

Agenda item:

Title of meeting: Environment & Community Safety Decision Meeting

Date of meeting: Wednesday 5th February 2014

Subject: Portsmouth Recycling Centre Management Contract

Report by: Simon Moon - Head of Transport & Environment

Wards affected: All

Key decision: No

Full Council decision: No

1 Purpose of report

- 1.1 This report concerns Portsmouth City Council's (PCC) Household Waste Recycling Centre (HWRC) located in Port Solent. It will outline the current services being offered and consider the options available for future site management built around a value for money approach supported by a new operating contract from 1 February 2015.

2 Recommendations

- 2.1 That the report be noted.
- 2.2 That the contract for the operation of the Paulsgrove HWRC is retendered as part of the Hampshire retender procedure for all 26 HWRC sites in Hampshire.
- 2.3 That the contract allows flexibility for PCC to operate the Paulsgrove HWRC in a way that suits local requirements.
- 2.4 That delegated authority be given to the Executive Member for Environment and Community Safety in consultation with the Head of Transport and Environment and on the advice of Legal Services to enter into the new HWRC contract and to agree the terms of the contract within existing budget limits.
- 2.5 That PCC continue to work with (Hampshire County Council) HCC on agreeing a reduced allocation of costs to PCC for the new contract that reflects the different levels of trade waste controls and different management options that are in place at HWRC sites used by Portsmouth residents.
- 2.6 Details on any cost savings as a result of the new HWRC contract will be finalised once the procurement process has finished.

3 Background

- 3.1 The original Paulsgrove HWRC was built in the 1970's and upgraded in 2011 to improve the site logistics, increase the number of parking spaces and number of bays into which residents could deposit waste and recyclable items.
- 3.2 A detailed breakdown of the current site operation is enclosed in appendix A

4 Requirements to provide a household waste recycling centre

- 4.1 Under Section 51 of the Environmental Protection Act 1990 Portsmouth City Council has a legal duty to provide residents with a free domestic waste disposal route through a HWRC. The HWRC must be "reasonably accessible" and available at "reasonable times" for residents to deposit their bulky household waste.
- 4.2 HWRCs are a statutory public service for the acceptance of household waste with 4.5 million visitors each year to the 26 sites in Hampshire. In 2012/13 there were over 237,000 visitors to the Paulsgrove HWRC.

5 Current management arrangements

- 5.1 The Portsmouth HWRC is operated by Hopkins Recycling Ltd a private company who are contracted by the Hampshire, Portsmouth and Southampton authorities to operate all 26 HWRCs in Hampshire. HWRC operating costs are apportioned to each authority as outlined in the Waste Disposal Tripartite Agreement signed in 2008 by the three authorities. As lead authority Hampshire County Council (HCC) has contracted with Hopkins Recycling Ltd for the operation of all 26 sites; the HWRC contract is due to finish on 31 January 2015.
- 5.2 A detailed description of the current contract management and financial arrangements is enclosed in appendix B

6 Proposed procurement process

- 6.1 PCC is working with colleagues at HCC and Southampton City Council (SCC) on the options available for a new HWRC operating contract due to start on 1 February 2015. The options available are as follows:
- To continue with current management arrangements whereby HCC retender for the management of the 26 sites following EU procurement rules.
 - PCC consider letting a separate contract for the management of its own HWRC site separately from any HCC arrangements which would also need to follow EU procurement rules.

A detailed appraisal of the above two options is contained in appendix C

7 Consultation

- 7.1 A public consultation exercise has been undertaken to consult with and gauge Portsmouth resident views on the proposed changes at the Paulsgrove HWRC which it is proposed to introduce following the start of the new contract from 1 February 2015.
- 7.2 There was limited feedback to the consultation exercise with only a total of 30 responses. A number of the responses were generally supportive of the proposal.
- 7.3 There was some concern about not opening until 9.00 am, it would therefore be suggested to keep the current 8.00 am opening time together with the introduction of late night opening for one day during the week during the summer.
- 7.4 As would be expected there were a number of comments relating to charging for large amounts of DIY waste and that this might encourage fly tipping. Restrictions already apply to the amount of DIY waste that can be dropped off, what is proposed will provide users with an alternative option for getting rid of their waste therefore it is considered that this would not increase the amount of fly tipping.
- 7.5 Users were generally supportive of introducing a chargeable commercial waste service although there was some concerns that this might again increase fly tipping. It is considered that this would not be the case as small businesses are not currently permitted to dispose of their waste at the site, the proposed charges would provide an additional option for them to dispose of their waste legally.
- 7.6 On the basis of the consultation feedback it would be proposed to review the opening hours in accordance with the above. Charging in line with market rates would also be introduced for large amounts of DIY waste together with a chargeable service to allow small local businesses to dispose of their waste at the site.

A detailed update on the consultation process is contained in appendix D

8 Proposed changes to the site

- 8.1 Since 2008 the amount of waste that residents have been taking to the HWRC has reduced compared to pre 2008 due to the impacts of the global recession. There are now indications that the UK economy has started a slow recovery and we are starting to see an increase in tonnages being delivered into the HWRC network, which is leading to increased operating costs.
- 8.2 A key aim of the new contract is to build on the work at Paulsgrove HWRC in continuing to reduce the amount of trade waste that is entering the site. In 2003 over 11,000 tonnes of waste was sent to landfill compared to an estimated 2,200 tonnes in 2013.
- 8.3 The letting of a new contract allows for the opportunity to review site operations in light of examples of best practice within the operation of HWRC's nationally which can support the council's aim of providing good value services at less cost.

8.4 The areas of site operation that are being reviewed consist of:

- Increasing the range of materials that can be recycled to maximise landfill diversion, thereby reducing costs;
- Working in partnership with the voluntary sector to maximise the amount of material that can be diverted to reuse;
- Changes to site opening hours to fit more in-line with resident requirements but also provide operational savings;
- Working with HCC on developing a range of options for residents who are delivering in large amounts of DIY waste, such as levying a reasonable disposal charge;
- The option for accepting business waste from SMEs (Small and Medium Enterprises) at the HWRC to help them increase their opportunities to recycle their waste. This would be for a reasonable charge generating the council an income stream and maximise the use of the facilities.

A detailed appraisal of the options is contained in appendix E

9 Proposed financial arrangements with HCC

- 9.1 The financial cost associated with PCC residents using any of the HWRC sites in Hampshire is based upon a post code derived user percentage. This allows PCC residents to use the most convenient HWRC site for them whilst enabling PCC to meet appropriate costs.
- 9.2 In 2005 PCC introduced a height barrier that successfully reduced the amount of trade waste that was entering its Paulsgrove HWRC site. HCC are reluctant to introduce height barriers at their sites and so unit costs at HCC operated sites are higher than at PCC's Paulsgrove site. The current method of apportioning costs doesn't take this difference in unit costs into account meaning that PCC pay an increased cost for its residents using HCC operated sites compared to PCC's Paulsgrove site. It is therefore proposed that changes to the method of apportioning costs between PCC and HCC are reviewed in parallel with the development of the new contract.
- 9.3 PCC is working with HCC on jointly funding a TWEO (Trade Waste Enforcement Officer) at the Havant HWRC site as an alternative to the introduction of a height barrier; which is not favoured by HCC. This started in October 2012 and approval has been received to continue this until the start of the new HWRC contract on 1 February 2015. The role of the TWEO is to reduce inputs of trade waste thereby reducing the councils waste disposal costs, as a minimum the savings will cover the cost of the TWEO.

A detailed appraisal of the options for amending the apportionment is contained in appendix F

10 Reasons for recommendations

- 10.1 A joint contract with HCC would bring economy of scale benefits by reducing management, overhead and procurement costs.
- 10.2 HCC are able to let a contract that would accommodate any differences in site management that PCC required such as different opening hours and the provision of height barriers.
- 10.3 HCC will be working with PCC on changes to the allocation of costs for the new contract that would allow PCC to fully benefit from savings as a result of changes that PCC have made.
- 10.4 HCC will be working with PCC on evaluating options within the HWRC network to offer a recycling and disposal route for small businesses to dispose off their waste; for which a charge would be levied.

11 Equality Impact Assessment (EIA)

- 11.1 This report does not require an equalities impact assessment as the recommendations proposed in the report will not have a disproportionately negative impact on any specific equality groups.

12 Legal Services' comments

- 12.1 Waste disposal authorities have a duty under the Environmental Protection Act 1990 (Section 51) to provide places where householders may dispose of their household waste free of charge. They are also required to ensure that the flow of waste to landfill is minimised.
- 12.2 When the new contract for the management of the Paulsgrove Site is drawn up that it contains appropriate provisions to ensure that both current and any future targets which may be introduced can be met.

13 Head of finance's comments

- 13.1 Operating costs, including relevant disposal charges for waste items at Paulsgrove HWRC, have been calculated at £835,000. Portsmouth City Council is liable for 69.84% of the costs, this being £583,000.
- 13.2 Portsmouth City Council is also liable for an apportionment of Havant and Waterlooville HWRC operating costs. Costs for these two HWRC sites will be included as part of the wider Hampshire procurement exercise.
- 13.3 The total budget for PCC's HWRC disposal costs in 2013/14 is £910,300.
- 13.4 Retendering a new contract for Paulsgrove as part of the wider Hampshire procurement exercise should enable economies of scale to be achieved greater than could be achieved if Portsmouth were to tender Paulsgrove alone.

- 13.5 That costs associated with the new HWRC contract are within budget limits.
- 13.6 That HWRC operating costs are apportioned between HCC and PCC based upon the Waste Disposal Tripartite Agreement. Any changes to the apportionment will need to be agreed to ensure that the any share of costs remains representative of the users and will allow PCC to retain a suitable share of any efficiency savings they introduce at Paulsgrove HWRC.
- 13.7 That opportunities for reducing costs within the new contract are evaluated as soon as they are known following the evaluation of the tenders.

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Signed by:

Appendices:

- Appendix A - Background
- Appendix B - Current Management Arrangements
- Appendix C - Proposed Procurement Process
- Appendix D - Consultation
- Appendix E - Proposed Changes to the Site Operation
- Appendix F - Proposed Financial Arrangements with HCC

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: