Household Recycling and Waste Collection and Street Cleansing Contract Procurement

This report makes the following recommendations to the final decision-maker:

1. That the Head of Environment and Street Scene is authorised to undertake the procurement process for a new household waste and recycling collection and street cleansing contract to start on 31 March 2019

2. That the new recycling and waste collection service incorporates the collection glass bottles and jars with plastics and cans, a weekly separate collection of food waste and an “opt in” fortnightly chargeable garden waste collection

3. That it is noted that the intention is for the procurement process to be undertaken with Dartford and Tonbridge and Malling Borough Councils subject to the final agreement on the contract documentation.

This report relates to the following Five Year Plan Key Objectives:

- A Green Borough – the report proposes the introduction of a kerbside collection service for glass bottles and jars, a separate weekly collection of food waste and an ‘opt in’ chargeable garden waste collection service to increase the recycling rate and reduce the quantity of material being sent for final disposal.

Timetable

<table>
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<tr>
<th>Meeting</th>
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<tr>
<td>Discussion with Portfolio Holder</td>
<td>6 November 2017</td>
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<tr>
<td>Communities Cabinet Advisory Board</td>
<td>15 November 2017</td>
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<tr>
<td>Cabinet</td>
<td>16 November 2017</td>
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The Council’s current 10 year household waste and recycling collection and street cleansing contract ends on 30 March 2019 and this report seeks authority to commence the procurement process to find the operator of our next contract.

1.2 The report proposes that a new service configuration is introduced as part of the new contract to include the collection of glass jars and bottles for recycling, a separate weekly collection of food and an “opt in” chargeable garden waste collection service.

1.3 The report proposes that the procurement process is undertaken in conjunction with Dartford and Tonbridge and Malling Borough Councils, as their contracts also expire in 2019, and sets out a number of the contract arrangements.

1.4 The report highlights that Kent County Council, as the waste disposal authority, are also involved in the process to assess the benefits of avoiding/reducing disposal and processing costs by diverting material away from higher cost disposal methods.

2. INTRODUCTION AND BACKGROUND

2.1 The Council’s current 10 year household waste and recycling collection and street cleansing contract ends on 30 March 2019. The combined value of the existing contract is £3,064,000 per annum. Work is in progress to commission a new service and undertake a procurement process starting in December 2017 with a view to providing an enhanced service that achieves the best possible outcome for Kent Council Tax Payers.

2.2 The procurement of a new contract provides the most cost effective way to introduce new elements to the service that require a change in the configuration of the vehicles used in the collection of the recycling and waste, allowing time for the investment to be recovered over the life of the contract.

2.3 At its meeting on 13 April 2017, Cabinet considered the report of the Recycling and Household Waste Contract Task and Finish Group (CAB192/16) and resolved that the new service should seek to achieve a recycling rate of at least 50 percent, provide a separate weekly collection of food waste and a kerbside collection for glass bottles and jars.

2.4 Cabinet also resolved that the option of developing and a procuring a new service in partnership with Tonbridge and Malling (TMBC) and Dartford (DBC) Councils be pursued as their contracts expire in February and June 2019 respectively.
2.5 A significant amount of work has been undertaken in the West Kent Waste Project Group (WKWPG) with DBC, TMBC and Kent County Council (KCC) in their role as Waste Disposal Authority, to identify opportunities for generating financial savings on waste disposal and treatment costs and improving the capture of materials for recycling from the residual waste stream.

2.6 To assist the Project Group, consultants Waste Consulting were engaged to evaluate and benchmark current services across the three authorities and to model the material flows, tonnages, costs of collection, disposal and treatment and the potential income from services.

2.7 The work also included research into various collection systems for refuse and recycling services and explored a range options taking into account the WRAP national guidance “A framework for greater consistency in household recycling in England” and local experience of both the East and Mid Kent Waste Partnerships.

2.8 The current street cleaning services operates effectively and no significant changes are proposed to the service. The tender process will provide bidders with the opportunity to identify further efficiencies whilst maintaining standards which will then form part of the tender evaluation process in April 2018.

2.9 To assist with the joint procurement process, working is ongoing with DBC and T&MBC to harmonise our procurement and contract documentation and give consideration to a range of issues including contract length, annual contract indexation, vehicle types and depot provision.

3. AVAILABLE OPTIONS

3.1 The procurement of a new contract provides the opportunity to review the current level of service and consider any changes that are best made at the outset of new contract and can be priced effectively through the competitive tender process.

3.2 The options available are 1) to retain the existing waste and collection service arrangements or 2) enhance the service to increase recycling rates, reduce waste going for final disposal and improve cost effectiveness.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The preferred option for the recycling and waste service is option 2, the introduction of a new collection service.

New Recycling and Waste Collection System

4.2 The proposed new collection arrangements, described as the NOM (Nominal Optimal Method), or best possible method are:
• A service enhancement to introduce a new fortnightly kerbside collection of glass bottles and jars together with the existing with plastics and cans in a wheeled bin.

• A new weekly separate collection of food waste using a food caddie.

• The continued fortnightly collection of residual waste.

• A new fortnightly collection of garden waste as an ‘opt in’ chargeable service.

4.3 We know from feedback that residents are keen to have kerbside glass collection and including this in the service is one of the commitments in the Council’s Five year Plan 2017-2022.

4.4 The proposal would see the existing plastic and cans collected together with glass in a wheelie bin, preventing the issue of plastic being blown about. The existing box arrangement for paper and cardboard would remain. Keeping these two streams of recycling separate minimises processing costs and maintains the value of the paper and cardboard.

4.5 The work undertaken by the Project Group identified that moving to this new service, which is one of the three methods of collection set out in the Waste Resource Action Plan (WRAP) guidance, would achieve both performance improvements and financial benefits.

4.6 Based on tonnages for the year 2016/17, the new service configuration would result a reduction of approximately 4,500 tonnes of material being sent to be burnt at the Allington Waste to Energy plant.

4.7 There would also be an increase of approximately 3,028 tonnages of dry mixed recycling being captured. In terms of household waste, the new service would have increased the recycling rate from 48.8% to 56.7%.

Garden Waste Service

4.8 The provision of a separate garden waste collection is a service for which the council can charge by virtue of the Controlled Waste (England and Wales) Regulations 2012. Other forms of household waste, such as glass, paper and residual waste are not designated as chargeable.

4.9 Ten out of the 12 councils in Kent already charge for garden waste collection with charges ranging from £35 to £47.50. Nationally, the majority of councils now charge with an average charge in the region of £42.50.

4.10 It is proposed that residents opting in to the new service would receive a new 240 litre bin (colour to be decided).

4.11 It is anticipated that an estimated 50% of households would sign up for the new service at a charge in the region of £30. The final decision on the charge would be made as part of the overall evaluation of the recycling and waste collection
and street cleansing service in June/July 2018, but it is anticipated that the service would result in net savings of £700,000 per annual.

**Contract Arrangements – Contract Duration**

4.12 As a significant part of the contract costs relate to vehicle procurement, optimum contract periods tend to be around vehicle life. As there is also a balance to be achieved before seeing increased downtime and maintenance towards the end of vehicle life, WKWPG propose multiples of eight year periods (i.e. eight years, plus an option to extend to a further eight year period, with appropriate reviews at the six year point).

**Annual Contract Indexation**

4.13 Having reviewed a number of waste service related contracts, and having received feedback from the industry, it is proposed that the existing TWBC method of the annual indexation of the contract sum is used. It specifically allows for the inclusion of the two key cost elements of wages and fuel. This is considered to be a fair approach that will allow contractors to provide a more accurate reflection of costs within their pricing. This will also guard against the potential for contractors to over inflate pricing to mitigate against the potential risk from a more generic index such as CPI or RPI.

**Vehicles**

4.14 The type and number of collection vehicles was discussed at length during the recent Contractor Engagement sessions. It had initially been thought that contractors might opt for single pass, three compartment vehicles to carry out the recycling and food waste collection service. However, having now had greater operational experience of the proposed collection model on other contracts, there are a number of factors relating to round structure, capacity, vehicle maintenance and availability of spare vehicles that is informing their current thinking. For example, the provision of a separate food waste collection vehicle may be considered to be the most appropriate and efficient method of collection.

4.15 It order to provide as much operational flexibility as possible, it is not intended that our contract specification is prescriptive in setting out the type and numbers of vehicles. It is proposed that we set out the range of materials, the frequency of collection and the level of service, but leave the contractors to provide details on the most efficient collection method and the appropriate vehicle specifications.

**Tender Evaluation**

4.16 It is proposed that the evaluation of the tenders will be based upon the most economically advantageous tender. This will be assessed on the basis of the best price-quality ratio with the following weighting: 50% Cost/ 40% Quality with the final 10% awarded via the interview with the contractors taking into account Added Value which may include environmental and/or social aspects over and
above the base specification which are linked to the subject-matter of the service contract.

**Depot arrangements**

4.17 Early market engagement has identified the potential for the successful bidder to utilise the Council’s depot at North Farm Tunbridge Wells as a single operating base for vehicles serving both TWBC and TMBC, with the potential to generate savings on running costs. The option will be given to bidders to price and if it proves to be a more cost effective option an agreement to appropriately share the benefits between the two councils will be put in place during the contract award process in June/July 2018.

5. **CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

5.1 The provision of a kerbside glass collection service is contained in the Council’s 5 Year plan which was subject to consultation.

5.2 At its meeting on 22 March 2017 the Communities Cabinet Advisory Board supported the recommendations of the Overview and Scrutiny Task and Finish Group subject to the issue that charging for green garden waste should not be introduced being taken into account by the Cabinet:

6. **NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

6.1 The formal procurement process for the new recycling and waste collection and street cleansing contract will commence in December 2017 with the publication of OJEC notice inviting bidders to submit tenders.

6.2 The tender process will be concluded in June/July 2018 with the award of the new contract via a Cabinet decision, allowing the successful bidder a period to mobilise resources for the start date of 31 March 2019.

7. **CROSS-CUTTING ISSUES AND IMPLICATIONS**

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<tr>
<td><strong>Legal including</strong></td>
<td>Any necessary agreements or contracts entered into must be in accordance with</td>
<td>Keith Trowell Interim Team Leader (Corporate</td>
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<tr>
<td>Human Rights Act</td>
<td>the Council’s Contract Procedure Rules. Agreements and contracts should be in</td>
<td>Governance) 3/11/17</td>
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<td>a form approved by the Legal Services Manager and should identify key</td>
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<td>activities and outputs so that performance can be can be properly</td>
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| **Finance and other resources** | The contract needs to be tendered in order to ensure that the council is obtaining best value from the market. It is also an opportunity to enhance the service and amend processes to take advantage of new developments in the waste removal and recycling market that may reduce the overall cost. It is very important that the council pursues new revenue streams in order to support the annual challenge of balancing the budget with ever decreasing government funding, and that the principle of user pays is maintained. | Jane Fineman  
Head of Finance and Procurement  
7/11/17 |
| **Staffing establishment** | This report does not propose any changes to the Council's staffing establishment. | Gary Stevenson  
Head of Environment and Street Scene  
6 November 2017 |
| **Risk management** | The work stream is being overseen by the West Kent Waste Project Group which brings together Finance, Legal and Procurement Officer together with the respective Heads of Service for recycling/waste/street cleansing at Dartford Tonbridge and Malling and TWBC and KCC’s Head of Waste Management

The project is supported by a TWBC Project Manager Resources from the Business Development Unit. | Gary Stevenson  
Head of Environment and Street Scene  
6 November 2017 |
| **Environment and sustainability** | The enhanced recycling and waste collection service will increased the amount of material that is sent for recycling and reduce the amount of waste sent for final disposal in accordance with the waste hierarchy. | Gary Stevenson  
Head of Environment and Street Scene  
6 November 2017 |
| Community safety | No relevant issues | Gary Stevenson  
Head of Environment  
and Street Scene  
6 November 2017 |
|------------------|-------------------|--------------------------------------------------|
| Health and Safety | The health and safety standards of the bidders and the suitability of their method statements will be assessed and scored during the tender evaluation process. | Gary Stevenson  
Head of Environment  
and Street Scene  
6 November 2017 |
| Health and wellbeing | No relevant issues | Gary Stevenson  
Head of Environment  
and Street Scene  
6 November 2017 |
| Equalities | A full Equalities Impact Assessment will be conducted as part of the tender evaluation process and any mitigation will be considered as part of the final contract award decision process in June/July 2018. | Gary Stevenson  
Head of Environment  
and Street Scene  
6 November 2017 |

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

- WRAP national guidance “A framework for greater consistency in household recycling in England”
  
  http://static.wrap.org.uk/consistancy/Read_more_about_the_framework.pdf