

Divisions Affected – All

**CABINET MEMBER FOR
CLIMATE CHANGE DELIVERY & ENVIRONMENT
12 October 2023**

**The Management of Household Waste Recycling Centres in
Oxfordshire – Contract Extension**

Report by Corporate Director Environment & Place

Recommendation

1. The Cabinet Member is RECOMMENDED to
 - a) Approve that the current Contract for: The Management of Household Waste Recycling Centres in Oxfordshire be extended for the full period of 3 years; and
 - b) Delegate to the Corporate Director of Environment Place, in consultation with the Section 151 Officer and Cabinet Portfolio Holder, finalisation of the contract 3- year extension and the contract amendments, as detailed in Annex 1, to alleviate some of the current contract challenges to deliver service contract improvements.

Executive Summary

2. The provision of the Household Waste Recycling Centre (HWRC) services is a statutory function, providing locations across Oxfordshire for residents to dispose of their bulky and other household generated wastes. At present the County Council provides 7 such facilities, and these facilities handle around 40-50k tonnes per annum or 15% of the total household waste handled in the County.
3. The current management contract for the HWRC's was awarded to Geoffrey Thompson (trading as W&S Recycling) and commenced 1st October 2017 for a period of 7 years with the initial contract term ending 30th September 2024, with the option for the Council to extend the contract period for up to 3 years in aggregate on 6 months prior notice. The decision to extend is at the sole discretion of the County Council.
4. The annual value of the contract is above the Key Decision threshold and therefore any decision to exercise the option to extend is a Key Decision.

Exempt Information

5. Commercially sensitive information regarding the Contract and the Council's options for modification of the Contract to deliver service improvements alongside the extension of the contract.
6. The public should therefore be excluded during consideration of Annex 1 because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following category prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):

“3 Information relating to the financial or business affairs of any particular person (including the authority holding that information; and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that disclosure would distort the proper process of free negotiations between the Authority with another party for the purposes described and would prejudice the position of the Authority in those negotiations and other negotiations of a similar nature in future, to the detriment of the Councils ability properly to discharge its fiduciary and other duties as a public authority.”

Background

7. The current contractor has operated at least one of the HWRC's in Oxfordshire in some capacity for 20 years. He is one of the largest sole traders in the country.
8. The Contract performs comparatively well nationally, with around 70% of all municipal wastes received recycled. Customer satisfaction levels have also remained high throughout the term of the contract to date.
9. Under the current contract significant financial and operational risks are borne by the contractor. This has sheltered the Council for the duration of this Contract. This includes a cap on inflation of 2% and with legislative change risk sitting with the contractor.
10. In the current economic climate there are clear advantages to extending this Contract with the protections it offers the Council.
11. However, contractual and operational risks and issues also need to be considered and understood and the incumbent contractor has verbally raised concerns around any contract extension. These are referenced and discussed in Annex 1 which is exempt, along with other confidential key aspects for consideration.

Conclusion

12. As the current contract is performing comparatively well and offers the Council clear financial benefits and, after considering other strategic options, it is recommended that the current contract be extended for the full 3 year period. Also, that officers work with the contractor to explore and deliver on legal and contractual changes that become necessary either before or during the extension period to deliver service improvements, where feasible to do so.
13. Extending the contract for the full 3 years at this juncture provides certainty and the ability for strategic planning and decisions for both parties.
14. In tandem with this proposal, earlier than normal soft market testing will be undertaken to best inform the new contract options, and ensure that the tender documents are drafted ready to be used when needed, appropriate resource and funding will be needed to facilitate this approach.
15. In pursuing this recommendation legal, procurement and financial colleagues will be engaged and consulted throughout.

Corporate Policies and Priorities

16. The HWRC service contributes to corporate policies and priorities as follows:
 - (a) Put action to address the climate emergency at the heart of our work – our network of 7 HWRC's take around 15% of the total waste arisings handled by Oxfordshire Councils and we have a recycling rate >70% across all sites which compares well nationally and is assisting with transition towards a circular economy and reduce carbon emissions. However, it should be noted that when a new contract is awarded, we will be seeking to achieve further environmental and climate performance improvements. This will include the inclusion of Social Value.
 - (b) Prioritise the health and wellbeing of residents – the provision of safe, legal and environmentally sustainable ways of disposing of multiple waste streams and materials no longer wanted. The HWRC service was considered an essential service during the Covid pandemic.
 - (c) Working with local businesses and partners for environmental, economic and social benefit – our HWRC are used by our district partners to deposit certain waste streams and our network is also used by a number of charities as a way to dispose of donated materials to them. In addition, our Redbridge facility offers a trade waste service for local SME's and we contract with several local businesses to help manage waste accepted at HWRCs. However, any redesign of the site is likely to see the trade service reduced or significantly curtailed, in favour of better designed and future proofed site for residents.
17. The Council through its Local Transport and Connectivity Plan (LTCP) has an aim to reduce car journeys. The waste management team attempt to support this policy by signposting alternative routes for disposing of resident's waste through the likes of the Waste Wizard tool and other initiatives and signposting

the comprehensive kerbside services provided by our waste collection partners. However, the nature of much of the waste residents bring to our HWRC's and their locations in many incidences been some way from communities means the service is less aligned with LTCP policy, and options to mitigate this are considered very limited and/or unaffordable or impractical.

Financial Implications

18. Significant financial issues and risks exist around the retendering of this contract in the short or longer term.
19. There are number of reasons for these anticipated financial issues and costs:
 - The current contract caps inflationary contract increases to 2% per annum.
 - Under the current contract legislative and other risks are borne by the contractor. This has meant they have absorbed costs including:
 - above inflation increases in the minimum wage, and these increases are expected to continue.
 - the significant change in excise duty on red diesel
 - the increase in diesel, and electricity costs.
 - the impacts of various recent national and international/global issues, which have increased costs and challenged both labour and recycle markets; and
 - volatile and changing recycle markets, including wood, rubble etc
 - The Government's policy changes on DIY charging and waste containing Persistent Organic Pollutant's (POP's).
 - The market appetite for risk within contracts lies with the contractor. It is thought highly unlikely that suppliers will accept the same risk share methodology as included in the current contact. It is considered likely that suppliers would want to share recycling market risks with the Council.
 - The addition of Social Value to contracts
20. Some of these risks and issues will need to be discussed with and negotiated with the incumbent contractor where changes are inevitable during the proposed contract extension period. For example the Government's intention to significantly curtail charges for DIY and anticipated further changes in materials containing Persistent Organic Pollutants.

Comments checked by: Philipp Skiffins – Assistant Finance Business Partner

Legal Implications

21. Under the existing contract for management of the Household Waste Recycling Centres, the Council has a unilateral right to extend the initial Contract period up to 36 months (in aggregate). Notice of the exercise of the option to extend must be given at least 6 months in advance. The initial Contract period ends on the 30 September 2024 and therefore notice, exercising the option to extend, must be given no later than the 30 March

2024.

22. The Council's option to extend the Contract is not subject to any preconditions.

Comments checked by: Bede Murtagh – Contracts Solicitor

Staff Implications

23. The network of HWRC's will continue to be monitored and managed by the Council's Waste Management team assisted by Property and Environment and Place Directorate colleagues. No additional staff resources are anticipated for this element. However, the waste team is a small compact team which lacks the capacity for major projects. Therefore, additional resource and/or consultancy support will be required working alongside colleagues in Procurement and Legal to plan for and retender this contract which is likely through the proposed contract extension.
24. If the recommendation is not accepted there will be significant implications for staff to procure a new contract to secure business continuity.

Equality & Inclusion Implications

25. The HWRC service and contract is long established, extending the current contract is not anticipated to adversely change any equality and inclusion implications. Where possible any issues that do arise these will be mitigated and officers will always continue to explore and improve improvements in this area.

Sustainability Implications

26. The HWRC service whether extended or reprocured contributes to corporate policies and priorities. The extension to the contract is on the existing terms with no further implications for sustainability. Officers will continue to seek further improvements in environmental performance throughout any contract extension, in particular for local reuse.

Risk Management

27. Concerns have been raised by the contractor around any contract extension as detailed in Annex 1 (exempt information).
28. This extension is an opportunity to review the risks known and unknown to operational activity and performance for example uncertainty around waste policy and legislation including a change in Government.
29. A Risk Register will be maintained throughout this process and all appropriate steps taken to mitigate all risks highlighted.

Consultations

30. No specific consultations have been undertaken for this Key Decision. However, a recent public consultation for the HWRC strategy 27th March to 8th May 2023, showed strong support for the strategy approach of maintaining, operating, replacement and enhancement the current network of 7 sites.
31. In addition, a recent Customer Satisfaction survey across all seven HWRC's, showed very high customer satisfaction levels >90% across all sites and across multiple assessments of the service.

Annexes: Annex 1 Exempt information
 Annex 2 Equality Impact Assessment
 Annex 3 Climate Impact Assessment

Bill Cotton
Corporate Director for Environment and Place

Contact Officer: Steve Burdis
 Joint Acting Group Manager (Waste Management)
 07741 607829 steve.burdis@oxfordshire.gov.uk