall BVPI target for 2005/6. (strategic risk)	5	3	Adverse impact on CPA rating Public perception Perception among peers.	<ul style="list-style-type: none"> • Improved capture via DEFRA funded infrastructure schemes • Behavioural Change Strategy. • Partner commitment to headline target for 2010.
Failure to address contamination across whole process stream (operational and strategic risk)	4	4	Reduced marketability of recyclate, reduced income, reduced BVPIs	<ul style="list-style-type: none"> • Improved material analysis and early warning scheme • Quality control at key stages • Process chain approach • Behavioural change strategy will communicate why quality is important to households and employees.

Market for particular product collapses (operational risk)	1	4	Divert material to disposal or recovery Higher cost if cannot be dealt with in Hampshire Handle publicity and credibility of recycling	<ul style="list-style-type: none"> • Early warning through monitoring trends, relationships with WRAP, industry groups etc. • Develop contingency plans
Loss of key infrastructure (operational risk)	1	5	Loss of processing or disposal capacity	<ul style="list-style-type: none"> • Develop contingency plans • Maintain relationships with other processors e.g. Rainham / Beanham MRFs who have surplus capacity in short to medium term • Recognise need to quickly disseminate advice to householders
Supermarkets offer incentives for packaging recovery (strategic risk)	1-3	4	1 in short term, 3 in longer term. Could lead to duplication in systems and reduced recovery via local authority systems	<ul style="list-style-type: none"> • Already working with Tesco to facilitate and promote integrated systems and share data.
Loss of Executive Officer (operational risk)	2	3	Will place additional pressure on Strategy Officers pending replacement / review. Support to Board and to projects may be reduced.	<ul style="list-style-type: none"> • <i>Either</i> short term secondment of another officer from within the partnership, • <i>or</i> division of work to Strategy Officers to work with Meetings Officers/ Legal advisor to cover Members Meetings and other obligations until new appointment made or superseded by other arrangements.
One or more partners dropping out (strategic risk)	1	3	Would be viewed as retrograde step by Audit Commission with implications for CPA. Could increase case for Unitary waste authorities with no democratic control.	<ul style="list-style-type: none"> • Continue to build consensus through informal workshops and partner 1:1s. • Ensure transparency in all dealings • Listen to concerns and respond to them • Continue to demonstrate benefits of partnership working e.g. Defra bid

			Adverse publicity	<ul style="list-style-type: none"> • Work to agreed Business Plan objectives and involve all partners in developing projects at early stage
Failure of partnership to evolve and move forward if always moving at speed of most cautious. (strategic risk)	2	5	PI is seen a flagship by Government, lack of progress will increase likelihood of intervention and case for unitary waste authority or utility.	<ul style="list-style-type: none"> • Work to agreed Business Plan objectives and involve all partners in developing strategy and key projects at early stage. • Maintain links with Leaders and Chief Executives • Monitor partner sub-strategies and progress toward key targets and progress • Support authorities which are struggling.

6. Project Integra – Finance

6.1 Introduction

This section is divided into two sections:

- How Integra is financed, and the overall cost of the services provided by the partners to Hampshire residents
- The budget for the Executive and supported projects.

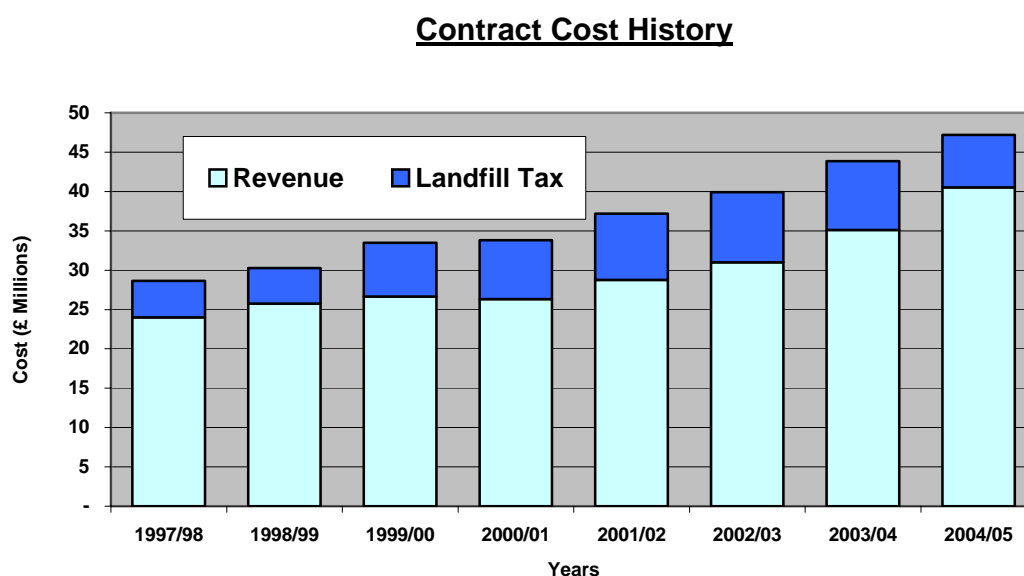
6.2 How Integra is Financed – Cost of Services provided

6.2.1 Waste Disposal and Material Resource Processing

Waste disposal costs are met through a combination of Standard Spending Assessment central Government grant and Council Tax revenue. The Government PFI scheme was not available at the time Integra was set up and therefore capital costs of developing the infrastructure are funded through the long term contract with HWS. HWS receive a fixed sum for operating each site, regardless of throughput and a gate fee for each tonne of material processed. The gate fee varies according to a number of factors and the contract sets these out in detail.

Southampton and Portsmouth contribute to the overall disposal costs pro-rata according to the volume of waste derived from the cities.

Fig 6.1 – Contract Cost History (data includes unitary authorities)



6.2.2 Sale of Recyclable Materials

Income from the sale of materials is split 50:50 between HWS and the WCAs according to the tonnage of material delivered for processing. Table 6.2 below shows estimated income accruing to each WCA for 2003/4 and 2004/5.

Table 6.2 - Forecast of Income from Sale of MRF Recyclables 2004/05 & 2005/06

	<u>Forecast</u> <u>Tonnes</u> <u>2004/05</u>	<u>Forecast</u> <u>Income</u> <u>2004/05</u>	<u>Forecast</u> <u>Tonnes</u> <u>2005/06</u>	<u>Forecast</u> <u>Income</u> <u>2005/06</u>
Basingstoke	8,910	39,553	10,260	45,546
East Hants	9,460	41,994	10,893	48,357
Eastleigh	10,202	45,289	11,748	52,151
Fareham	8,423	37,389	9,699	43,055
Gosport	4,756	21,112	5,476	24,311
Hampshire	59	262	68	301
Hart	5,004	22,213	5,762	25,579
Havant	7,925	35,180	9,125	40,510
New Forest	11,210	49,763	12,908	57,303
Rushmoor	5,602	24,870	6,451	28,638
Test Valley	5,044	22,391	5,808	25,783
Winchester	6,433	28,558	7,408	32,885
Portsmouth	8,641	38,360	9,950	44,172
Southampton	5,595	24,839	6,443	28,603
Total	97,263	431,773	112,000	497,194
Estimated Average Unit Rate (£/T)		4.44		4.44

6.2.3 External Funding

To date over £11.5m of DEFRA and WRAP funding has been secured through partnership bids to the National Waste Minimisation and Recycling Fund. The DEFRA funding of £10.6m has funded new composting infrastructure, kerbside collection schemes to boost the supply of dry mixed recyclate and garden waste and the improvement of the HWRC network.

Nearly £800K has been secured from WRAP to support the development of community engagement.

In 2004, DEFRA consulted on the implementation of a Performance Reward Grant which will replace the current scheme from 2006/7. The possible implications were reviewed by the Management Board in July 2004. The details of the final scheme have yet to be released, although it is understood that it is likely to be considerably modified.

6.2.4 Recycling Credits

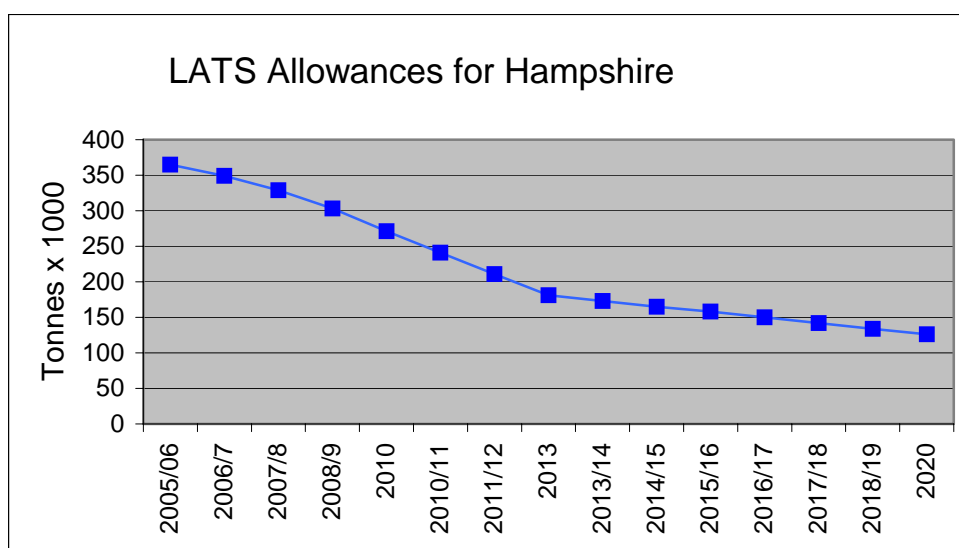
Recycling Credits are payments made by the WDA to help offset the costs of collecting recyclables. The sum involved reflects the cost avoided by the WDA by not having to landfill or otherwise dispose of the material. As part of the original Memorandum of Understanding, the WCAs agreed not to claim recycling credits for material processed through the MRF and composting sites. In effect this is an “off balance sheet” contribution to the overall project costs. Recycling Credits are paid by HCC in relation to material, such as glass and textiles, which is not processed through the contract with HWS. Recycling Credits are also paid to third parties, such as charitable organisations for material diverted from the waste stream.

In 2004, the Government consulted on the future of Recycling Credits and is expected to publish new proposals in early 2005. It is proposed that Recycling Credits be included in the Integra Financial Review in the first quarter of 2005/6.

6.2.5 Landfill Allowance Trading Scheme

From April 2005, the Government has introduced a Landfill Trading Allowance Scheme which limits waste disposal authorities to a specific volume of biodegradable municipal waste which declines progressively year on year to 2020. Authorities which exceed their allocation must purchase the unused allocation from another authority or pay a fine of £150 per tonne.

Fig 6.3



6.2.6 Cost of Contamination

Waste analysis carried out in 2003 showed that typically 10-12% and, on occasions, more than 15% of material being delivered to the Portsmouth MRF is outside the input specification and cannot be recycled. Around half of the contaminants were non compliant, but potentially recyclable, materials such as hard plastics. The remainder was black bag type waste.

The net cost of collecting and processing material through the MRF is around £45 per tonne. Assuming 90,000 tonnes of material are delivered with a 10% contamination rate the cost of processing material would be around £400,000 per year. A one percent improvement will yield £40,000 in savings.

Higher quality material also attracts better market prices. There is therefore a significant *opportunity cost* of continuing to accept this level of contamination.

6.2.7 Opportunities for Avoided Costs through Increased Recycling

Table 6.4 below shows the forecast cost of disposal based on four possible scenarios for the year 2008/9.

The total tonnage of municipal waste in 2008/9 is estimated at 990KT

Table 6.4	Scenario1	Scenario2	Scenario3	Scenario4
Overall Recycling rate	31%*	40%	45%	50%
WCA recycling rate	27%	35%	40%	45%
HWRC recycling rate	43%	55%	60%	64%
Energy Recovery rate	46.6%	46.6%	46.6%	46.6%
Landfill rate	22.3%	13.4%	8.6%	3.4%
Projected "Disposal" Costs	£57.8m	£55.8m	£54.7m	53.6m

Scenario One is based on current waste volume service plan projections for that year 2008/9.

If the high level targets proposed in this business plan for WCAs and HWRCs can be achieved, the avoided additional cost (difference between scenario 1 and scenario 3) would be £3.1m per year.

A further £1.1m of additional annual costs could be avoided by the WDAs / Unitaries if the overall target of 50% recycling (scenario 4) can be achieved.

6.2.8 The financial consequences of not achieving the stretching recycling targets do not take into account the cost implications of ordering and implementing new disposal Infrastructure. Under scenario 1, the annual landfill requirement would exceed 200,000 tonnes per year. It is very likely that it would not be sustainable or perhaps even possible to rely on such a high level of landfill disposal. This being the case, further significant investment in large scale disposal type infrastructure would be necessary. Clearly, this would add significantly to the overall financial cost burden.

6.3 Major Financial Review in 2005/06

A Major Financial Review covering the whole of Integra (combined collection and Disposal) will be undertaken in the first quarter of 2005/6 to feed into the Joint Municipal Waste Management Strategy for the County. The detailed scope of the review will be agreed by the Management Board in April 2005 but will be undertaken in the context of Project Integra and MRS objectives, the National Review of Recycling Credits and the outcome of the WIP LASU study in 2004/5.

Areas of review will include Recycling Credits, the Landfill Allowance Trading Scheme, income opportunities in new and existing markets, opportunities for operational cost savings through joint working and other economies of scale.

6.4 Budget for the Executive and Supported Projects

6.4.1 Summary of 2002/3 Full Year Accounts

The accounting year for Project Integra runs from 1 April – 31 March. The full year accounts for 2003/4 were reported to the Board meeting on 7 July 2004

<http://www.integra.org.uk/board/index.html> . The cash flow is summarised below:

Table 6.5 Cash Flow

<u>Reserve Balance</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>
<u>Buffer Against Contractual Risk</u>			
Opening Balance		-140,000.00	-140,000.00
Transfer from MRF Income	-140,000.00		
Total Income	-140,000.00		
Total Expenditure			
Closing Balance	-140,000.00	-140,000.00	-140,000.00
<u>Income Share Bank</u>			
Opening Balance		-25,000.00	-23,238.26
Transfer from MRF Income	-25,000.00		
Southampton Repayment to Bank		-19,625.27	
Rushmoor Repayment to Bank			-1,761.74
Total Income	- 25,000.00	-19,625.27	-1,761.74
Rushmoor Call on Bank		1,761.74	
Southampton Call on Bank		19,625.27	
Total Expenditure		21,387.01	-
Closing Balance	- 25,000.00	-23,238.26	-25,000.00
<u>Additional Short Term MRF Capacity</u>			
	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>
Opening Balance		-150,000.00	-38,393.38
Transfer from MRF Income	-150,000.00		
Total Income	-150,000.00		

	2002/03	2003/04	2004/05
Out of County Recycling		111,606.62	
Total Expenditure		111,606.62	
Closing Balance	-150,000.00	-38,393.38	-38,393.38
<u>Executive Officer Appointment Process</u>			
Opening Balance		-16,000.00	-16,000.00
Transfer from MRF Income	-16,000.00		
Total Income	-16,000.00		
Total Expenditure			
Closing Balance	-16,000.00	-16,000.00	-16,000.00

6.4.2 Subscription Levels

Table 6.6 shows the agreed subscription levels for 2004/5.

Project Integra - Funding the Executive - 2005/06

Contributions from LA's - based on rate per 1000 population

	<u>Collection</u> <u>05/06</u> <u>£ 78.58</u>	<u>Disposal</u> <u>05/06</u> <u>£ 18.05</u>	<u>05/06</u> <u>Total</u>	<u>Population</u>	<u>Project</u> <u>Funding</u> <u>£9.12</u>	<u>Total</u> <u>Funding</u>
Basingstoke	11,991.74	0.00	11,992.00	152,600	13,912.00	25,904.00
East Hampshire	8,596.96	0.00	8,597.00	109,400	9,973.00	18,570.00
Eastleigh	9,139.18	0.00	9,139.00	116,300	10,602.00	19,741.00
Fareham	8,494.80	0.00	8,495.00	108,100	9,855.00	18,350.00
Gosport	6,003.73	0.00	6,004.00	76,400	6,965.00	12,969.00
Hart	6,569.52	0.00	6,570.00	83,600	7,621.00	14,191.00
Havant	9,186.33	0.00	9,186.00	116,900	10,657.00	19,843.00
New Forest	13,319.79	0.00	13,320.00	169,500	15,452.00	28,772.00
Portsmouth (WCA/WDA)	14,687.13	3,374.07	18,061.00	186,900	17,038.00	35,099.00
Rushmoor	7,143.18	0.00	7,143.00	90,900	8,287.00	15,430.00
Southampton (WCA/WDA)	17,099.62	3,928.29	21,028.00	217,600	19,837.00	40,865.00
Test Valley	8,636.25	0.00	8,636.00	109,900	10,019.00	18,655.00
Winchester	8,431.94	0.00	8,432.00	107,300	9,782.00	18,214.00
HCC	0.00	22,399.93	22,400.00	1,240,800		22,400.00
HWS			3,716.76			3,716.76
	129,300.17	29,702.29	162,719.76		150,000.00	312,719.76

* Inflation at 3.1%

6.4.3 *Project Funding*

The Board have agreed that the Project Fund be set at £150K as per the two previous years.

6.4.4 *Income Share Bank (table 6.5)*

In 2003 when the arrangements for funding Integra were changed to a fully subscription scheme, a bank account was created for those authorities whose net subscription contribution exceeded their income from the sale of materials. This enabled the authority to defer payment of their subscription pending the development of an income stream. Two authorities opted to take advantage of this arrangement. These funds have been repaid and the bank has no assets outstanding.

6.4.5 *Short Term MRF Capacity (table 6.5)*

In 2003/4, the Board agreed to cover the additional costs of processing dry mixed recycle out of county. Costs were estimated at £112K in 2003/4 with a contingency of £150K set aside. Actual costs were in the region of £111K although these may be revised downward. Costs continued to be incurred in 2004/5 and these will be subject to a report to the Board at the end of the financial year.

6.4.6 *Buffer Against Contractual Risk (table 6.5)*

In the early days of Integra, it was agreed that income share would be retained on a rolling 18 months basis to provide a buffer against contractual risk. In 2003 it was agreed that this arrangement would be replaced with a fixed sum of £140K so that WCAs could have earlier access to income share as the amounts available became more significant.

The eventual aim of the partnership is to reduce risk by entering into stable contracts with established reprocessors who themselves have good products and markets but for the time being this fund provides a significant contingency.

6.4.7 *Executive Officer Appointment Process*

£16K was set aside in 2002/3 to cover the option of recruiting and relocating an Executive Officer. With the decision to appoint the existing EO on a permanent basis, this provision has not been drawn on. With the full time appointment, the Board has recognised it will need to ensure sufficient reserves to cover any potential liabilities, for example redundancy costs. For 2005/6 these are estimated at £46K.

7. Management

7.1 Overview

The partnership is serviced by an Executive Officer assisted by a small administration support team and service level agreements. Much work is progressed through a number of officer working groups looking at particular aspects including Materials Marketing, Research and Communications. There are also three regional operations groups. These are chaired and supported by officers from within the partnership and this time represents a valuable contribution by the partners concerned.

7.2 The Executive Officer

The Constitution (<http://www.integra.org.uk/board/index.html>) requires that the Board shall designate a named person to fulfil the function of Executive Officer. The responsibilities of the Executive Officer, in respect of the business of the Board, its sub-committees, working groups, and the Policy Review and Scrutiny Committee are as follows:

- (i) To make all necessary arrangements for the convening of meetings
- (ii) To provide, or, where necessary, procure the provision of, all necessary advice on the technical, legal and financial implications of matters under consideration
- (iii) To bring attention to relevant matters which merit consideration
- (iv) To take and maintain minutes of meetings, and ensure that business at meetings is conducted in accordance with legal requirements
- (v) To be responsible for communications with other agencies, including the media
- (vi) To manage and co-ordinate the day-to-day affairs of the Board and its administrative support.

The Executive Officer is currently Steve Read, previously Head of Environment at East Hampshire District Council. Following appointment on a secondment basis from October 2002, Mr Read was offered the post on a permanent basis following a Board Resolution in October 2004. As Integra's legal status is as a Joint Committee of the Local Authority Partners, Mr Read remains on the establishment of East Hampshire District Council but is responsible to the Management Board. All employment costs are met through Project Integra subscription income.

7.3 Executive Administration Support Team

The Executive Officer is supported by a Meetings Officer and a part time Liaison Officer. The Meetings Officer job is split and shared - Mrs Clare Lovesey is employed for the equivalent of three days per week to support the officer meetings network. Mrs Andy Winter is employed for the equivalent of 2 days per week to assist the Executive Officer, particularly in support of functions (i), (iv) and (vi) in paragraph 4.2. Andy also arranges member training and the Annual Conference.

The post of Liaison Officer is currently being reviewed, with emphasis on managing the PI Website (www.integra.org.uk) and dealing with enquiries received via that route.

7.4 The Strategy Officer Group

The Strategy Officer Group is chaired by the Executive Officer and consists of a senior officer from each of the partners. The role of the Group is to act as a corporate management team for the Executive and maintain an overview of activity and policy throughout Integra. The Group meets at least four times a year to coincide with the Project Integra Management Board cycle or more frequently if required.

7.5 Working Groups

Detailed policy issues and projects are overseen by a number of Working Groups. These are classified into Standing Groups which have a continuing mandate, and “task and finish” groups which have a finite life span. The Groups are chaired by an officer from the partnership and typically consist of around 6-7 officers representing WCAs, WDAs and Unitaries. In most cases there are also co-opted external partners. The Standing Groups are:

- Materials Marketing
- Research
- Communications
- Process Chain

Task and Finish Groups include:

- Best Value Review Team
- Kerbside Glass Trial Project Team
- WIP LASU Project Teams

7.6 Regional Officer Groups

Regional Operations Groups provided an important link in the early years of Integra and continue to provide a forum where day-to-day operational issues can be raised and discussed by operational officers from the WCAs and HCC/HWS.

7.7 Service Level Agreements

The Constitution requires that the Board shall engage the services of a Legal Adviser and Financial Adviser. These are provided under a service level agreement, currently with Hampshire County Council.

Service Level Agreements also exist with HCC to provide communications and research support to the partnership. The funding for this is identified within the Executive Budget. The officers concerned produce a work plan which is agreed and monitored by the Executive Officer on behalf of the Board.

7.8 Project Approval

Projects which are approved in outline in the Business Plan or which crop up in the course of the year are summarised using a standard proforma and submitted to the Board after consideration by the Strategy Officers Group. The plan outlines the basis for the project, the timetable, the resources required and the arrangements for performance management.

7.9 Performance Management

Information on the overall performance of the partnership and individual authorities is collated by HCC on a monthly basis and submitted to the Executive Officer for distribution. The headline figures are reported to the Board monthly in a similar format to Table 2.1.

A need for enhanced performance management has been identified as part of the best value review. It is proposed to review the existing pathways performance management in two ways over the period through the formation of a Performance Monitoring Officer Group to interpret, critically review and further develop management information.

7.10 Member Support

A programme of Member Training is arranged and publicised annually. This includes a standing conference in October designed to involve elected members who have an interest in Integra but are not members of the Board or the Policy Review and Scrutiny Committee.

An introductory training programme known as “Integra Essentials” has been run over the last two years and, subject to demand will be repeated in years where there is likely to be significant turn over of Board membership due to elections. Member “away days” are also arranged for Board and Policy Review and Scrutiny Committee members, typically twice a year, to look at policy issues in more depth.

Appendix 1 - Summary of Key Projects

Project	Outline	Project Lead	Overall Estimated Cost	PI Cost in 2005/6	Source
Rolling Out Collection Schemes	Integra will collectively support the roll out of collections systems for dry mixed recyclate and green garden material funded via the DEFRA National Waste Minimisation and Recycling Fund. Eight partners have schemes in progress or commencing on 1 April 2005.	DEFRA Board	£5m	-	National waste Minimisation and Recycling Fund
Material Resources Strategy	To contribute to the continuation and completion of the Material Resources Strategy. PI has previously contributed £50K over two years. No further funding from PI is proposed in 2005/6.	Steering Group	To date £230K over two years	-	HCC, PI , SCC and PCC
Behavioural Change Strategy	The Behavioural Change Strategy will focus on two-way communications in order to increase the capture and quality of materials collected for recycling in Hampshire. The work has been split into two phases, a research phase undertaken in the autumn of 2004 and a delivery stage which will commence in 2005/6 and put in place the foundations for communications over the period up to 2010.	Project Team	£1.6m over three years	£65K	WRAP £770K PI £250K HCC £590K
Waste Minimisation	Use the waste forecasting model developed by Brook Lyndhurst to increase understanding of future market trends and how consumer behaviour and choice affects the use of resources. The next step will be to apply this information to the process chain and to encourage sustainable choices in purchasing and re-use and refurbishment. This may take the form of pilot waste minimisation projects worked up during 2005.	Project Team	To be determined	-	Behavioural Change Strategy Funding

Material Analysis Facility	To set up "in house" permanent facilities for waste analysis and a year round waste analysis programme. Proposals being developed by Research Group. Cost is indicative only. There will be ongoing revenue implications to be met by PI in future years if the facility is successful.	Research Group	£50K	-	Behavioural Change Strategy Funding
Minor Projects Fund	A fund earmarked for taking advantage of small scale projects which emerge during the year. This was instigated in the 2003/4 ABP and has been used for projects such as the INTECH proposal and on-street recycling bins.	Executive Officer / Strategic Officer Group	£40K	£40K	Subscriptions
On Street Recycling bins	Eastleigh, Southampton and East Hampshire have set up a trial of on street recycling bins to divert newspapers and magazines, cans and plastic bottles from the litter bin stream. The trial is being closely monitored and results will be fed back to the partnership throughout 2005.	Project Team	£8K	-	Minor Projects Fund (04/05)
Mixed Plastics Recovery	Following an in depth examination of the opportunities by the Policy Review and Scrutiny Committee in September 2004, the Committee concluded that the Integra strategy of collecting plastic bottles was the correct one for the time being. The partnership should however continue to monitor changes in technologies and markets both of which may change by 2010. In the meantime the Committee will receive a further report on the economics and other implications of sorting mixed plastic via the MRFs in the spring of 2005.	Materials Marketing Group	Provisional estimate - £20K for evaluation	£20K	Subscriptions or external funding
Maximising Capture in High Rise & High Density Dwellings	Investigate the most effective means of increasing recycling in high rise, high density and high turnover accommodation	Project Team	£60K of consultancy	-	WIP LASU funding (DEFRA)

Joint Working Opportunities	Integra has been awarded WIP LASU funding to evaluate the opportunities for cost efficiencies, improved performance, maintained or improved service quality and customer satisfaction, and improved sustainability between adjacent or groups of local authorities.	Project Team	£90K of consultancy	-	WIP LASU Fund (DEFRA)
Kerbside Glass Collection	To evaluate the trial collection systems in Hart and Rushmoor and, if successful, make recommendations to the partnership for developing the service throughout Hampshire. Setting up a future large scale project could be the subject of a bid to the <i>Waste Performance Reward Grant</i> scheme. <i>Provisional Estimate £2.2m across county.</i>	Project Team	£25K for evaluation.	£25K	Project Fund WIP LASU funding (DEFRA)
Leaf Fall composting	During 2003 and 2004, Eastleigh Borough and HWS trialled the composting of fallen leaves at the Downend composting site. This proved to be successful and, with the extension of Little Bushey Warren, the partnership will explore the extension of this service which will divert this municipal waste into a resource	HCC	-	-	Minor Projects Fund if required
TOTALS			£7,048,000 confirmed funding all sources	£150K PI 05/06 Project Fund.	

Appendix 2

Project Integra Business Plan 2005-2010

Partner Sub- Strategy Proforma (Insert name and logo of Partner Organisation)

Part 1 – Key Milestones	Who ¹	Date expected	Date achieved	Evidence ²
Part 2 - Summary of Preferred Option				
Political Approval for Project Integra high level objectives (ie 40% recycled/composted at kerbside / bring sites by 31.3.10)				
Political approval for any other objectives (list)				
Political approval for developing own (sub) strategy process and timescales				

Notes

1. **Who** – eg Portfolio holder, Officer, Working Group, Cabinet etc
2. **Evidence** – eg Report to Cabinet and Minute, Consultant’s Report, notes of Stakeholder Workshop etc. It is preferable if the evidence is in the public domain but it is accepted that commercial confidentiality may in some cases preclude this.

Local Targets and Objectives
Brief Description of Preferred Option
Commencement Date(s)
Other Comments (eg key risks identified)

Glossary

Term or Abbreviation	Explanation	Reference
Bring Site	Place where public can bring recyclate to deposit in recycling banks	
BVPI	Best Value Performance Indicator	
DEFRA	Dept of Environment, Food and Regional Affairs	www.defra.gov.uk
DSO	Direct Service Organisation	
EFW	Energy From Waste	
EU	European Union	
GOSE	Govt Office South East	www.go-se.gov.uk
HNRI	Hampshire Natural Resources Initiative	www.hnri.co.uk
HWRC	Household Waste Recycling Centre	
HWS	Hampshire Waste Services (Onyx)	www.hws.co.uk
IWM	Integrated Waste Management	
LA	Local Authority	
LATS	Landfill Allowance Trading Scheme	
MRF	Material Recovery Facility	
MRS	Material Resources Strategy	www.mrs-hampshire.org.uk
ODPM	Office of the Deputy Prime Minister	www.odpm.gov.uk
PI	Project Integra	www.integra.org.uk
PRNs	Packaging Recovery Notes	
RCV	Refuse Collection Vehicle	
Recyclate	Marketable material separated from household waste for recycling	
SME	Small/Medium Enterprises	
The 4 Ps Programme	The ODPM's Public Private Partnership Programme	www.odpm.gov.uk
Valorisation	Optimising or increasing the value of waste by treating it or regarding it in some other fashion to give it added value eg treating it as an economic development resource and/or secondary raw material for industry.	
WCA	Waste Collection Authority	
WDA	Waste Disposal Authority	
WIP LASU	DEFRA's Waste Implementation Programme Local Authority Support Unit	www.defra.gov.uk
WRAP	Waste and Resources Action Programme	www.wrap.org.uk
WVSP	Waste Volume Service Plan	