

## **Divisions Affected - All**

### **CABINET 25 February 2025**

#### **Household Waste Recycling Centre Service Delivery Model**

#### **Report by Director of Environment and Highways**

### **RECOMMENDATION**

1. **The Cabinet is RECOMMENDED to**
  - a. **Approve the commencement of work to explore and consider options for the household waste recycling centre management service delivery provision, noting that the current contract is coming to an end in September 2027.**
  - b. **Endorse the proposed approach for developing the options and key procurement stages as set out in this paper.**
  - c. **Approve the use of Extended Producer Responsibility funding for consultancy work to support the future household waste recycling centre model development.**

### **Executive Summary**

2. Under Section 51 of the Environmental Protection Act 1990, Oxfordshire County Council (the Council) has a legal duty to provide household waste recycling centres for Oxfordshire residents.
3. The Council's current household waste recycling centres management contract has been extended and comes to an end on 30 September 2027. A future model for the service delivery is required to be in place and mobilised prior to the expiry of the existing contract.
4. Due to the changing nature of the household waste recycling centre sector, the model for how the Council manages its household waste recycling centre provision needs to be fully explored before determining the best option for the new arrangement. This will aim to maximise reuse and recycling, and reduce waste to landfill or energy recovery and so help tackle the climate emergency and assist with delivering the Circular Economy.

5. To undertake the new household waste recycling centres management service delivery model, it is proposed there will be three main decision points for Cabinet:
  - a. This report seeking support for commencement of work to explore and consider the new service delivery options.
  - b. When initial options have been explored, a key decision will be made to commence procurement of the preferred service delivery model (June 2025).
  - c. To seek a key decision to implement /award the new service and any related contracts (March 2027), allowing the commencement of the mobilisation of the preferred service delivery model.

## **Current contract arrangements**

### **Background**

6. The Council is the Waste Disposal Authority and, together with the districts and City Council, has one of the highest recycling rates in England, along with very low waste arisings per head. Working together under the Oxfordshire Resources and Waste Partnership, and with the household waste recycling centres strategy, the Council aims to deliver targets on recycling and reducing waste to landfill. The Council's network of 7 household waste recycling centres are a key component in delivering the Council's obligations to the partnership and the strategy. Collectively they handle around 15% of the total household waste arisings in Oxfordshire, recycling, composting and reusing around 65% of the waste delivered to the sites and receiving around 1 million visits per annum.
7. The current contract commenced on the 1 October 2017 being awarded to Geoffrey David Thompson trading as Weymouth and Sherborne Recycling (W&S). W&S run and operate 6 of the 7 sites, the exception being the Dix Pit site though at that site W&S provide all the logistics and the majority of the containers. The site staff and day to day management of Dix Pit is carried out by FCC Environment. This exception is due to a long-term arrangement and contract linked to the 1986 Dix Pit landfill contract and the transfer station which shares the same site and is also operated by FCC Environment under a different contract.
8. Historically contracts have tended to pass financial risks to the contractor however this is considered to be unlikely to be acceptable in the current market.
9. The current pricing structure includes a base rate management fee for site operations and a series of gate fees and transport costs for a variety of materials received, recycled and managed through the sites. The exceptions to these being residual waste gate fees for energy recovery to Ardley Energy Recovery Facility, garden waste composting gate fees and landfill to Sutton Courtney

landfill site, which are arranged through other Oxfordshire County Council contracts. The total costs to the Council for the operation of the Household Waste Recycling Centres including treatment and disposal of all materials delivered to those sites is presently around £6m per annum.

10. In order to shape the scope and nature of the future service provision a public engagement exercise was completed in summer 2021 to determine what residents wanted from their household waste recycling centre service. The feedback from 1,911 respondents gave a strong opinion that residents did not want their household waste recycling sites to shut, and they were valued as a local, easy to use service that can accept a wide range of waste materials.

### **Proposed approach**

11. Whilst the existing model of an externally provided service has traditionally been the preferred choice for many authorities, given the changing nature of the industry and new Council priorities, it is recognised that alternative approaches for the provision of household waste recycling centres should be explored to assess if it continues to be the right approach for Oxfordshire.
12. The proposed approach has three main stages: Investigation and optioneering; development of the preferred option; and then procurement / delivery of that option. It is important that the Council undertakes the first stage with an open mind and fully engages with members, communities, the market, and other local authorities to help shape the service for the future. It is also important that data is utilised to understand the cost, risks and deliverability of options to shape and determine the preferred option for Oxfordshire.
13. Understanding which elements of the existing contract arrangements work well and which do not work as well will be included in the process. Both qualitative and quantitative data will be used to baseline the current contract performance, and this will be used to help inform the options appraisal process. To achieve this, it is also proposed that engagement is undertaken to enable key stakeholders to feed back on their experiences of the current household waste recycling centres management service. This data and feedback will then be analysed by officers with outcomes feeding in to identifying a preferred model.
14. Engagement and learning from other local authorities to understand their household waste recycling centre management models and their operational delivery approaches and to learn from their previous experiences will help inform which model may be most appropriate for Oxfordshire recognising the changing landscape and opportunities local government reorganisation will bring. Where possible, qualitative and quantitative data from other local authorities will also be reviewed to see how different models perform against the existing Oxfordshire model.
15. Early soft market engagement has commenced to understand the wider waste industry views on direction of travel and what the market can offer. Discussions on future innovations are very informative and will help to understand what other elements may need to be considered when developing the preferred model.

16. Internally a review of opportunities to commercialise waste services, considering opportunities for generating income, reducing costs and improving performance is in progress and reporting through to commercial board. This work will dovetail with the household waste recycling centre model review.
17. It is proposed Cabinet will take formal decisions at three key stages during the optioneering and procurement process.
  - a. Approval of, and support for, the commencement of work to explore and consider the options (February 2025).
  - b. Key decision and approval of the preferred model to develop once the options have been explored (June 2025).
  - c. Key decision to confirm implementation of service provision model (if it is procurement route this would be awarding contract) (March 2027).

### **Proposed programme**

18. High level timescales for the delivery of the new delivery model are being developed. Shown below is an overview of potential key milestones. Once this approach paper has been approved by Cabinet in February 2025, a more detailed plan will be developed.

<b>Milestone</b>	<b>Indicative Milestone date</b>
*Approval of approach by Cabinet	February 2025
Investigation and development of preferred model with input from Commercial Board	December 2024 – March 2025
Preferred model agreed by Waste and Circular Economy Team and Commercial Board	April - May 2025
*Approval of preferred model by Cabinet	June 2025
Implementation of preferred model	July 2025 – March 2027
Mobilisation of new service model	April – September 2027
New service model start date	1 October 2027

### **\*Cabinet Decision points**

## Corporate Policies and Priorities

19. Whichever service model is chosen it will be required to align with the Council's priorities, with a particular focus on the following:
  - (a) Put action to address the climate emergency at the heart of our work – by looking to increase environmental performance through reuse, recycling and reducing disposal as part of the Council's transition to a circular economy and helping to reduce carbon emissions.
  - (b) Prioritise the health and wellbeing of residents – the provision of safe, legal, and environmentally sustainable ways of disposing of materials no longer wanted by residents.
  - (c) Working with local businesses and partners for environmental, economic, and social benefit – the new service will explore site access for local small and medium sized enterprises, and the network will continue to be used by charities to recycle and dispose of materials.
20. The household waste recycling centre strategy supports the overarching countywide Joint Municipal Waste Management Strategy that aims to keep waste growth to zero percent per head, increase reuse and recycling rates, and reduce what is sent to landfill or sent for energy recovery. The strategy is a key component in delivering the Council's targets under that strategy.
21. The Local Transport and Connectivity Plan aims for an inclusive and net zero Oxfordshire Transport system. While household waste recycling centre users are likely to still use a car to access sites (as materials are often too heavy or bulky to transport in other ways), the strategy acknowledges the Council's active travel policies and will ensure that the centres' access policy continues to enable residents to visit sites easily using a variety of different transport modes. The strategy commits to maintaining a network of sites, which means that residents can still access a local site without needing to make longer journeys, and as part of the overall Joint Municipal Waste Management Strategy, efforts to reduce the overall amount of household waste being generated will help to reduce the number of trips needing to be made to the household waste recycling centres.

## Financial Implications

22. The current service contract has a total contract value in excess of £30 million and whilst it is clearly too early to establish the future costs now, it is expected that new contract rates will rise significantly, and the finalised model terms may impact the overall costs. Whatever final preferred service delivery model is chosen, key parameters of the service (including the technical specification) and how it is costed (financial modelling) will be provided. This is particularly the case where the Council engages with a third-party supplier and there is the

added need to robustly evaluate, check and challenge proposals where there is a complex interplay between operational and financial models.

23. To deliver this work the Council will make maximum use of internal resources including officers in the Waste Team, Business, Performance and Service Improvements Team (project management), Category Managers for procurement as well as financial and legal support, however, it is evident given the scale and complexity of work required that additional external consultancy support will be required. Based on previous procurement experience the cost of this support could be expected to be in the region of £300k spread over the next 2 to 3 years.
24. The government confirmed in November 2024 that the Council would receive payments totalling £5.025 million during 2025/26 from the Extended Producer Responsibility fund. Approval is therefore being sought for around £300k of this funding to be used to fund the consultancy support required. Whilst the funding is not ring-fenced, Department for Environment, Food & Rural Affairs are clear *“this guaranteed funding will enable you to drive the changes needed to deliver an efficient waste service”*. The first tranche of the £5.025 million payment will not be made until November 2025, so the Council will need to be cognisant of this cash flow profile, with consultancy support work starting from early 2025.
25. Some of this support will be required for the initial optioneering work, and as part of the initial options appraisal, officers are investigating a number of methods to reduce costs, including:
  - a. Operational methodology: including the most cost-effective method to deliver the overall service and achieve value for money.
  - b. Innovation available in the waste industry to drive down costs and increase efficiency, including greater development of reuse and circular economy management.
  - c. Greater investment in intelligent deployment of limited resources; with data informing evidence led decision making.
26. Evaluation of the options and costings will be the subject to a further report to Cabinet, which will set out the recommendations based on the findings.
27. Within the current contract period, there are still significant capital works required to remedy the current site issues. These capital costs are being addressed via the household waste recycling centre programme and will at present be handled separately to the Contract procurement.

Comments checked by:

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## Legal Implications

28. Pursuant to section 30 of the Environmental Protection Act 1990 (the Act) the Council, being a county council, is a waste disposal authority for the purposes of Part II of the Act. Under section 51 of the Act (which falls under Part II) waste disposal authorities have a statutory duty to provide residents with a place to deposit their household waste and to dispose of the waste so deposited. They are usually household waste recycling centres.
29. Depending on the preferred option selected, legal implications in respect of the future procurement will be considered in the follow up report to Cabinet. A member of the Legal Team will be appointed to the project team. It is expected that the Procurement Act 2023 will be in effect and apply to the procurement of any new Management Contract. Any procurement exercise to appoint professional services to support the project will be undertaken in accordance with the Council's Contract Procedure Rules.

Comments checked by: Gareth Hale, Senior Solicitor and Team Leader,  
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## Procurement Implications

30. Any procurement exercise to appoint professional services to support the project and new contractor/s will be completed in line with the Council's contract procedure rules. The Category Manager for Environmental Services has ownership for the procurement elements of the project with Head of Category support.
31. Once a preferred approach has been identified a detailed procurement strategy will be developed to support the delivery of the new service model / contract (s). It should be noted that legislative changes to the Procurement Regulations will come into effect February 2025 and the specific timings of the tender will need to be taken into consideration regarding the project programme and risks.
32. The value of this procurement means that Social Value will form part of the contract delivery.

Comments checked by:

Katherine Booker – Category Manager, Environmental Services 21/11/24 and  
again 16/12/24

## Staff Implications

33. Due to the scale and complexity of the project there will be a need to appoint additional and dedicated subject matter expertise on a consultancy basis to

advise on the type, scale and scope of the model / contract we may wish to procure.

34. The wider project team will be internally resourced from both within the directorate and corporate centre.
35. There will be resource and staffing implications brought about by the new operating model. Depending on the preferred option selected, any new resource and staffing implications will be detailed and considered in further reports to Cabinet.

## **Equality & Inclusion Implications and Sustainability Implications**

36. It is not anticipated the procurement of a new service delivery model will impact negatively on any 'protected characteristics' groups, nor on the armed forces, carers, staff, other Council services or providers. There is an opportunity through any procurement to positively impact rural communities and areas of deprivation. These will be considered as part of the options appraisal and reported on in detail in the follow up reports to Cabinet.
37. An Equalities Impact Assessment has been carried out as part of the strategy development, to identify any impacts on residents with protected characteristics and any additional community impacts. This found that the household waste recycling centre strategy is most likely to impact travel distances for residents, meaning sites are either nearer, or further than they are currently. This may impact carbon emissions (and associated climate impacts) and travel costs.

## **Sustainability Implications**

38. A climate impact assessment will be completed as part of the project and reported on in follow up reports to Cabinet. Any future options will look to adopt the latest technologies and innovations, and improve social value, and reduce carbon through efficient deployment planning and techniques where possible. A Climate Impact Assessment will be completed and reported to follow up reports to Cabinet.

## **Risk Management**

39. The procurement of a household waste recycling centre model offers many opportunities for the Council by ensuring any selected model is appropriate for the current and perceived future challenges for the Council. Through using this approach, it is hoped that the most advantageous outcome is reached for the Council, and any cost increases are mitigated as much as possible, however it should be recognised that there is a risk that the overall cost of the service could rise significantly compared to current costs
40. The current contract passed on significant unmitigated risk to the current contractor including inflation and legislative changes. A number of risks have



materialised during the current contract, and the transfer of such unmitigated risk in any new arrangement is now considered unlikely to be accepted by prospective bidders. The costs absorbed in the current contract will be reflected in the new operating model.

41. Failure to award a new contract/s or other service model is a significant risk for this project, failure to do so by March 2027 will potentially leave the Council without a household waste recycling centre service to fulfil the statutory obligations. To minimise this risk the project has been established well in advance of this date to enable a robust assessment and appropriate procurement process to take place.
42. The project's risk register has been included in this paper for reference as Annex 1.

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Jan 2024

ANNEX 1 – HWRC reprovision risk register

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## SERVICE RISK REGISTER

Risk Ref.	Date	Workstream	Target Level Achieved	Risk Description			Risk category	Risk Owner	Risk Reporting Level	Current controls	MITIGATION SUMMARY Ref mitigation tab	Previous Risk Score		Current Risk Score		Target Risk Score		
				Description of the risk	Trigger - Description of the cause or trigger of the risk	Consequence - Description of the consequences of the risk (positive or negative)						Impact (without)	Score	Impact (without)	Score	Impact (without)	Score	
01	16.01.2025	Optioneering	No	Not able to engage a consultant in time to ensure the implementation timetable is adhered too (Links to risk 4).	Issues with engaging a consultant in time to ensure the procurement timetable is adhered too. Documents not issued swiftly enough to adhere to timeline.	Implementation timetable is affected/ pushed back, which impacts on the overall contract procurement timeline.	Time	JF	HWRC Contract Steering Group	CCC Category leads very engaged and onboarded with project	HWRC Contract Steering Group and Working Group set up to discuss and monitor implementation process / timeline. Procurement guidance being provided.	3	3	3	3	2	2	01.12.2025
02	16.01.2025	Optioneering	No	Funding for engaging a consultant not available and/or not enough funding available for the £300k required to engage a consultant over the 3 year period.	Funding not sourced/agreed. Funding stopped or level of funding reduced.	Consultant not engaged. Consultant engaged and then have to let go.	Quality	JF	HWRC Contract Steering Group	Agreement that £300k will be made available for engaging a consultant.	It has been agreed that EPR funding will be used to 'backfill' the costs of engaging a consultant.	3	3	3	3	2	2	01.12.2025
03	16.01.2025	Optioneering	Yes	Cabinet / members do not support the implementation of the new mode	Cabinet / members do not support the implementation of the new mode	Lack of political support and/or member disagreement / unalignment with Service delivery requirements may affect public perceptions / support for new mode.	Quality	JF	HWRC Contract Steering Group	Meetings planned with Cllr Sudbury to ensure he is informed of progress. 3 x cabinet papers being submitted to cabinet to ensure members are informed and aware of progress / and have opportunity to discuss and raise any concerns. Member engagement planned.	Meeting with Cllr Sudbury. Member engagement planned. 3 x cabinet papers.	3	2	2	2	2	2	01.12.2025
04	16.01.2025	Implementation	No	Unable to deliver implementation to agreed timetable.	Unforeseen delays impact on the 1st October 2027 start date. Delays to timetable mean the start date of 1st October 2027 is compromised.	Start date is not achieved.	Time	JF	HWRC Contract Steering Group	Key project milestones developed to ensure timescales are adhered too. Working Group and Steering Groups set up to monitor progress. Programme Plan developed to monitor progress against. Demobilisation and liaison plans created.	Programme Plan created, with key milestones identified.	3	3	3	3	2	2	01.12.2025
05	16.01.2025	Implementation	No	Costs higher than anticipated.	Level of funding insufficient to deliver mode	Costs exceed planned / available funding levels	Cost	JF	HWRC Contract Steering Group	Working Group and Steering Groups set up to monitor costs. Procurement involvement to ensure procurement rules are adhered too. Commercial Board involvement to provide guidance and oversight.	Programme Plan created, with key milestones identified.	3	3	3	3	2	2	01.12.2025
06	16.01.2025	Implementation	No	Insufficient market interest in the specification (risk with 10)	New modes used nationally, bidders likely to opt for most appealing.	Scope and/or quality and/or cost of new mode may be jeopardised.	Quality	JF	HWRC Contract Steering Group	Recruitment of expert resource to help shape specification to ensure market interest. Take steps to ensure contract is desirable to industry. Ongoing engagement with industry to keep abreast of latest market trends.	Soft Market testing in place to gather industry feedback, and to inform contract development.	3	3	3	3	2	2	01.12.2025
07	16.01.2025	Implementation	No	Ensuring we get best deal, and ensure best value for money is sustained throughout the life of the new mode	New model specification wording leaving little open to interpretation, lack of clarity on key points.	Best value for money is not delivered over the duration of the new mode.	Cost	JF	HWRC Contract Steering Group	Performance visibility determined through negs. Ensuring risk profile is clear. Market and customer experience around providers, asking intelligent questions to ensure clearest VME.	Develop and agree contract performance / KPI requirements. Commercial Board involvement.	3	3	3	3	2	2	01.12.2025
08	16.01.2025	Implementation	No	The new mode is challenged	Unsuccessful bidders challenges the award letter.	Delay to procurement process. Financial implications if the challenge is successful.	Cost	JF	HWRC Contract Steering Group	Highly competent procurement function. Expert consultant resource to advise throughout process. Evaluation process documented throughout. Procurement involved to ensure fair and open scoring. Contract notices/ Tender Docs/ Evaluation criteria/ Evaluation methodology/ Award letter reviewed by legal prior to issuance.	Adherence to procurement negs. Clear and open procurement processes. Well documented procurement processes. Legal input and involvement throughout contract procurement.	3	3	3	3	2	2	01.12.2025
09	16.01.2025	Implementation	No	Market volatility and inflation, future proof pricing mechanism	Current market prices are volatile due to number of external factors beyond control of CCC. National waste legislation changes.	Defensive pricing mechanisms from providers to mitigate their own risks.	Cost	JF	HWRC Contract Steering Group	Include benchmarking opportunities to help deliver fair and transparent pricing over the lifetime of the new mode. Ensuring that pricing is looked at as part of ongoing performance reviews.	All suppliers will be under the same external market conditions so pricing should be equitable. Need to agree benchmarking options / Discuss further with market at the soft marketing testing to ensure they understand the new mode deals / concepts.	3	3	3	3	2	2	01.12.2025
10	16.01.2025	Implementation	No	Failure to secure supplier interest in the new mode (Links to 6)	The new mode does not gain the interest of potential suppliers.	New suppliers do not bid on the new mode and or there are a reduced number of potential bidders.	Quality	JF	HWRC Contract Steering Group	Soft Market Testing is being carried out to understand / gauge the market's level of interest.	Soft Market feedback is being used to develop the various mode options. Ongoing discussions with the market to ensure contract model is fit for use.	3	3	3	3	2	2	01.12.2025
11	16.01.2025	Implementation	No	Cost of mode is excessive (beyond budget provision)	The costs of the new mode exceeds budget provisions.	The cost of the mode makes it not viable.	Cost	JF	HWRC Contract Steering Group	The mode altered / changed to fit budget availability.	Ongoing engagement if Commercial and Finance leads through out the option ering stage to ensure mode costs are viable.	4	3	3	3	2	2	01.12.2025
12	16.01.2025	Optioneering	No	The mode passes on significant unmitigated risk to the supplier	A number of risks have materialised during the term of the current contract, and the transfer of such unmitigated risk in any new mode is now considered unlikely to be accepted by prospective suppliers.	The level of risk within the mode makes the mode terms unacceptable/unpalatable for potential suppliers.	Cost	JF	HWRC Contract Steering Group	Learn lessons from current contract to be applied to new mode. Potential risks to mapped out and identified with clear strategic measures agreed to reduce them. Legal involvement and support throughout the project.	Specification to contain clear and specific terms, including liability limits, indemnity clauses, insurance requirements, with clear dispute resolutions, warranties amendments procedures and termination clauses included. Minimise potential risks, and enhance the effectiveness. Consulting legal professionals during the drafting and review processes.	4	3	3	3	2	2	01.12.2025