

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Thursday 12 November 2020

Household Waste Recycling Centre Contract – Re-Procurement

Recommendations

I recommend that the Committee:

- a. Note the content of the report.
- b. Consider the desired contract outcomes suggested in the report and indicate whether they are the correct ones and/or if there are any omissions
- c. Consider the procurement models available to the authority and provide an indication on what model might best achieve the required contract outcomes.

Report of Cllr Mark Deaville, Cabinet Member for Commercial Matters

Summary

What is the Select Committee being asked to do and why?

1. The current interim contract for the management of the Household Waste Recycling Centres ends on the 29th March 2022.
2. It is intended to commence a procurement exercise in early 2021 to secure a provider from 30th March 2022.
3. The Select Committee is asked to input to the procurement process at this time so that they can help shape the future contract provision.

Report

Background

4. Staffordshire County Council has a statutory duty to arrange for the disposal of household waste produced by its residents. Some 500,000 tonnes of household waste is generated per annum by the c330,000 households and around 66,000 tonnes of this waste is collected via the network of Household Waste Recycling Centre (HWRC) network.
5. The authority has a statutory duty to provide a HWRC network for Staffordshire residents although there are no definitive rules on how many centres should be provided there is guidance on average drive times. The current network of 14 HWRC's in Staffordshire and the joint site in Warwickshire at Lower House Farm

have largely been developed over many years. The geographical spread of the current HWRC network together with total visits and tonnage collected per annum is shown in Appendix 1.

6. The aim of the service is to capture household waste that can be recycled rather than recovered by sending to one of our two Waste to Energy plants and Four Ashes and Hanford.
7. Currently 42 separately collected material streams are accepted at the majority of the HWRC's and over the last 5 years an average 71% of the tonnage has been recycled. This means some 234,000 tonnes of material have been sent for onward recycling (not including energy recovery) during this time period.
8. The service is one of the few services provided by the authority which has a direct general public interface and some 1.8m individual trips are undertaken each year by Staffordshire residents to the HWRC network (including Lower House Farm). The service is also used by traders and some 1,200 visits were made by registered traders in 2019/20.

Desired Household Waste Recycling Centre Contract Outcomes

9. The commissioning of a new contract provides an opportunity for the authority to take stock and confirm what key outcomes are required from the new contract. Identifying these at an early stage can help shape the contract conditions, specification and provide a framework on how contract success can be measured.
10. For the Household Waste Recycling Centre Contract, the following outcomes are suggested:
 - a. A service that is safe to use and operate.
 - b. A service that maximises recycling opportunities.
 - c. A service that provides best value for the public purse.
 - d. A service that can match customer demand.
 - e. A service that has appropriate levels of customer satisfaction when considering the authorities overall budget and accountabilities.
 - f. A service that can offer flexibility so that service innovation/improvement is possible over the period of the contract.
 - g. A service that supports the priority outcomes of the authority.
11. Although the above contract outcomes are not listed in priority order it is likely that contract submissions would be judged against them and they would form the long-term basis on which the contract would be managed.

Household Waste Recycling Centre Procurement Options

12. Waste Disposal Authorities (WDA) in England traditionally use 2 main procurement models to manage their HWRC's namely; in-house or fully outsourced. Thirty years ago, most local authorities in England used in-house delivery models, often as part of a wider direct labour organisation (DLO), to provide their HWRC service.

13. In-house delivery is still used by many local authorities and an indication of current HWRC service delivery from neighbouring authorities is provided in Appendix 2.
14. The choice between in-house or out-sourcing is often a philosophical/commercial one although there is an important consideration of share of risk and where it sits. In terms of the costs of the HWRC service, in common with most actives, costs can be readily associated with labour, plant and materials. In the provision of a HWRC service, labour and plant are relatively fixed costs and are low risk for any provider. Material costs are much more volatile and as an indication of this, material cost prices (for some key material streams) over the last 12 months, are shown in Appendix 3.
15. The fluctuation of recyclate material prices have been a significant challenge for the waste industry and our own experience of managing fully outsourced HWRC contracts over many years has not been without its challenges.
16. On the 30th March 2020 the authority commenced a temporary emergency contract with Amey for the provision of the HWRC service until 29th March 2022. This contract was based on the cost-plus model which means that certain risks, including material risks sit with the authority. Although we are only 6 months into the operational side of the contract, as a result of the HWRC being initially shut down as a response to the global Covid-19 pandemic, valuable lessons are being learnt which it is hoped will help shape any further re-procurement of the HWRC service.
17. In addition to the above models some WDA's commission charities to run their HWRC. Often this is at selected sites rather than the complete network. In Staffordshire we have not used this model although charities are an integral part of the service and for the last six years Katherine House Hospice have managed the Charity Re-use shop at the Cannock HWRC which acts as an outlet for all the other HWRC sites in Staffordshire. It should be noted that the Lower House Farm site has its own Charity reuse site.
18. A summary of suggested advantages and disadvantages of each model is shown in Appendix 4.

Link to Strategic Plan

19. The provision of an efficient and effectively managed HWRC network supports the County Councils vision for **greener living** by ensuring that all households have access to suitable points to enable residents to recycle more of their household waste.
20. In terms of **healthy**, the provision of an efficient and effectively managed HWRC network ensures that Staffordshire's residents can dispose of their waste in a way that does not become a public health hazard.
21. In terms of being **happy**, the provision of an efficient and effectively managed HWRC network ensures that Staffordshire's environment is protected from the plight of flying tipping helping Staffordshire to be a pleasant place to live.

Link to Other Overview and Scrutiny Activity

None.

Community Impact

22. The initial community impact assessment is included in Appendix 5.

List of Background Documents/Appendices:

Appendix 1 – Map showing Staffordshire HWRC Network

Appendix 2 – HWRC Service Delivery Models – neighbouring WDA

Appendix 3 – Recyclate Material Prices Monthly Variation 2019/20

Appendix 4 – HWRC Delivery Models – Advantages and Disadvantages

Appendix 5 – Community Impact Assessment

[Prosperous Staffordshire Select Committee – 4th April 2018 – Review of Charging for Non-Household Waste](#)

Contact Details

Report Author:	Clive Thomson
Job Title:	Assistant Director for Connectivity and Sustainability
Telephone No.:	01785 276522
E-Mail Address:	<u>clive.thomson@staffordshire.gov.uk</u>