

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE EXECUTIVE

Decision Made: 21 December 2022

Mid Kent Waste Collection Contract

Issue for Decision

The decision provides a summary of the procurement process of the Mid Kent Waste Contract which is due to commence in March 2024 and approves the Contract Award.

A Competitive Dialogue Process has been undertaken over the past 12 months, with one compliant bid received at Final Tender stage. The decision outlines the submission received from Bidder A, including the quality and price scoring.

Decision Made

That

1. The Mid Kent Waste Contract is awarded to Bidder A;
2. The Director of Finance, Resources and Business Improvement is given the delegated authority to issue a Letter of Intent to Bidder A to enable contract mobilisation to commence; and
3. £5.8 million capital funding is allocated for the purchase of Maidstone's waste collection fleet.

Reasons for Decision

- 1.1 In March 2021, the Communities, Housing and Environment Committee made the decision to continue as part of the Mid Kent Partnership to outsource its waste and recycling collection services and undertake a competitive dialogue procurement process to secure the highest quality and cost-effective outcome for residents. This included the collection of food waste, refuse, dry recycling, garden waste, bulky items and clinical waste.
- 1.2 The procurement process started in December 2021 and a three-stage process has since been carried out including dialogue with each of the bidders to fine-tune their submissions to meet the needs of the Partners and drive down cost whilst maximising quality.
- 1.3 Two bids were received at the initial stage - Invitation to Participate in Dialogue (ITPD) – and were then refined at the Invitation to Submit Refined Solutions (ISRS) stage. Throughout the process, two bidders fully engaged with the process and contributed to meaningful dialogue to reduce risk pricing, improve quality, and explore innovation.

- 1.4 At Final Tender Stage, one bid was received. The bid was compliant with the Partner’s specification and project agreement.
- 1.5 The table below shows the evaluation criteria and weighting that were applied at Final Tender Stage:

Evaluation Criteria			
Price	40%		
Quality	60%	Technical	35%
		Quality Management System (QMS)	17.5%
		Environment	5%
		Social Value	2.5%

- 1.6 The Tender was scored by each Partner Authority and then moderated over the three to reach an agreed score of each element. The scores for Bidder A are included in paragraph 2.19.

Submission Summary

- 1.7 The final tender submission received from Bidder A included numerous notable improvements to service quality that provide the Council with reassurance that Bidder A has considered the challenges ahead and has sought innovative yet cost effective solutions to meet them. Overall, the quality of the Bid was considered good as shown in the scoring.
- 1.8 The Technical Solution was good with the use of pod vehicles for the co-collection of food and recycling or refuse. These vehicles have been selected as they are more robust with improved payload than the twin-packs currently used. The vehicle has a non-compacting compartment behind the cab for the collection of food waste and a single compartment across the back for either refuse or recycling. An image of the proposed vehicle is shown below.



- 1.9 A full-time garden waste narrow access resource has also been included to improve the resilience of this service which is currently struggling with reliability.
- 1.10 Bidder A has also developed a partnership with Demelza Hospice Care to enable the reuse of suitable bulky items. This has been an objective within the Council’s Waste Strategy for many years, however, it had not been

possible to find a suitable reuse partner. The commitment within the submission from Demelza Hospice Care is a positive step forward to meet this objective. The submission also includes the collection of small waste electrical and electronic equipment (WEEE), textiles and batteries as free items within a paid bulky collection and they will hold three mobile collection points per year as part of a recycling roadshow to promote recycling across the Borough.

- 1.11 The Quality Management System submission by Bidder A was comprehensive with improved use of technology to track service requests automatically from the customer to the crew and back to the customer, including bin deliveries and missed collections. The system enables the Council to have full access to vehicle tracking and CCTV systems as well as the Waste Service Management System (WSMS) which will provide full visibility to the client team to resolve complaints.
- 1.12 The system also requires the collection crews to positively confirm the collection of each assisted collection and enables flags to be created for properties who have experienced repeated service failures. This will provide greater monitoring and visibility of the collections.
- 1.13 Throughout the dialogue stages and contained within the Final Tender Submission, the opportunities to improve the services' environmental impact have been fully explored, particularly the use of electric vehicles (EVs). This part of Bidder A's submission was more limited, recognising that the availability of suitable vehicles, cost of alternative fuels and infrastructure would be prohibitive. For Maidstone it is proposed to have electric supervisor vans, but no frontline EVs as there is currently insufficient charging infrastructure at the Park Wood Depot and the vehicles are over double the capital cost of a standard diesel refuse collection vehicle. Electric pod or twin-pack vehicles are also not available at the present time.
- 1.14 A Special Projects Officer has been included with a particular focus on increasing recycling from flats and communal collections. The proposal includes direct interventions in several sites each year including the provision of alternative collection arrangements, additional signage, reusable bags for residents and increased resident engagement.
- 1.15 The submission also includes voluntary Sustainability Champions and biodiversity initiatives at each Depot and route optimisation work throughout the contract term to incorporate property growth across the Borough, which has seen fuel reductions of 5-15% on other contracts.
- 1.16 The Social Value submission was strong, demonstrating that Bidder A is committed to their employees, the community, local charities, and the Partnership. This included offering skills training sessions, two community events per year, six apprenticeships and four internships including one in partnership with Leonard Cheshire to support those with disabilities and long-term health concerns. The submission also includes mental health first aid training for a proportion of staff and 20 places for Council officers. School initiatives are also included with STEM (science, technology, engineering and mathematics) resources and inter-school competitions and prizes.

Submission Score

1.17 The moderated scores across the Partnership for Bidder A are shown below:

	Price (40%)	Quality (60%)	TOTAL
Bidder A	40	41.88	81.88

1.18 As only one bid was received at final tender stage, the price comparison was made with the projected cost of operating a Local Authority Collection Company (LACC). This work was carried out by Waste Consulting Ltd based on the resources required to provide a comparable service. The LACC cost was projected to be more than Bidder A's tender price predominantly due to the higher pension contribution and higher overhead costs, resulting in the price score shown above.

1.19 The cost breakdown of Bidder A's final tender is included in Exempt Appendix 2 to the report. This cost is correct as at September 2022 and will be subject to indexation at contract commencement. Adjustment to the price will also be made based on revised TUPE information - Transfer of Undertakings (Protection of Employment) - relating to staff costs and increase to services such as property growth.

1.20 It is recommended that the Partnership fund the capital investment in the fleet as this will significantly reduce costs. If Bidder A were to fund the fleet and recover the cost through the annual contract sum, the Partners would incur higher borrowing fees, profit margin and a risk premium. A full breakdown of the costs is included in Exempt Appendix 2 to the report.

1.21 It is recommended that the Committee recommend to the Executive that £5.8 million funding is allocated within the Capital Programme for the purchase of the waste collection fleet. This includes a contingency for potential material and labour cost increases in their manufacture. The capital cost of the fleet was included within the evaluation process to ensure value for money is achieved.

1.22 Although the recommendation is for the Council to fund the capital purchase of the fleet, as set out in the project agreement, the Contractor will be responsible for the specification, procurement, maintenance, and safety of the fleet. Should a vehicle require replacing during the contract term, this will be funded by the Contractor.

Contract Award Process

1.23 As this is a partnership contract across Mid Kent (Ashford, Maidstone and Swale Borough Councils), all partners are required to agree the Contract Award.

1.24 Each authority is taking the decision through their governance arrangements in December 2022 and if agreed Contract Award will be made in early January 2023 to enable mobilisation to commence. The Contract documents will then be sealed by all Partners and the Contractor.

Consultation Results and Previous Committee Feedback

- 1.25 An original scoping report was presented to the Communities, Housing and Environment Committee in June 2020 to outline the options for delivering the waste, recycling and street cleansing services. A Member workshop was then held in September 2020 to explore the options further.
- 1.26 A final report was taken to the Committee in March 2021, and it was agreed that the Council would retain its commingled collection arrangements, would re-tender the waste collection contract and would remain within the Mid Kent Waste Partnership.
- 1.27 The Communities, Housing and Environment Policy Advisory Committee considered the matter on 13 December 2022 and supported the recommendations.

Alternatives considered and why rejected

Option 1 - That the Waste Collection Contract is awarded to Bidder A.

Option 2 - That the contract is not awarded and alternative options for delivery are reviewed.

Reasons for Option 1 over Option 2

- 2.1 It is recommended that the Waste Collection Contract is awarded to Bidder A.
- 2.2 A two-year process has been undertaken to review the options for delivery, prepare the specification and complete a three-stage competitive dialogue procurement process. Throughout this process all alternative service and delivery options have been considered including bringing the service in-house, operating a trading company and changing to twin-stream collections.
- 2.3 The Final Tender received from Bidder A offers the Council improvements to service standards through technological advancements, more detailed KPIs and greater resource resilience.
- 2.4 If the contract is not awarded to Bidder A, the Council could be in breach of its commitment to the Mid Kent Partnership as they would be unable to enter into the new contract. With only 16 months until the contract is due to start, there is insufficient time to carry out a new procurement process or to set up an in-house service. Therefore, if the contract is not awarded there is a high likelihood that the Council would be unable to fulfil its statutory duties for waste collection from March 2024 or would be required to agree temporary arrangements that are likely to be substantially more expensive and potentially open to challenge.

Background Papers

None

I have read and approved the above decision for the reasons
(including possible alternative options rejected) as set out above.



Signed: _____
Leader of the Council

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm 4 January 2023**