

**WASTE MANAGEMENT AND RECYCLING CONTRACT INTRODUCTION OF
REUSE SHOPS AT HOUSEHOLD WASTE RECYCLING CENTRES
WDA/38/14**

Recommendation

That:

1. Members approve the implementation of a Reuse Shop Initiative at Household Waste Recycling Centres (HWRCs), initially at South Sefton HWRC, as outlined in this report.
2. Delegated powers of the Authority be granted to the Chief Executive, in consultation with the Chair and Director of Finance, to approve the implementation of the initiative at other suitable HWRCs subject to a proven business case and that costs can be contained within approved budgets.

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REUSE SHOP ACTIVITIES AT HOUSEHOLD WASTE RECYCLING CENTRES
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Report of the Director of Operations

1. Purpose of the Report

- 1.1 To seek Members' approval to implement a Reuse Shop Initiative at HWRC's, initially at South Sefton Household Waste Recycling Centre (HWRC). The initiative aims to increase the value generated from existing assets and support reuse activities provided by the Authority's Waste Management and Recycling Contract (WMRC).

2. Background

- 2.1 Reuse Shops located at HWRC's enable the sale of unwanted reusable items and provide the opportunity for charitable organisations to generate revenues and support charitable projects. Unwanted items, such as furniture, gardenware or bric-a-brac, are donated by members of the public and sold to customers. Retail revenues generated by the Reuse Shop fund running costs and charitable projects. There are successful examples of Reuse Shops located on HWRC's elsewhere in the UK (Appendix 1). Authority representatives have visited a number including established shops provided by Warwickshire County Council.
- 2.2 The Reuse Shop Initiative will provide the opportunity for charities to work in partnership with the Authority and its contractor, Veolia, to generate greater economic, environmental and social value from the Authority's existing assets. Specifically, the introduction of Reuse Shops to HWRCs will provide the following benefits:
- Greater range and quantity of material diverted away from landfill resulting in reduced waste management costs.

- Manage waste higher up the waste hierarchy ensuring unwanted items are reused. Reuse has significant environmental benefits when compared to disposal, treatment and recycling.
 - Use of charitable partners to deliver reuse initiatives bringing significant social benefits to local communities including financial support of charitable projects, training and employment.
 - Reuse activities generate revenues providing potential opportunities for the Authority to receive income.
- 2.3 Subject to approval, it is proposed the Reuse Shop Initiative will begin at South Sefton HWRC. The Reuse Shop will be managed as part of the existing WMRC service provided by Veolia. The shop itself will be operated by a Charity, on Veolia's behalf, in the existing industrial unit and will not impact the existing HWRC service. The Authority will secure the required minor planning change for the facility (change of use to retail may be required).
- 2.4 Veolia will select a preferred Charity (or charities), through a tender process, to operate Reuse Shops. Veolia will be responsible for operational and financial management of the Initiative.
- 2.5 The proposed Reuse Shop Initiative supports the significant environmental and social benefits of managing waste higher up the waste hierarchy providing opportunities to create social value. This is encouraged and promoted in the Local Government Association Report 'Routes to reuse: maximising value from reused materials' (26 March 2014). The Authority's HWRC service is not currently realising the potential financial and social value of reuse activities.

3. Details of the Reuse Shop Initiative and proposed introduction of Reuse Shop Service

- 3.1 The Reuse Shop Initiative will introduce Reuse Shops at appropriate HWRC's across Merseyside. Subject to approval, the Authority aims to introduce Reuse Shops on 3 HWRC's over the next 3 years. Introduction of Reuse Shops may require minor Planning changes (Retail Use) and limited set up costs which will be recouped through provision of the service.
- 3.2 It is intended the Reuse Shop Initiative will commence in April 2015 at South Sefton HWRC (subject to Planning). The Reuse Shop will be contained in the existing industrial unit separate to the HWRC operation

and will not adversely impact on the existing HWRC operation. A picture of the Industrial unit is provided in Appendix 2.

- 3.3 South Sefton HWRC has been chosen for the initial Reuse Shop because the facility is best suited to accommodate a Reuse Shop with minimal investment allowing the Initiative to start and establish quickly prior to further roll out to other sites. Other suitable HWRC's for Reuse Shops may include the new Old Swan HWRC in Liverpool (subject to planning approval), Ravenhead HWRC, Huyton HWRC, Bidston HWRC and any new HWRC development.
- 3.4 Acting as the existing WMRC Contractor the administrative, financial and operational management of the Reuse Shop will be managed by Veolia.
- 3.5 Revenues generated by the Charity will fund its costs, including payment to Veolia, and support charitable projects within Merseyside. It is anticipated the Authority will receive an income (subject to approved tender). Veolia are responsible for managing and auditing all costs and revenue generated by the Charity. Veolia will be responsible for terminating any agreement and will incur any associated costs.
- 3.6 The Authority and its contractor have a number of options in terms of receiving income from the Reuse Shop Initiative including a concession, profit share or a hybrid model incorporating both concession/profit. The tender and selection processes will determine the options available for MRWA to receive income. The Authority will also explore and develop metrics in respect of social benefit to enable the reporting and measuring of the social value generated by the Initiative.
- 3.7 A communications and marketing plan will be agreed between the Authority, Veolia and Charity prior to the introduction of any Reuse Shop under the Initiative. Members would be kept informed of plans to open new Reuse Shops. Members of the public would be made aware of how their donated items may be sold and reused.
- 3.8 The Authority and Veolia will consider and agree the following before commencement of the Reuse Shop Initiative:
 - Reuse Shop operations
 - Acceptable material (including any restrictions)
 - Potential Operators

- Local social and charitable benefit
- Tender process and contractual and financial relationship with Operator
- Income share between the Authority and Veolia
- Outlets for reuse, recycling and disposal
- Performance reporting
- Costs
- Marketing
- Indirect cost and effects

4. **Risk Implications**

4.1 The following risks have been identified:

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Lack of market interest from Charities	2	4	8	Undertake market testing exercise to align specification with market capabilities
Standard of service (recycling performance and congestion) at the HWRC is adversely impacted by new co-located service	2	4	8	Experienced Joint Project team to manage service interfaces.
Insufficient or poor quality material available	2	4	8	Assessment of available materials. Market testing exercise.

Reuse Shop operation is unsustainable	2	4	8	Effective Contract Management.
Planning change of use (Retail) not granted	2	5	10	Robust and thorough approach to Planning process requirements including Pre-application meeting
Reuse Shops not introduced forgoing opportunity to generate social value from existing assets.	2	3	6	Implementation of Reuse Shop Trial. Existing HWRC Service.

5. HR Implications

- 5.1 Officer time from within the existing Authority establishment will be necessary to implement the Trial and any further introduction.
- 5.2 Administration and operational resourcing shall be provided by Veolia and its preferred charity.

6. Environmental Implications

- 6.1 A key objective of the Reuse Shop Initiative is to increase the range of materials reused at HWRC's. Managing unwanted household items higher up the waste hierarchy, as reuse, demonstrates environmental benefit.

7. Financial Implications

- 7.1 Implementation of the initial Reuse Shop at South Sefton requires the following set up costs, as a maximum, to be provided by the Authority:

Set-up Costs £5,000 (maximum)

Planning Application £1,000

Communications £1,000

It is proposed the total sum is provided from savings within the Authority's existing Waste Management Budget and therefore no additional budget provision is required.

- 7.2 All other costs associated with administration and operation of the Reuse Shop Initiative shall be met by Veolia and its charitable partner. Should the introduction of the Reuse Shop at South Sefton HWRC fail to generate sufficient revenue to cover its costs the Authority will only fund costs up to and not exceeding those set out at 7.1.
- 7.3 Approval will be sought from Members if costs in relation to any Reuse Shop exceed approved Waste Management Budgets.

8. Legal Implications

- 8.1 Development of Reuse Shops at HWRC's is within the scope of services provided under the Waste Management & Recycling Contract. Veolia may provide and develop reuse areas at HWRC's, promoting and integrating non-for-profit reuse organisations in line with Good Industry practice. Veolia may provide technical assistance to reuse organisations and may use incentives to develop the market for reuse.

9. Conclusion

- 9.1 Subject to Members' approval, it is proposed to implement the Reuse Shop Initiative at Household Waste Recycling Centres (HWRCs) across Merseyside, initially at South Sefton HWRC, as outlined in this report.
- 9.2 The Reuse Shop Initiative will generate income for the Authority, increase the range of materials reused and generate revenue and/or measurable social value opportunities within local communities for charitable and non-for profit organisations.

The contact officer for this report is: Neil Spencer
7th Floor,
Mann Island
Liverpool
L3 1BP

Email: neil.spencer@merseysidewda.gov.uk
Tel: 0151 255 2534
Fax: 0151 227 1848

The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.

Appendix 1 Established reused shops at HWRCs in England

Locations	Year first Shop opened	Present shop numbers
Tuttle Hill, Nuneaton	2013	1
Bicester, Oxford	2012	1
Norfolk	2008	7
South Buckinghamshire	2012	2
Warwickshire	2008	9
Taunton, Somerset	2013	1
Northampton	2013	1
Blackpool	2013	1
Hove	2012	1

Appendix 2 South Sefton HWRC Industrial Unit



