

# Communities Cabinet Advisory Board

22 August 2018

Is the final decision on the recommendations in this report to be made at this meeting?

No

## Household Recycling, Waste Collection and Street Cleansing Contract Procurement

<b>Final Decision-Maker</b>	Cabinet
<b>Portfolio Holder</b>	Councillor Dr Ronen Basu – Portfolio Holder for Sustainability
<b>Lead Director</b>	Paul Taylor – Director of Change and Communities
<b>Head of Service</b>	Gary Stevenson – Head of Housing, Health and Environment
<b>Lead Officer/Author</b>	Gary Stevenson – Head of Housing, Health and Environment
<b>Classification</b>	<b>Part Exempt</b> Exempt Appendix A is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Wards affected</b>	All

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

1. That the recycling and waste collection and street cleansing contract is awarded to Bidder A identified in the Exempt Appendix for an initial period until 31 March 2027;
2. That The Head of Housing, Health and Environment, in consultation with the Head of the Legal Partnership and the Portfolio Holder for Sustainability, is authorised to enter in to an Inter Authority Agreement with Kent County Council and a Joint Working Agreement with Tonbridge and Malling Borough Council and Kent County Council;
3. That the initial annual charge for opt in garden waste collection service be set at £52; and
4. That capital expenditure of £680,000 for new collections is approved.

### Explain how this report relates to the Corporate Priorities in the Five Year Plan:

- A Well Borough – the new service will introduce 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 dry material recycling rate and reduce the quantity of material being sent for final disposal.

<b>Timetable</b>	
<b><i>Meeting</i></b>	<b><i>Date</i></b>
Management Board	1 August 2018
Discussion with Portfolio Holder	2 August 2018
All Member Briefing	22 August 2018
Cabinet Advisory Board	23 August 2018
Cabinet	30 August 2018

Tunbridge Wells Committee Report, version: June 2018

# Household Recycling, Waste Collection and Street Cleansing Contract Procurement

## 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 29 March 2019. This report sets out the process undertaken to let a new joint contract with Tonbridge and Malling Borough Council (TMBC), and working in collaboration with Kent County Council (KCC). The report recommends the award of the contract to the preferred bidder identified in the Exempt Appendix A.
  - 1.2 The report also sets out the timescale for the introduction of the new recycling and waste collection service which including the collection of glass bottles and jars, the provision and financing of new containers, the charge for the new opt in garden waste collection service and the inter authority agreements.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 The development of a new recycling and waste collection service and a partnership approach to working with TMBC and KCC has evolved over a number of years and has been considered by Cabinet at its meetings in April 2017, in response to the Overview and Scrutiny Committee's task and Finish Group report, and in November 2017.
- 2.2 At its November 2017 Cabinet approved the procurement of a new contract to include the collection of glass jars and bottles together with plastics and cans for recycling, paper and cardboard, a separate weekly collection of food waste, a fortnightly residual waste collection and an "opt in" fortnightly chargeable garden waste collection service to meet residents' expectations, achieve improved performance and secure shared benefits from a reduction in disposal costs.
- 2.3 This method is described by the partner authorities as "The NOM" – the nominal optimum method of collection or the most cost effective service arrangement to balance performance and the overall costs associated with the collection, treatment and disposal of the material collected. It is also one of the three service configurations in the WRAP national guidance "A framework for greater consistency in household recycling in England". It is also considered to meet the requirements of The Waste (England and Wales) Regulations 2011 to provide separate collections where necessary to achieve high quality recycling
- 2.4 Cabinet also noted in November the intention for the procurement to be undertaken collectively with TMBC and Dartford BC and work commenced between the three authorities on the production of a specification and conditions of contract to reflect the Cabinet decision. In the event, DBC withdrew from the procurement process in January 2018 prior to the publication of the tender

documentation. DBC did however continue to assist with the management of the procurement process. TWBC and TMBC officers finalised the specification and contract documentation which were then incorporated within tender documentation produced by DBC's Procurement Team.

- 2.5 The Open Procurement Process started on 31 January 2018 with the publication of an Invitation To Tender (ITT) in accordance with the Public Contract Regulations and European Procurement Directives. The ITT confirmed that the basis for the award of the contract would be the "most economically advantageous tender", with equal weighting given to both price and the responses to the quality questions within the ITT.
- 2.6 The tender incorporated a combined contract package of recycling and waste collection and street cleansing services across both boroughs. In addition, a number of provisional items and different service options were requested by each authority. For TWBC this included the weekend Civic Amenity Vehicle service.
- 2.7 The Bills of Quantity required each bidder to price the elements of the service individually for each council with the exception of the overheads in Bill 1 which will be apportioned to each council using a methodology agreed by the respective finance officers.
- 2.8 The ITT set out that the two partner authorities would award one contract for the above services for an initial term of 8 years with two possible options to extend the contract to give the authorities the maximum flexibility possible in accordance with procurement regulations. Any extension requires the mutual agreement of the two partner authorities. The first extension is for either up to a further 2 years or another term of 8 years. The second possible extension is available if the contract has already been extended for 8 years and will allow up to a further two years to be added to the contract. The overall maximum length of the contract will therefore be 18 years, if both of the extensions are exercised.
- 2.9 A significant number of clarification questions were posed during the bidding process which led to an extension to the closing deadline to 8 May to enable detailed responses to be provided and then considered by the bidders in the preparation of their submissions.
- 2.10 Five tenders were received by the deadline and were opened in the presence of TMBC and TWBC Portfolio Holders and officers.
- 2.11 A two stage tender evaluation process was used to assess the bids. Stage One included a series of mandatory and discretionary threshold criteria which are pass/fail questions so that if the mandatory questions are not met by the tenderers their tender will not be assessed further. The mandatory questions are required to be included by legislation and relate to matters such as convictions for fraud, bribery or money laundering etc. The discretionary questions are set by the partner authorities and are those set out in the Crown Commercial Services standard selection questionnaire. These include minimum standards for financial standing and technical and professional ability and other

contract requirements such as compliance with the Modern Slavery Act and the requirement to have or obtain adequate insurances. Stage One also included a check for compliance in terms of the documents and process undertaken by the Contractors and checking for any arithmetic issues on the bills of quantities completed by each contractor. This compliance check was undertaken by Dartford Borough Council's Procurement Unit. The District Partner Authorities applied the mandatory questions and all tenderers passed these.

- 2.12 Four tenders were taken forward to Stage 2 Evaluation. The bids were evaluated in detail by the Evaluation Panel of officers from TWBC and TMBC in terms of both price and quality. The ITT set out the matters which were taken into account and in respect of the quality submission they were service delivery arrangements, management and staffing structures, planned resources, proposed technologies, business continuity, performance measurement, customer care protocols and Added Value incorporating Social Value.
- 2.13 Clarification meetings to seek confirmation on the detail of the bids submitted were held with all four of the tenderers reaching Stage Two of the evaluation. The meetings were recorded and minuted and a record of clarifications agreed. No tenderer was able to improve their bid or add new information in order to improve their bid submission.
- 2.14 The formula which was used to assess the relative prices was also set out in the ITT with the lowest price submitted received the full percentage allocation; all other prices submitted were scored proportionally to the lowest price.
- 2.15 Combining the scoring for price and quality for each bidder gives the comparison in the table below:

<b>Bidder</b>	<b>Final Overall Evaluation Score</b>
A	89.50%
B	79.90%
C	75.88%
D	75.70%

- 2.16 Based on the overall evaluation, Bidder A is the recommended preferred bidder.

### **Inter Authority Agreement**

- 2.17 The configuration of the collection method has been developed taking in to account the overall costs associated with the collection, sorting, treatment and disposal of material that TWBC and KCC are responsible for. The NOM will increase recycling and divert material to lower cost forms of onward processing which will create a disposal cost saving benefit that is shared equally between KCC and TWBC. This provides an incentive to maximise kerbside recycling, directly reducing the waste disposal costs for KCC.

2.18 An Inter Authority Agreement has been developed between KCC and Borough Councils setting out the principles for the sharing of disposal cost savings and the payment of performance payments from KCC to TWBC. The key elements are:-

- the IAA shall commence on the date the new contract is awarded until 31<sup>st</sup> March 2027 and can be extended by KCC in mutual agreement with this Council for up to a further 10 years in successive extensions (as the case may be) to match any extensions agreed for the new contract;
- for the duration of the IAA TWBC will maintain the Nominal Optimal Model of Service, and deliver recyclables to transfer points and facilities specified by KCC
- KCC will retain responsibility for the haulage and disposal of all materials and will endeavour to maximise the value of income from the sale of materials
- KCC will invest in the provision of food waste facilities at North Farm Transfer Station
- TWBC will purchase necessary containers to facilitate the new collection arrangements
- The performance payments are based on disposal cost savings achieved against the 2016/17 baseline tonnages of materials collected and treatment costs, and replace recycling credits.
- Transitional payment arrangements to cover the period before the NOM is fully rolled out

### **Joint Working Agreement**

2.19 A Joint Working Agreement (JWA) has been developed between TWBC, TMBC and KCC. The purpose of the Agreement is to commit all the parties to the most beneficial, economically advantageous and closest consideration possible in the delivery of the recycling, waste and street cleansing services across the two boroughs. The Agreement enables cross border co-operation to improve efficiency and encourage increased recycling

2.20 As the contract will be a joint contract with TMBC the JWA will assist the contractor by providing a joined up approach to dealing with strategic contract management issues in a consistent way between the Councils. The Agreement contains the role of Contract Partnership Manager which will be taken on by the Borough Partner Authorities. This role will be responsible for the administration of the contract and the production of an annual Service Plan for Member approval. The role of Partnership Manager will rotate between TMBC & TWBC on an annual basis. Following discussions with TMBC it is the intention that the role of Contract Partnership Manager will be undertaken by TMBC in the first year of the new contract.

## **Garden Waste**

- 2.21 The introduction of an opt in garden waste collection service frees up resources to assist in the delivery of the improved recycling and separate food waste collection elements of the service. An annual charge for the collection of garden waste is permitted by law, applies the principle of the user pays rather than all Council Tax payers, and provides a new source of income. Other forms of household waste, such as glass, paper and residual waste are not designated as chargeable.
- 2.22 The majority of councils now charge for the collection of garden waste as part of recycling and waste service. Annual charges of up to £86 in West Sussex and £96 in Essex have been identified as part of a review of the approaches that other councils have adopted. In Kent the average charge is £43.50 per year with only, TMBC and TWBC are currently not making any charge for garden waste, (Canterbury City Council charge for the garden waste container).The current average charge in East Sussex is £54.25.
- 2.23 An initial fee of £52 per annum for an all year round fortnightly kerbside collection of garden waste collection is proposed for this council. As part of the opt in service a new 240 litre bin or hessian sacks, where there is limited space, will be provided to householders joining the scheme for their garden waste. The initial target for uptake of the service is 30% of households (14,700).

## **Weekend Civic Amenity Vehicle**

- 2.24 The current CAV service operates with a funding contribution from the participating Parish and Town Councils. As part of the tender process bidders were required to provide prices to continue the service in its current configuration and alternative options. There has been insufficient time during the evaluation to consult on the future service configuration taking account of the future costs.
- 2.25 It is proposed that the CAV service is retained under the new contract and that arrangements are explored with the appointed contractor, in consultation with the Parish and Town Councils, to determine the way in which the service is delivered.

## **Contract start**

- 2.26 The new contract will start on 1 March 2019 to take account of the earlier date required for TMBC services. Service commencement for the TWBC elements of the specification will be 30 March 2019.
- 2.27 For an initial period, the successful contractor will operate the existing services across the two boroughs as is. To achieve best value, the specification provide the bidders with the flexibility to introduce the new recycling and waste collection service arrangements between 1 July 2019 and 30 November 2019 together with a requirement to price the roll out of the service separately. The mobilisation of the new service will be a significant logistics project, including the delivery of new containers to residents and changes to collection days and recycling weeks as the successful contractor optimises the collection rounds across the two council areas.

- 2.28 Officers from both councils will work closely with the successful contractor to ensure a robust mobilisation plan, which includes communication with residents, is in place and executed effectively to minimise the level of service disruption during the roll out period.

### **Financial Implications**

- 2.29 Details of the preferred contractor's costs for Year 1, which include, as did all the bidders, additional expenditure to undertake the roll of the new service, are set out in the Exempt Appendix A. Non-indexed costs for Years 2-8 are also included.
- 2.30 The table below sets out the Council's cost and projected income. The new service represents a significant change and to ensure that residents are fully aware of what can be recycled in which container and any changes to their collection day/week a communications budget is proposed, in line with the WRAP guidance.
- 2.31 The new service requires internal and external food waste caddies and new garden waste bins to be purchased in Year 1. A capital allocation of £680,000 is proposed and the financing costs included below.
- 2.32 A revenue budget of £75,000 is in the base budget to replace existing bins and recycling containers. A new bin replacement reserve is proposed in addition as part of the new contract finances, with contributions starting in Year 2.
- 2.33 The garden waste income for Year 1 is shown at half the projected level for 12,000 properties in Year 1 level as although full payment will be received within the year, part of this will relate to the next financial year and therefore, under proper accounting practice, will need to be carried forward.
- 2.34 The disposal cost saving for Year 1 is lower than projected for futures years to also reflect the impact of introducing the new service part way through the first year.

	Year 1	Years 2-8
<b>Client side costs</b>		
Marketing of new service	100,000	-
Mobilisation support	35,000	-
Finance System upgrade	30,000	
Borrowing cost - new containers	6,000	74,000
New Bin reserve contribution	-	30,000
Existing replacement bin costs	75,000	75,000
<b>Income</b>		
Garden	- 312,000	- 764,972
Share of disposal cost savings – Performance Payment	- 480,000	- 613,405



### **3. AVAILABLE OPTIONS**

- 3.1 To appoint a contractor jointly with TMBC to provide a recycling and waste collection and street cleansing service.
  - 3.2 To withdraw from the procurement process.
  - 3.3 There is no “Do Nothing” option.
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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is to appoint Bidder A the preferred contractor identified in the Exempt Appendix.
  - 4.2 The Council is required to provide a recycling and waste collection and street cleansing service. Bidder A achieved the highest combine price and quality score for its bid as set out in paragraph 2.15 above and is therefore the preferred option.
  - 4.3 Withdrawing from the procurement process would leave both councils without the provision to continue their statutory duties.
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### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The changes to the household recycling service were part of the 2017 consultation on the Council's Five Year Plan (2017 -2022) and now form a commitment in the Plan.
  - 5.2 The 2015 Residents' Survey identified a high degree of satisfaction with the recycling collection services. The introduction of a kerbside collection for bottles and jars is a further enhancement to the service that is often requested by residents and will improve satisfaction and recycling performance.
  - 5.3 The 2018/19 Budget Report and Medium Term Financial Strategy Update approved by Full Council reiterated the position that it will be necessary to recover costs from the users services rather than all council tax payers. The Council has used feedback over the years to keep council tax low and to pass on costs to the users of optional services through higher fees and charges.
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### **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 In terms of procurement process, on the expiry of the Call In period the outcome of the tender process will be notified to all of the five bidders in a Contract Award Notice posted via the Procurement Portal. The Public Procurement Regulations 2015 provide a standstill period of 10 clear working days between the Award Notice and Contract Award.

- 6.2 In terms of communicating the changes to the recycling and waste collection service, following an initial announcement, a detailed comprehensive communications plan will be put in to place, with the assistance of the successful bidder and TMBC, to ensure that residents are fully aware of the details and timings of the forthcoming service changes and the recycling benefits.
- 6.3 TMBC has advised that it will report to its Street Scene and Environment Advisory Board and Cabinet meetings, both to be held on 4 September 2018

## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Legal</b> including Human Rights Act	<p>The procurement must comply with the Public Contracts Regulations 2015 and in carrying out the procurement the Council must have regard to the economic, social and environmental well-being if its area, Public Services (Social Value) Act 2012.</p> <p>Any necessary agreements or contracts entered into must be in accordance with the Council's Contract Procedure Rules.</p> <p>Agreements and contracts should be in a form approved by the Legal Services Manager and should identify key activities and outputs so that performance can be properly and regularly monitored.</p> <p>The Environmental Protection Act 1990 and The Controlled Waste (England and Wales) Regulations 2012 designates garden waste as a type of waste for which the authority may recover a reasonable charge for the collection of the waste from the person who made the request for it to be collected.</p>	<p>Bronwyn Morgan-Giles, Contracts and Procurement Lawyer 13 August 2018</p>
<b>Finance</b> and other resources	<p>The financial implications of this contract are set out within the report and Exempt Appendix A.</p> <p>The contract has been 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</p>	<p>Clare Hazard, Accountancy Manager 14 August 2018</p>

	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.	
<b>Staffing establishment</b>	<p>The award of the contract does not impact on the Council's staffing establishment numbers.</p> <p>The initial roll out of the new service arrangements will generate additional contacts from residents and a need for additional temporary staff in 2019. The timing and scale of the need will be considered in discussion with the appointed contractor as part of the mobilisation plan.</p>	<p>Nicky Carter, Head of Human Resources and Customer Services 13 August 2018</p>
<b>Risk management</b>	<p>The work stream is being overseen by the South 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 TMBC and TWBC and KCC's Head of Waste Management</p> <p>The project is supported by a TWBC Project Manager Resource from the Business Development Unit and reports in to the Programme Board</p>	<p>Gary Stevenson, Head of Housing, Health and Environment 8 August 2018</p>
<b>Data Protection</b>	<p>Residents' data will be shared with the successful contractor to enable the delivery of elements of the service, including clinical waste collections. The data shared varies depending on element of the service but would include name, address, contact details and type of collection required. No special category data would be shared.</p> <p>The detailed integration between the Council's and contractor's systems will be developed during the mobilisation period prior to contract start. A detailed Data Protection Impact assessment will be carried out during this period and appropriate control measures established.</p> <p>The contract contains conditions that set out the contractor's responsibilities under GDPR and measures to enforce them</p>	<p>Jane Clarke, Head of Policy and Governance 9 August 2018</p>

<b>Environment and sustainability</b>	The enhanced recycling and waste collection service will increase the amount of dry 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 Housing, Health and Environment 8 August 2018
<b>Community safety</b>	There are no relevant issues in relation to the prevention of crime and disorder.	Gary Stevenson, Head of Housing, Health and Environment 8 August 2018
<b>Health and Safety</b>	<p>The Council is responsible for effectively managing its contractors, including health and safety, and has arrangements contained within its Safety Management Plan. The service generates risks from activities that include manual handling, working on the highway, vehicle maintenance and handling hazardous substances.</p> <p>As part of the tender process the health and safety performance of the bidders was assessed and scored, including a mandatory threshold evaluation questions</p> <p>Up to date and suitable RAMS will be provided by the appointed contractor prior to service commencement.</p>	Gary Stevenson, Head of Housing, Health and Environment 8 August 2018
<b>Health and wellbeing</b>	There are no relevant issues in relation to the prevention of crime and disorder.	Gary Stevenson, Head of Housing, Health and Environment 8 August 2018
<b>Equalities</b>	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>The decisions recommended through this paper could directly impact on end users. The impact has been analysed and varies between groups of people. The results of this analysis are immediately below. Further information is also available in the equality impact assessment attached at Appendix A.</p>	Sarah Lavallie, Corporate Governance Officer 14 August 2018

	<p>The operation of the existing service has the potential to impact on end users and varies between some groups of people with protected characteristics. Suitable mitigating measures, such as the assisted bin collection (pull and return) service are already in place and retained in the new contract specification.</p> <p>The introduction of an opt in garden waste collection service has the potential to impact on those in receipt of benefits or who are unable to work, who may be more likely to have the protected characteristics of Age and Disability. Appropriate mitigating measures are in place with the level of the charge set at £1 per week, the availability of free domestic garden waste disposal at KCC's Household Waste and Recycling Centres and the opportunity to compost waste in the garden. Although composters are not essential, the Council will investigate the opportunity to work in partnership to obtain discounted prices for residents. We will keep the opt-in garden waste service, and the proposed mitigating measures, under review.</p> <p>It has been identified that the provision of information about the new service arrangements and the highly likely need to change in residents' collection day/week is a key issue.</p> <p>It will be necessary to consider how information about changes to the service is communicated to residents with disabilities in an accessible format, including those who receive assisted collections.</p> <p>The communications strategy for the new contract and the NOM service will allow for information to be provided in a variety of media and print material will be made available in alternative formats on request.</p>	
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## **8. REPORT APPENDICES**

The following documents are to be published with and form part of the report:

- Appendix A: Equalities Impact Assessment
  - Exempt Appendix A: Household recycling and waste collection and street cleansing contract procurement
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## **9. BACKGROUND PAPERS**

- None