



# Report to Transport, Environment and Climate Change Select Committee

**Date:** 20<sup>th</sup> January 2022

**Title:** **Contract to award the Household Recycling Centre Service (HRC)**

**Cabinet Member(s):** **Peter Strachan**, Cabinet Member for Environment and Climate Change

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## 1. Background

- 1.1 This is a report to the Transport, Environment and Climate Change Select Committee on the details of the recently awarded Household Recycling Centre contract. It will set out the key components of the new contract and how it affects the current service and helps towards achieving the Council's Climate Change ambitions.
- 1.2 The Council has a legal duty under the Environmental Protection Act (EPA) 1990, to provide Household Recycling Centres within the administrative boundary. The Council currently provides nine Household Recycling Centres across the County. The service is contracted to FCC Recycling Ltd for the running of these sites, including operating the sites, managing waste onsite and transport of waste to end destinations.
- 1.3 The current contract is due to expire on March 31<sup>st</sup> 2022 and a new contract is needed to maintain the service and the Council's statutory duty.
- 1.4 The Council has, after a Competitive Dialogue process, decided to award the new contract, starting April 1<sup>st</sup> 2022 to FCC Recycling Ltd (FCC). The contract term will be five years with an option to extend up to a further five years (total term up to ten years up to 31<sup>st</sup> March 2032).

## **2. Existing Service**

2.1 The Council has a service policy for the Household Recycling Centre (HRC) service - Waste Access and Acceptance Policy (WAAP) which will not change because of the new contract. In summary the policy sets the following:

- a) The number of sites – currently nine sites
- b) Opening and closing times -
  - i. Summer opening hours 9.00am-6.00pm (1st April - 30th September)
  - ii. Winter opening hours 9.00am-4.00pm (1st October - 31st March)
- c) All Buckinghamshire HRCs are closed on Christmas Day, Boxing Day and New Year's Day.
- d) Six HRC's offer a 7-day service – Buckingham, Aston Clinton, Beaconsfield, Amersham, High Heavens and Langley
- e) Three HRCs offer a 5-day service - Aylesbury, Chesham and Burnham (close Wednesday and Thursday each week).
- f) Other services offered:
  - i. Trade waste disposal (Amersham, Aston Clinton, Aylesbury, Beaconsfield and High Wycombe sites only)
  - ii. Waste accepted from Town & Parish Councils, some charities and some kerbside collected waste including small quantities of fly tipped waste
- g) Non-household waste accepted for a charge (construction and demolition).
- h) Cross broader usage and administrative charges
- i) Vehicle and waste type restrictions via an e-permit
- j) Enforcement of the policy and use of electronic surveillance – CCTV, ANPR, body cameras
- k) The full policy can be found here:  
<https://www.buckscc.gov.uk/media/4515713/wasteaccess-and-acceptance-policy-waap-apr-2021.pdf>

## **3. New Contract**

### **3.1 HRC Service delivery**

- a) Under the new contract there are no changes to the WAAP and all the key elements of the service will remain the same. There are additional benefits to the Council in the new contract set out below, including helping achieve

Climate Change ambitions. The majority of the service, as seen by residents and users will remain unchanged as a result of the contract.

- b) There is flexibility in the new contract for the Council to change aspects of the service, such as adding new sites or changing opening hours, if the Council wishes to make changes.

### **3.2 Recycling, re-use & composting targets**

- a) The contract performance target is to achieve an overall minimum annual recycling, re-use, composting target of 68%. The last two years of the current contract (after charges for non-household waste were introduced) saw a 67% of waste recycled, re-used or composted.
- b) The Council aspires to increase recycling, re-use and composting performance over the future contract term, reaching a performance target of 73% or more. This will form part of ongoing MTFP considerations as this could be at an additional cost to the Council. Examples of recycling initiatives could be collections of new materials at HRCs for recycling or additional separation of waste on site. No initiatives are explicitly planned as yet.

### **3.3 Managing re-use**

- a) All sites currently collect items for re-use, which are stored on site and then taken to the two charity re-use shops at Aston Clinton & High Wycombe HRCs. As part of the new contract FCC Recycling will be partnering up with South Bucks Hospice again. This means no change from current arrangements – status quo.
- b) As part of the new contract the re-use shop at High Heavens will be replaced in the early part of the contract, expected Q1 2022/23, subject to possible planning process. The current modular building requires a life cycle replacement. The building is not owned by the Council therefore the replacement costs are for FCC and South Bucks Hospice to meet. The re-use shop at High heavens will not be available whilst compliance and practicalities of disconnecting, removing, and installing a new building is undertaken. Further details, advice and communications will be provided nearer the time.
- c) Income from re-use is not guaranteed to the Council however, if there is an income opportunity, the Council will receive 25% of re-use income annually (before the deduction of any costs). An annual income of £420k is assumed of which the Council would expect to receive £105k.

### **3.4 Future capital changes to vehicles, plant & containers**



- a) The Council currently owns the vehicles, plant, equipment, and containers on all nine HRCs and will continue to do so in the new contract. This includes:
  - i. 180+ containers used to store and transport waste
  - ii. Five roll-on-roll-off vehicles for transporting containers
  - iii. Nine excavators for moving and compacting waste on site
- b) The Council is responsible for replacing these vehicles and plant at the end of their life. The planned changes to vehicles and plant at HRCs already form part of capital MTFP commitments and are expected to commence in 2023/24. There are also two plant used to support kerbside teams to accept fly tipped waste at two HRCs. These will be replaced during 2022.
- c) Most of the current containers on sites are 10 years old and work in very harsh environments. New containers would cost more than £1million, therefore, as part of the new contract FCC will be undertaking a refurbishment programme. The refurbishment programmes and costs provide better value for money for the Council and forms part of the annual service contract costs. FCC would also be responsible for the cost of ongoing repair and maintenance. The refurbishment will be completed within the first 2 years of the contract.

### **3.5 Future contracting arrangements**

- a) The Household Recycling Centre service could be affected by legislative change because of the recently published Environment Bill, Resources and Waste Strategy or other external factors. The future contract sets out how to manage changes, including change in law, which may occur at a future point in time. Both the Council and FCC will need to manage these changes by way of a contract negotiation to consider implications to the service and contract costs.
- b) As stated, above FCC have repair and maintenance obligations for HRC assets which include plant, equipment, and vehicles across the nine HRCs
- c) The contract provides flexibility to increase and decrease the number of HRCs operated and opening hours should the Council require at a future point in time. This mechanism will be used to facilitate a new site at Buckingham for example if approved by members.
- d) There is provision for optimising vehicle routing for all nine HRCs. Also, to consider minimising the carbon footprint of transporting numerous waste materials.

### **3.6 Customer service expectation**



- a) It is a contractual requirement to provide and maintain a Customer Service Plan. FCC's Customer Service Plan will ensure an enhanced customer experience at all nine HRCs. It's expected that FCC's trained staff shall be knowledgeable in all elements of the contract, maintaining a high level of customer care. This will be achieved through:
  - i. Provision of 'Meet and Greet' service at all nine HRCs, ensuring on-site assistance to customers;
  - ii. Implementation of FCC's Customer Care Policy and Procedures;
  - iii. Mandatory Comprehensive Induction Training Programme for all new staff and Refresher Training where required for staff currently employed on the contract;
  - iv. Customer Care Training included in the Induction/Refresher Training Programme;
  - v. Monitoring customer satisfaction through regular customer surveys

### **3.7 Public interface**

- a) How staff engage with visitors is important in a service with over a million visits per annum and a historically high level of customer satisfaction. FCC will ensure that their employees:
  - i. take reasonable steps to ensure all HRCs have a pleasant and professional appearance, along with an atmosphere which facilitates and encourages pride in the HRC and their role.
  - ii. be proactively courteous, approachable and helpful to customers, fellow contractors and the Council's employees.
  - iii. assist customers so that waste is deposited as safely and expeditiously as possible, including assisting with unloading vehicles and may help when not specifically requested.
  - iv. specifically help in cases where it is apparent that a customer is having trouble with unloading/depositing their waste.
  - v. ensure that the employees make reasonable endeavours to establish the nature of waste being delivered by customers in sacks, sealed receptacles etc. and, if appropriate, request the customer, politely, to separate the materials into the appropriate containers on-site for re-use, recycling and each waste stream.
  - vi. ensure that the employees undertake communications and customer care training and, as a minimum, utilise toolbox talks on a regular basis, with details provided within the Customer Service Plan.

- vii. comply with the Council process and timescales relating to complaints from customers.

### **3.8 Community Stakeholder Liaison Plan**

- a) FCC will produce a community stakeholder liaison plan, to be agreed by the Council by 31st May 2022. The Plan will include the communications, tasks for FCC to complete, timescales and expected outcomes. The plan will also include relevant stakeholders, for example such as Local Area Forums and Community Groups and reflect wider policy developments (local and national). The plan will be updated on an annual basis to respond to public relationship and other stakeholder requirements.

### **3.9 The Public Services (Social Value) Act 2012 and Community**

- a) This a new aspect to the HRC contract and by complying with the Act FCC should ensure employment opportunities are promoted and made available. FCC are also expected to develop apprenticeships, with a focus on priority groups.
- b) FCC have committed to several social value items that would benefit the Buckinghamshire community. These initiatives will form part of the contract and will be monitored by the Council to ensure they are delivered. Further details on each of the activities are provided below;
  - i. Apprenticeships – 6 apprenticeships across the initial term of the contract (2 per year in 2022, 2024 and 2026).
  - ii. Career Workshops – 6 visits per year with a stretch goal of 10 visits per year.
  - iii. Working with local suppliers – including ASM for metal recycling, Fairport Containers for the refurbishment and maintenance of containers, Elite Lawns for grounds maintenance, and South Bucks Hospice will continue to provide the re-use provision at the HRCs.
  - iv. Charitable donations – committed to a ‘five-for-five’ policy that will see 5p donated to local causes for each tonne recycled for the five years of the contract.
  - v. Waste Awareness and Education Manager – provide a full-time position dedicated to liaising with site users and the community on matters related to the HRCs and waste in general. This position already exists in the HRC contract, so this represents a continuation.

### **3.10 Procurement Process and Evaluation Approach**

- a) The procurement process was undertaken by a multi-disciplined project team with representatives from Council staff including Legal, Finance,

Property, Strategic Waste Management and Enforcement and Procurement. Due to the complexities of the project additional external advisors were also appointed; Sharpe Pritchard (legal), Resource Futures (waste technical) and New Networks (financial). The procurement was undertaken as a Competitive Dialogue (CD) process to identify the most economically advantageous solution. A detailed evaluation has been conducted.

- b) The CD process involved two-stages – pre-submission and final tender. Both stages enabled clarification dialogue meetings to be held with bidders and enabled bidders to raise clarification questions to the Council’s project team. The Council set out its positions on key commercial matters within the tender documents and concluded with acceptable commercial terms.
- c) The evaluation approach and methodology were agreed by the project executive in consultation with the project team. This remained the same throughout the tender documents. The total evaluation score for each bid is derived from adding the weighted Quality score and weighted Price score to provide a total score to identify the most economically advantageous tender (MEAT) and the preferred bidder. For further details see Appendix 1 and the financial evaluation methodology section below.

### **3.11 Evaluation Process**

- a) The submitted tender documents were subject to compliance checks
- b) There were two separate evaluation teams - Quality Evaluation Team (QET) and Finance Evaluation Team (FET). Both evaluation teams raised clarification questions with bidders during the evaluation process which was managed through the Council’s e-sourcing system. The price submissions were not available to the QET to ensure that price did not influence the quality evaluation.
- c) Resource Futures, the Council’s external technical advisors, ensured that the quality evaluation process complied with the evaluation methodology. The process involved evidencing that the evaluation descriptors, the scoring and final moderation reflected the evaluation methodology.
- d) Buckinghamshire Council’s financial team, who were not part of the project team, ensured that the financial evaluation and process complied with the financial evaluation methodology.
- e) The Council’s external legal advisors ensured that the quality and financial evaluation process and methodology complied with Public Contracts Regulations 2015.

### **3.12 Extension periods**



- a) The contract term will be five years with an option to extend up to a further five years (total term up to ten years). The contract commencement date is 1st April 2022, with options to extend up to 31st March 2032.
- b) The first extension period, year six of the contract, is at the sole right of the Council to extend.
- c) The following extension periods, after year six and up to year 10, are by mutual agreement. The contract will be monitored and managed in line with the Council's requirements. Extension periods will be considered as part of wider considerations to optimise VfM which will be monitored and reviewed as part of the Council's MTFP

### **3.13 Key opportunities and risks**

- a) The Council has opportunities and risks to consider and manage as part of its normal business and budget planning cycles:
  - i. Housing growth
  - ii. Tonnage volume increases and decreases
  - iii. Aspirations to increase recycling, re-use and composting performance over the future contract term, reaching a performance target of 73% or more.
  - iv. Life cycle replacements of plant, vehicles, containers, equipment and all the HRCs themselves 'the property'
  - v. Service and/or compliance changes including to increase and decrease the number of HRCs operated, opening hours and change in law which may occur at a future point would need to be managed as a contract negotiation. This mechanism will be used to facilitate a new site at Buckingham if approved by members. This is to help fully consider the implications including requirements for additional plant, vehicles, containers, equipment and all the HRCs themselves 'the property'
  - vi. There are complex commercial arrangements due to material value volatility. Material prices can be influenced by regional, national and global supply and demand which can be beyond reasonable control of any contracting party. The income associated with materials annually and over the contract term is used to consider service costs and deliver VfM. The commercial arrangements are summarised as follows:
    - there is a 60/40 income/risk sharing mechanism, with 60% to FCC Recycling Ltd and 40% to the Council



- with an annual 'true up' approach by way of a set percentage change framework (referred to as a Cap, Collar and Floor). The risk profile may change (increase /decrease) by the end of any given contract year
- the final year-end position is then used as the starting position for the subsequent contract year.

### 3.14 Financial implications

- The Net Present Cost (NPC) of the contract value over the five-year contract period for FCC Recycling Ltd is £15,045,707. The estimated contract value over a potential ten-year contract period for FCC Recycling Ltd would result in an NPC of £28,546,979, with contract years 6-10 based upon inflation of 2.5% p.a. from contract year 5.
- All costs assumed include a baseline service, forecast waste volumes and contract inflation. Should the Council require additional services from time to time (additional people, containers etc) then there will be further costs. These should be monitored and reviewed as part of the Council's Medium-Term Financial Plan (MTFP).
- Despite the rigorous procurement process the new contract costs more per annum than the previous contract. The original contract was let in Oct 2011 and was very competitive at the time. Whilst delivering the same services and similar specification 10 years later, the small increase to the costs is a validation to the way that the procurement was handled. This pressure is being managed via the MTFP process, summarised below.

Table 1 - MTFP Summary

New Growth / Base budget pressures		2022/23	2023/24	2024/25	Commentary
Service area	Reason for / description of change	£000's	£000's	£000's	
Household Recycling Centres	Waste: HRC new service contract (range £300k - £500kpa).	250	275	300	Increased contract costs due to the current contract costs being competitive. New contract costs assume a baseline service cost, forecast waste volumes and contract inflation

- The Council is likely to need to invest in plant, equipment and vehicles as part of life cycle replacements to continue to deliver VfM. If the Council considers

it appropriate to deliver higher aspirational performance targets for re-use, recycling and composting, for example but not limited to climate change, there are envisaged service cost changes which may require the Council to invest. This will be monitored and reviewed as part of the Council's MTFP.

### **3.15 Legal implications**

- a) Specialist legal advice to support the project has been provided by external legal advisors, Sharpe Pritchard, alongside the Council's in-house legal advisor, who confirm:
  - i. The Council, as the Waste Disposal Authority, has a duty under the Environmental Protection Act (EPA) 1990, to provide HRCs within the administrative boundary.
  - ii. The Council has conducted the procurement for the management for the HRC service in accordance with the Public Contracts Regulations 2015 (as amended) ("2015 Regulations") using the Competitive Dialogue procedure, under which the Council entered into dialogue with bidders, in order for the Council to identify solutions capable of meeting its needs.
  - iii. The contract has been drafted by Sharpe Pritchard with the input from the wider Council team and some amendments agreed with bidders through clarifications. The Council's external legal advisors, Sharpe Pritchard will work with the Council and its wider team to confirm commitments and terms submitted in the final tender of the preferred bidder and finalise the terms of the contract as permitted under the Public Contracts Regulations 2015 Reg 30. Sharpe Pritchard will prepare the contract documents for the Council and FCC to execute.

### **3.16 Corporate implications**

- a) Property - a lease agreement including repair and maintenance obligations will be in place for all sites.
  - b) HR - Not directly for Council employees, there may be indirect implications through contracted services.
  - c) Climate change – This contract includes re-use, recycling, and composting at least 68% of waste managed as one of its goals. This helps reduce the carbon emissions resulting from household waste disposal. This is a core business-as-usual requirement in the management and operation of the HRC service.
- FCC is required to record and report the measurement of performance against agreed carbon metric baselines, which will be established during the contract mobilisation period. FCC is required to demonstrate agreed

improvement against targets over the contract period. This includes any changes to environmental legislation.

- d) Sustainability - There is a requirement for FCC to reduce the environmental impact of the services provided during the contract term. The solutions align with both the proximity principle and reducing vehicle emissions therefore reducing transportation requirements i.e. carbon, including optimising vehicle routing and how the various waste materials are managed.

FCC should also manage recyclable and non-recyclable waste delivered to the HRCs through the most appropriate route. FCC is required to deliver performance through re-use, recycling, composting and diversion from disposal (landfill and treatment).

- e) Equality - Equalities requirements in relation to the FCC's own employees is a legal obligation to comply with.
- f) Data - A Data Protection Impact Assessment (DPIA) full assessment will be undertaken. There are no envisaged implications, however a full assessment and specific associated assessments (CCTV) will be undertaken during the mobilisation period.
- g) Value for Money (VfM) - A competitive procurement process has been undertaken. The new contract provides an acceptable balance between VfM and service provision requirements compared to alternatives.

#### 4. Next steps and review

Next Steps	Indicative Date
Contract Mobilisation and Demobilisation (including confirmation of final commitments and contract execution)	24 <sup>th</sup> December 2021 – 31 <sup>st</sup> March 2022
Contract Commences	1 <sup>st</sup> April 2022
Contract Monitoring & Management	Ongoing
Regular review of the Contract as part of Contract Management (ongoing)	Minimum annual health check review