

**Environment and Communities
Committee**

28 September 2023

**Household Waste Recycling Centres –
Review Update**

Report of: Peter Skates, Acting Executive Director - Place

Report Reference No: EC/21/23-24

Ward(s) Affected: ALL

Purpose of Report

- 1 This report details the progress in bringing forward a review of Household Waste Recycling Centre (HWRC) service provision across Cheshire East.
- 2 The review supports the Corporate Plan priorities of:
 - **Fair** - A sustainable financial future for the council, through service development, improvement and transformation and;
 - **Green** - A thriving and sustainable place through reduce impact on the environment.
- 3 The report sets out the current context to service provision and the outputs from the Member Working Group established in September 2023 specifically to look at this.
- 4 The report then provides a roadmap for the next steps in the review including seeking permissions to move forward with a public consultation on options for a future delivery model, in parallel with a complimentary contract procurement process.

Executive Summary

- 5 The Council operates a total of 7 household waste recycling centres sites which vary in scale and scope of waste disposal services offered, but all require investment to bring them up to modern standards in particular in relation to staff welfare, security and general user experience.
- 6 The former Congleton Household Waste Recycling Centre closed in September 2021 with lease unable to be extended. The owner of the site confirmed that they intended to use the site for other redevelopment purposes.
- 7 A Member Working Group has been established under the Environment and Communities Committee and inputted into the production of the proposed future service options.
- 8 A recent procurement undertaken on behalf of Cheshire East Council by ANSA could not identify a preferred bidder and was therefore ceased. It was considered that this provided a suitable opportunity for the Council to link the scope of the new procurement process needed with the work that had been undertaken by the Member Working Group.
- 9 An officer working group has been established to prepare a Council led procurement with external legal and technical support to procure a long term (15 years, split 10+5 years or similar) contract on basis of review being undertaken.
- 10 It is proposed to undertake a fresh public consultation exercise with a succinct list of options for consideration, with the underlying principle of these being affordable and hence deliverable if selected.
- 11 A report to Environment and Communities Committee targeted for June / July 2024 will be accompanied by a detailed business plan which will consider both the feedback received through the public consultation and the affordability of the various options. The latter will be informed by the completed contract procurement, included as part of a detailed financial model.
- 12 Following the committee decision, the contractor will be appointed with a mobilisation period likely to be at least 5 months with the new delivery model in place by the target date of January 2025.

RECOMMENDATIONS

The Environment and Communities committee is recommended to:

1. Note the actions taken or planned by officers to refresh the evidence base for the appropriate provision of household waste recycling centres in Cheshire East;
2. Delegate to the Interim Director of Environment and Neighbourhood Services to take all necessary steps to deliver a public consultation to seek views on those options for future HWRC service delivery as presented at paragraph 35;
3. Delegate to the Interim Director of Environment and Neighbourhood Services to take all necessary steps to undertake a procurement exercise, based on those same options detailed at paragraph 35, to ensure continuity of HWRC service provision post the expiry of the current contract extension and;
4. Note the subsequent timeline for bringing back to Committee a business plan with clear recommendation on option to progress, which is to include the implications of any capital investment requirements.

Background

Site Locations and Statistics

- 13 The Council operates a total of 7 household waste recycling centres across the borough as shown at Figure 1.
- 14 These sites vary in scale and scope of waste disposal services offered, but all require investment to bring them up to modern standards in particular in relation to staff welfare, security and general user experience.
- 15 The lease on the former Congleton Household Waste Recycling Centre expired in September 2021. The owner of the site confirmed that they intended to use the site for other redevelopment purposes and would not extend the lease on that site. At that point Cheshire East Council had no other option but to close the site at this location.

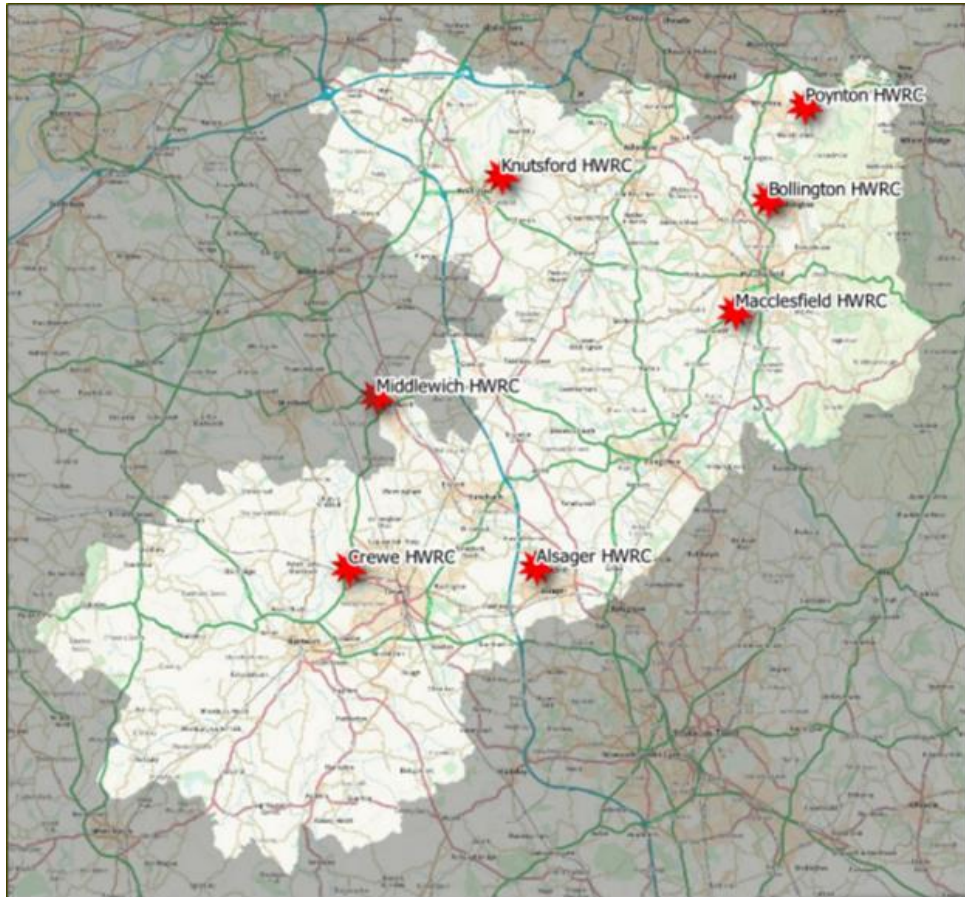


Figure 1: Map of HWRC site locations

16 Table 1 sets out the key statistics for each of the sites, including the forecast investment value, excluding appropriate risk and contingency.

Site	Type of waste streams	User No's Aug 2022* (% total)	Tonnage Th'put 22/23 tonnes (% total)	Investment value (exc. Risk)
Alsager	Household Waste, Rubble	2,613 (16.2%)	4,238 (15.3%)	£ 168,775
Bollington	Household Waste, Rubble	1,461 (9.1%)	2,442 (8.8%)	£ 154,774
Crewe	Household Waste, Rubble, Asbestos	3,251 (20.3%)	7,413 (26.7%)	£ 287,050

Site	Type of waste streams	User No's Aug 2022* (% total)	Tonnage Th'put 22/23 tonnes (% total)	Investment value (exc. Risk)
Knutsford	Household Waste, Rubble	2,582 (16%)	3,953 (14.3)	£ 186,638
Macclesfield	Household Waste, Rubble, Asbestos	3,381 (21%)	5,448 (19.7%)	£ 206,543
Middlewich	Household Waste, Rubble	1,359 (8.4%)	2,067 (7.4%)	£ 156,346
Poynton	Household Waste, Rubble	1,450 (9%)	2,156 (7.8%)	£ 154,549
TOTALS	-	16,097	27,717	£ 1,314,675

Table 1: HWRC site key statistics

17 It can be seen that collectively the sites at Alsager, Crewe, Knutsford, Macclesfield are;

- The largest in plan area terms hence making them the most adaptable from a futureproofing perspective;
- Offer the largest scope of recycling and disposal of different waste streams;
- Currently take circa 76% of waste deposited across all sites, based on 2022/23 figures

Member Working Group

18 In September 2022 a decision was taken by Committee to establish a Member Working Group to review HWRC provision in Cheshire East.

19 Information relating to previous reviews was provided as context to this process.

20 The Working Group has subsequently met on a number of occasions and inputted into the production of the proposed options set out later in this report.

- 21 It is proposed to continue with the Working Group, meeting at key points in the delivery programme for the purposes of update only, until the report setting out the final recommendations is brought back to Environment and Communities Committee.

Evidence Base

- 22 To ensure a robust evidence base to any future decision on HWRC service provision officers have undertaken to establish a baseline for the following;
- A refreshed set of visitor figures for each site including postcode data, surveys now complete and with a final report expected to be received by mid-October;
 - A refresh of a review undertaken by Resource Futures as per the Options Report dated July 2020 contained within the background papers. Resource Futures are a specialist waste consultant who undertook a previous review of the options proposed later in this paper to understand wider business case benefits, such as coverage and travel times will be presented as part of the final recommended option.
 - Feasibility studies relating to the cost of any new site, to clearly understand the financial implications of any such investment, which have been commissioned and will be presented as part of the final recommended option.

HWRC Operating Contract

- 23 Since the Council's wholly owned company's formation in 2014 household waste recycling services have been successfully provided to the Council by ANSA Environmental Services Ltd (ANSA), with the site operation and waste disposal activities then sub-contracted to an industry specialist.
- 24 A recent procurement undertaken on behalf of Cheshire East Council by ANSA could not identify a preferred bidder and was therefore ceased.
- 25 It was considered that this provided a suitable opportunity for the Council to link the scope of the new procurement process needed with the work that had been undertaken by the Member Working Group.
- 26 As such the decision was taken to secure a circa 18 month contract extension with the current sub-contractor to ANSA, to allow sufficient time to undertake a review and new operating contract procurement.

27 As is the case with other large scale, high value waste contracts it has been considered more appropriate for the Council to hold the contract directly and appoint ANSA as the managing agent. It is proposed to adopt this approach here.

Procurement

28 An officer working group has been established with representation from legal, procurement and finance teams and have established the following approach;

- Offer long term (15 years, split 10+5 years or similar) contract on basis of review being undertaken. Allows bidders to have greater security and spread set up and capital investment costs over longer period, so likely to generate more competitive offers;
- Open tender process, potentially with negotiation stage and;
- Adopting the same approach as recent Council led large scale contract procurements with external legal and technical support appointed from the outset to ensure process and contract documents are robust.

29 A key aspect of the specification issued as part of the procurement and eventual contract will be to promote a focus on the waste hierarchy, as set out within Figure 2.



Figure 2: waste hierarchy diagram

Programme

- 30 The following is the outline programme of work associated with this review;
- HWRC Working Group – briefing – late July (Complete)
 - Specification development – July - Oct 2023 (ongoing)
 - Feasibility studies and user surveys – July - Oct 2023 (Ongoing)
 - E&C Committee paper (seek approvals to approach and consultation launch) – 28th September 2023
 - Procurement process – October 2023 – May 2024
 - Public Consultation on proposals – March 2024 – April 2024
 - E&C Committee paper (final recommendation) – June / July 2024
 - Contractor appointment and mobilisation – 5 months
 - New HWRC delivery model in place – target January 2025
- 31 It should however be noted that new site infrastructure will be delivered post November 2024 with this potentially taking several years to be fully implemented.
- 32 The report to Environment and Communities Committee targeted for June / July 2024 will be accompanied by a detailed business plan which will consider in terms of the recommendation made both the feedback received through the public consultation and the affordability of the various options. The latter will be informed by the completed contract procurement, included as part of a detailed financial model.

Consultation and Engagement

- 33 Review of HWRC provision within Cheshire East has been consulted on previously but based on a number of scenarios which are no longer relevant due to site closures, a changing population and improved transport network for instance.
- 34 As such it is proposed to undertake a fresh public consultation exercise with a succinct list of options for consideration, with the underlying principle of these being affordable and hence deliverable if selected.

35 The following three core options are proposed;

- **Do Minimum** - Retain service as is, with maintenance investment across all 7 sites needed;
- **Do Something 1** - In line with Resource Futures report Scenario 4 reduce to 6 core existing sites closing Poynton (91% of users and 92% tonnage throughput) with investment to modernise where required. Introduce extended mobile HWRC provision as mitigation and;
- **Do Something 2** - In line with Resource Futures report Scenario 2 reduce to 4 core existing sites at Crewe, Macclesfield, Alsager, Knutsford (73.5% of users and 76% tonnage throughput) with investment to modernise and extend where required. Introduce extended mobile HWRC provision.
- As a separate sub-option to all three core options presented give consideration as to if and when a new site has been developed at Congleton, then existing Alsager site to close. Alsager being of a comparable scale and geographically the nearest neighbour to any new site provision, allowing the operating contract to remain affordable within its cost envelope.

36 It is proposed that the consultation will run for a period of 4-6 weeks commencing in March 2024 (final details to be confirmed) and then reported back to Committee, considered as part of a recommendation on future HWRC provision in Cheshire East.

Reasons for Recommendations

37 The recommendations have been made on the basis of the review work undertaken by The Member Working Group which has specifically looked at;

- The rising cost of service provision in this area and ensuring that they remain affordable in the longer term;
- Ensuring that the service continues to be delivered in an efficient and effective way both geographically and also in the provision of well equipped modern sites and;
- To ensure that the review process undertaken adequately considers all of the factors in making a decision, underpinned by a robust evidence base.

Other Options Considered

- 38 The proposed approach to undertaking a review of HWRC services sets out a series of options for consideration to be reported back to Committee with a final recommendation.
- 39 These options are based on previous review works undertaken and consider the long term affordability of the service in question, the evidence base for which will be refreshed as part of this review process.

Implications and Comments

Monitoring Officer/Legal

- 40 Councils must provide facilities for the disposal of household waste if it is a waste disposal authority such as Cheshire East. Under Section 51 of the Environmental Protection Act 1990 it shall be the duty of each waste disposal authority to arrange for places (Household Waste Recycling Centres) to be provided at which persons resident in its area may deposit their household waste. (1) (b). They must be reasonably accessible to persons resident in its area (2) (a), open at reasonable times (including Saturday) and available free of charge by persons resident in the area. (2) ©.
- 41 There must therefore be provision for household waste to be disposed of in Cheshire East whether in its current form or some other sustainable form.
- 42 Although there are no statutory levels of Household Waste Recycling Centre (HWRC) provision, national guidance recommends that the maximum number of inhabitants per Household Waste Recycling Centre is 120,000 and the maximum number of households per Household Waste Recycling Centre is 50,000. The provision and proposed options for Cheshire East are below these thresholds.
- 43 As changes to provision is being considered which are likely to be controversial, it is recommended that both Officers and Members keep in mind that it is trite law that the consultation needs to be undertaken at a point where the decision-maker is still open to change and can therefore be influenced by the responses to the consultation.
- 44 And whilst it is acceptable for the Council to have a preferred option or options before consultation begins, there must be genuine potential for that preference to change as a result of the consultation.

- 45 The report is asking for permission to go out to consultation on a number of options whilst at the same time starting a procurement exercise to appoint a new provider. A previous procurement exercise run externally (via Ansa) did not result in a contract being let and the existing contract has been extended in order that a new procurement exercise take place (the new contract to be held by the Council).
- 46 The procurement exercise will seek a provider to operate the services along the lines of the current service provision (including operating sites) but will include proposals for business models which will allow for flexibility post award to implement the outcome of any service change. This will be a complex procurement and as the outcome of consultation cannot be pre-determined, the procured contract will need to be flexible enough to take into account a number of variations to service delivery which may impact on the contract value.

Section 151 Officer/Finance

- 47 The 2023/24 budget for delivering household waste recycling centre service is £2.96m. The budget for the service is derived from the total costs of disposing of the waste deposited at each of the 7 sites, offset by a nominal amount of income which is generated from materials which can be recycled. This income varies based on the latest market value of recyclates.
- 48 It is considered that any new contract for the same or similar scope of services could exceed the current budget available and hence a permanent base revenue budget adjustment would be needed.
- 49 It is proposed to fund the forecast £200k costs of running the procurement and review process from flexible capital receipts, as no funding exists within service to deliver the project.
- 50 In relation to any capital costs associated with either investment into existing HWRC sites or that associated with the acquisition and construction of a new site are not contained in the MTFs. These would therefore need to be considered as part of a wider financial model for future provision of these services, ensuring that the final option presented is affordable in the long term.
- 51 It is recognised that the existing 7 sites require a level of investment which with appropriate allocations for risk and contingency is likely to range between £1.5-1.75m, which subject to option chosen will still be required either in full or part. This funding requirement will need to be considered as part of the development of the Council's next Medium Term Financial Strategy.

52 At the current time based on a high level estimate a new site could cost somewhere between £6-8m, which is the subject of a detailed feasibility study to be undertaken over the remainder of 2023. Based on this range of total cost this could place average annual capital borrowing repayments (rates as per Public Works Loan Board at 31st August 2023) between £409k and £545k per annum, assuming a 25 year repayment period. It should be noted that initial repayments will be significantly higher than the average figures quoted above.

Policy

53 The proposal supports the following [Corporate Plan](#) priorities.

<p>An open and enabling organisation</p> <p>Support a sustainable financial future for the council, through service development, improvement and transformation</p>	<p>A thriving and sustainable place</p> <p>Reduce impact on the environment and also;</p> <p>Be a carbon neutral council by 2025</p>
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Equality, Diversity and Inclusion

- 54 An Equality Impact Assessment has been completed in support of the project and is included at Appendix A.
- 55 Consultation will be undertaken in March 2024 to provide information for this area which may allow us to update this section. Current site provision allows all residents regardless of age, disability, gender etc to use the service and staff will assist any site user if they are struggling.
- 56 The previous consultation undertaken in 2021 did receive 243 comments under the age and disability categories around travelling distance to sites. In the new specification we are suggesting mobile sites to mitigate this issue.
- 57 The current contract for the operation and management of the HWRCs was awarded to HW Martin, in February 2008. The Contract has now been novated to Ansa Environmental Services.
- 58 The end date of the existing contract was March 2023. A decision has been taken to extend the current contract for 18 months beyond its term expiry, placing a target for a new contract arrangement to be in place for end of 2024.

- 59 CEC will procure this new contract (Environmental Services as lead) with ANSA appointed as the managing agent.

Human Resources

- 60 There are no human resources implications of this report.
- 61 All resources to manage the project will be obtained from within the current Council staffing establishment, supplemented by suitably procured external legal, procurement and technical advice where needed.

Risk Management

- 62 Table 2 summarises the key risks associated with the various aspects of the review in a general sense, together with the mitigations which are or will be in place.

Risk	Mitigation
Lack of staff resource within Environmental Services and related support services to successfully deliver a robust review process.	Secondment of a member of staff from ANSA to provide project management support to wider team. Secure external resource for legal, procurement and detailed technical matters.
Lack of adequate budget to undertake the review, in particular to procure the required evidence and pay for external fees	Ensure costs of undertaking review and procuring evidence base are clearly captured and included as part of financial model presented in support of final recommendation.
Existing sites require additional investment than that currently under consideration – not included within Councils MTFS	Ensure that all cost implications of each option proposed are included within detailed financial modelling
Tendered contract costs are in excessive of available budget.	Consider a number of options through the review process to mitigate any increased costs, as part of a wider business case.

Table 2: General risks to review process

63 At this juncture it is important to also highlight the risks associated with the delivery of any new site, included as a sub option to the core options at paragraph 28, see Table 3.

Risk	Mitigation
<p>Site location - availability of suitable sites at the right acquisition price – could be a drawn-out process</p> <p>Council does not currently own sites which would be considered suitable for use as a HWRC</p>	<p>Property market would need to be sounded out about options if pursuing a new site was the agreed way forward.</p> <p>Appropriate due diligence would be undertaken to ensure that the acquisition price of any site identified can be considered as best value.</p>
Risk (cont.)	Mitigation (cont.)
<p>Planning consent - need to secure planning consent, which as with all waste related developments is likely to be contentious</p>	<p>Early engagement including pre-application advice would need to be obtained via a suitably qualified consultant and once a site had been identified.</p>
<p>Waste permit - from Environment Agency to be able to operate the site</p> <p>Separate process from planning, new regulations governing HWRC sites are far more stringent than current permits, likely requiring significant additional infrastructure</p>	<p>Early engagement with Environment Agency would be required to understand their likely permitting requirements in terms of influence on physical infrastructure build.</p>
<p>Finance - general market conditions for any infrastructure project – inflation, supply chain and material availability all will increase prices.</p>	<p>Undertake feasibility study ensuring adequate allowance for risk, contingency and inflation is made in any cost estimates</p>
<p>Finance – costs of any new site are not considered within current MTFS</p>	<p>Ensure that capital borrowing costs underpinned by feasibility study are included within detailed financial</p>

	modelling of options for consideration by Committee as part of the final recommendation.
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Table 3: Risks to the delivery of any new HWRC site

Rural Communities

- 64 Proposed as part of any new contract procurement will be the provision of mobile household waste collection. This will be designed to ensure that it mitigates the impacts of any of the options proposed, but also to further support more rural communities access to this service.
- 65 The details around the mobile provision has been developed as part of the tender specification and will be discussed with potential bidders through the negotiation stage of the contract procurement, as needed.
- 66 Details of how any recommended improved mobile provision will be set out within final report to Committee.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 67 There are no impacts on these groups as a result of this report.

Public Health

- 68 There are no impacts on public health as a result of this report.

Climate Change

- 69 At this stage of the process there are no specific impacts on climate change.

Access to Information	
Contact Officer:	Ralph Kemp, Head of Environmental Services Ralph.kemp@cheshireeast.gov.uk
Appendices:	Appendix A – Equality Impact Assessment (pre consultation)
Background Papers:	Resource Futures Options Report July 2020 to be refreshed available though our website HWRC New Contract Service Provision Report 2020 - Pdf (browsealoud.com)