

Key Decision Record – Approval to Tender for Waste Management Contracts and Approval to Grant Waste Management Leases / License

Cabinet Portfolio Holder taking the decision	Cllr Alan Cockburn Deputy Leader
Date of Decision (not before: 23 rd May 2014)	23/05/2014

Decision Taken

That the Deputy Leader:

- 1) Authorises the commencement of a procurement process and provides delegated authority for the Strategic Director, Communities to award the contract for the management of 2 Household Waste Recycling Centres (HWRCs) and the operation of 8 HWRC re-use Shops as laid out in the report and on terms and conditions acceptable to the Strategic Director for Resources.
- 2) Authorises the commencement of a procurement process and provides delegated authority for the Strategic Director, Communities to award the two residual waste disposal contracts as laid out in the report and on terms and conditions acceptable to the Strategic Director for Resources.
- 3) Provides delegated authority for the Strategic Director, Communities to grant leases/licenses for the re-use shops and HWRCs as laid out in the report and on terms and conditions acceptable to the Strategic Director for Resources.

Reasons for Decisions

Re-use Shop and HWRC Contracts

The contracts for operating re-use shops at Hunters Lane HWRC, Burton Farm HWRC and Princes Drive HWRC have been aligned by the waste management group to all come to an end on 04/11/2014. The leases for the project with Warwickshire Community Recycling (explained in 1.1 above) have a three-month notice period that can be triggered at any time. One of the drivers for aligning the end of these re-use shop contracts was to give the opportunity to review the service including exploring the potential for greater revenue generation. Adopting the intelligence led approach to service planning, the service has been monitoring the turnover at the current re-use shops as well as the possible interest in operating the HWRC re-use shops. The large re-use shops currently generate a turnover of between £150,000 for the newer shops and £250,000 per annum for the more established shops. The annual rent income to WCC ranges from £5000 plus 5% of the profit to £12,000. As a result of this information the revised contract terms will request a minimum of £50,000 rent per annum for each large re-use shop.

This procurement exercise will see the re-use shops and two HWRCs packaged in to lots, giving charities and businesses the opportunity to bid for the contracts. The procurement process will have scoring criteria for revenue, charitable aid, supporting volunteering and employment/training.

Increasing the income from the re-use shops forms part of the One Organisational Plan with a stated target of £145,000 per annum by the end of the 2014-18 plan period. Staffordshire County Council will receive some benefit from any increases in revenue as joint owners of the Lower House Farm site.

The structure of the lots in Table 1 largely reflects the current arrangements, however Princes Drive re-use shop will be grouped with the two small sites and four small shops instead of Lower House Farm re-use shop. The reason for this is the Princes Drive shop is a good geographical fit making overall management of these facilities easier for the winning bidder. In addition the Authority has increased the contract length to five years with the opportunity to extend by up to five additional 12-month periods.

Table 1

Lot	Proposed Service	Length
1	Stockton HWRC & small re-use shop Wellesbourne HWRC & small re-use shop Cherry Orchard small re-use shop Shipston small re-use shop Princes Drive large re-use shop	5 years plus a maximum of 5 years
2	Lower House Farm large re-use shop	5 years plus a maximum of 5 years
3	Hunters Lane large re-use shop	5 years plus a maximum of 5 years
4	Burton Farm large re-use shop	5 years plus a maximum of 5 years

The Waste Management Group has discussed the proposal with legal services and considered the need to consult. The view is that there is no need to consult since:

- we are not proposing to change the way in which services are provided,
- we have no duty to provide the re-use shops or the two sites as our duty to provide is satisfied by the larger sites,
- we are not reducing service provision and;
- the likely impact on the community is low.

Residual Waste Disposal Contracts

The Waste Management Group needs to procure two disposal contracts for residual waste. The first contract is for trade disposal from the Rugby area; the current Ling Hall Landfill contract expires in early 2015 and there is currently no viable disposal alternative once this contract ends. The second contract is a contingency contract for residual waste from the

Stratford area, should the current facility close for any reason and there is no viable alternative; for example, if a fire at Bubbenhall Landfill closes the site for a number of weeks and the Authority was unable to secure extra capacity at the LAWDC facility (Coventry Energy from Waste Plant) due to them being at full capacity through other contracts.

The detail of the two contracts is shown in Table 2 below:

Table 2

Lot	Proposed Service	Length
1	Trade disposal for Rugby area	7 years
2	Contingency residual disposal for Stratford area	7 years

The trade disposal contract is expected to cost around £1,750,000 over the life of the contract and the contingency contract is expected to cost around £770,000 over the life of the contract. Both contracts will have zero tonnage guaranteed, i.e. no minimum input to reduce the risk to the Authority.

Background Information

The Authority currently has a contract with three charities (Age UK, Sue Ryder and Shakespeare Hospice) to run the large re-use shops at Hunters Lane, Princes Drive and Burton Farm HWRCs. The Authority also has a lease agreement with a charity (Warwickshire Community Recycling - WCR) for the large re-use shop at Lower House Farm HWRC¹ and the small re-use shops at Shipston, Cherry Orchard, Stockton and Wellesbourne HWRCs. These 5 re-use shops are part of a larger project with WCR to manage two of the County's smallest HWRCs, using part of the revenue generated from the shops. The charity has a license in place with Warwickshire County Council to manage the two HWRCs.

The Authority currently has a contract with Ling Hall Landfill site in the Rugby area that comes to an end in early 2015, this contract is presently used to accommodate trade waste from Rugby Borough Council. The Authority also has a long term contract with Bubbenhall Landfill site on the border of Stratford District and Rugby Borough, this contract is used to accommodate residual waste from Stratford District.

Financial Implications

As outlined in the report.

Report Author	Tamalyn Goodwin
Head of Service	Mark Ryder
Strategic Director	Monica Fogarty
Portfolio Holder	Councillor Alan Cockburn

¹ The Lower House Farm facility is a joint facility with Staffordshire County Council

Checklist

Urgent matter?	No
Confidential or Exempt? (State the category of exempt information)	No
Is the decision contrary to the budget and policy framework?	No

List of Reports considered - please include link to report

Link to published proposed decision report:

<https://democratic.warwickshire.gov.uk/cmis5/CalendarofMeetings/tabid/128/ctl/ViewMeetingPublic/mid/645/Meeting/3023/Committee/551/Default.aspx>

List of Background Papers - please include a contact for access to background papers

None.

Members and officers consulted or informed – please include any comments

Portfolio Holder – Councillor Alan Cockburn
 All Strategic Directors
 Legal – Alison Hallworth, Vicky Newbold, Jane Pollard
 Finance – Liz Firmstone
 Equality – Minakshee Patel
 Democratic Services – Georgina Atkinson

Corporate Services OSC – party spokes:

Councillors Nicola Davies, Martin Heatley, June Tandy and Alan Webb