

# Franchising of recycling centres and re-use shops

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## Lead Organisation:

Warwickshire County Council



## The Project

### Franchising of recycling centres and re-use shops, Warwickshire

Warwickshire County Council is the first authority to competitively 'franchise' the operation of re-use shops at household waste recycling centres. As well as raising millions of pounds for charity, the initiative is providing a sustainable income stream for the authority and diverting thousands of tonnes of material from landfill. The symbiotic relationship between social enterprise and public recycling facilities demonstrates the circular economy in action – underpinning the triple bottom line of social, environmental and economic benefit.



## Aims

- To successfully tender the management and operation of six recycling centre re-use shops plus two whole recycling centres.
- To stimulate expressions of interest and a highly-competitive procurement process.
- To divert 500+ tonnes of goods and materials from landfill each year from re-use shops.
- To achieve an annual yield of £200,000 (minimum) by franchising the concessions to operate re-use shops and/or recycling centres.
- Timescale: Contract Commencement 5 November 2014

## Challenges

A fiercely-competitive tender for just one re-use shop in 2010 informed Warwickshire's new procurement plan. Key lessons learned from the 2010 exercise were:

- The importance of stimulating interest and enthusiasm from potential bidders beyond the publication of Contract Notices and Tender Alerts
- Provision of detailed trading histories aids accurate business planning and income projections
- Exit strategies for unsuccessful, incumbent operators are crucial as the enterprise may have over-relied on re-use shop income

- Concession fees should be proportional to shop turnover and profitability, and not invariably ‘peppercorn’. Some Warwickshire outlets were already turning over more than £250,000 a year
- Packaging outlets into lots and offering a five year term is likely to achieve best value for the authority and generate an adequate return on investment for the operator
- Invitations to tender reflecting a high degree of localism and social value will stimulate third sector interest. However, the possibility of a highly-competitive bid from the private sector and/or private/voluntary partnerships should not be ruled out.
- A pre-tender information day attracted representatives from 15 organisations ranging from local furniture reuse schemes to national charities and leading waste management companies. Many of the questions tabled at this event were distilled into Frequently Asked Questions publication which formed part of the subsequent tender pack. Warwickshire emphasised that whilst it welcomed enterprises to operate its re-use shops, peppercorn rents were seen as insubstantial and unsustainable in the current climate of austerity. A benchmark was set of £50,000 per annum for each of the four lots.
- As well publication of the OJEU Contract Notice and its re-publication in Contracts Finder, Warwickshire highlighted the opportunity to the Coventry, Solihull & Warwickshire Re-use Forum plus industry contacts and existing suppliers. No fewer than 26 expressions of interest were received for the contract which whittled down to five compliant bids for four lots.
- As part of the tender evaluation, a confidence rating was applied to bidders’ business plans to establish whether or not they were realistic and achievable – generating a reliable income stream for both charitable causes and the local authority.

## The Outcome

### Results

Age UK Warwickshire won all four lots, and its contract to operate the eight sites commenced on 5 November 2014.

- The enterprise is providing employment for 25 people (Full Time Equivalent) – reinforced by a task-force of 50 volunteers
- More than 700 tonnes of material are being diverted from landfill each year by the Age UK Warwickshire re-use shops – itself saving the authority more than £75,000 a year in disposal costs and Landfill Tax.
- Scaling up the Warwickshire franchise model to the UK’s remaining 1,056 recycling centres would generate an additional £35 million a year for cash-strapped councils.
- Proceeds from the enterprise also support the County Council’s Prevention Agenda and the Better Care Fund objective of “Community Resilience”.



In addition, the following ‘non-contracted to reduce isolation and loneliness’ services are also benefiting from the cash injection: Befriending - many older people are living in virtual isolation due to poor health, bereavement or due to little or no family contact; Information and Advice - free, confidential and impartial information and advice to all people over the age of 50; Ageing Well Exercise Clubs – 40 weekly exercise classes or walking groups for older people enabling them to get and stay fit, stay strong and keep healthy; Specialist Day Clubs and Lunch Clubs – in all areas of the county that are suitable for people with limited mobility.



## In the Future

The successful franchising of Warwickshire recycling centre re-use shops was featured at The Future of Public Sector Procurement Conference 2014, the National Civic Amenity Site Conference 2015 (including site tour), RWM 2015 (Europe’s largest waste management and recycling exhibition) and the APSE Environmental Services Seminar 2015.

In October 2015, the Warwickshire project was showcased at a Defra/WRAP Workshop: Generating Savings and Creating Social Value – Promoting Re-use at Household Waste Recycling Centres through Local Authority Procurement.

An over-subscribed autumn 2014 tour of selected Warwickshire HWRC re-use shops was attended by Waste Disposal Authority representatives from as far afield as Anglesey, Suffolk, Hampshire and Merseyside. The tour was repeated in March 2015 with 30 representatives attending from UK waste authorities plus specialist consultancies and private operators.

To date Warwickshire has shared its re-use shops’ tender packs and contract documents with more than a dozen local authorities and waste partnerships.

## The Extra’s

### Awards and endorsements

To date, these include:

- Improvement and Efficiency Awards 2015: Delivering through Efficiency Award (Bronze) and Transformation in Waste & Environment Award (Silver).
- National Recycling Awards 2015 – Efficiency Initiative of the Year.



- International Corporate Social Responsibility (CSR) Excellence Awards 2015 – Local Authority Gold Award.
- Association for Public Service Excellence (APSE) Service Awards 2015 – Best Entrepreneurship, Income Generation or Commercialisation Initiative



- Local Authority Recycling Advisory Committee (LARAC) Celebration Awards 2015 – Best New Idea.



- 2015 Public Sector Sustainability Awards (Most Sustainable Public Sector Project) – winner of 'Best Procurement Project' and Runner Up in 'Best Waste/Recycling Project' category.
- Highly Commended in the Governments, Cities & Regions category at [The Circulars 2016](#) (international circular economy awards) – an initiative of The Young Global Leaders of The World Economic Forum. Judges were extremely impressed by 'the positive impact the initiative is having across Warwickshire and the UK as a whole, with Warwickshire clearly demonstrating that it is on track to achieve scalable circular value'.

## Links and Downloads

[LinkedIn webpage](#) provides the online case study.

## Contact Details

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