

**Executive****21 December 2022****Mid Kent Waste Collection Contract Award**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Communities, Housing and Environment Policy Advisory Committee	Tuesday 13 December 2022
Executive	Wednesday 21 December 2022

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Executive
<b>Lead Head of Service</b>	William Cornall, Director of Regeneration and Place
<b>Lead Officer and Report Author</b>	Jennifer Stevens, Head of Environment and Public Realm
<b>Classification</b>	Public Report and Appendix 1  Exempt Appendix Appendix 2: Tender Price Breakdown The appendix contains exempt information as classified in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 in that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining this exemption outweighs the public interest in their disclosure.
<b>Wards affected</b>	All

**Executive Summary**

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

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

### **Purpose of Report**

Recommendation

### **This report makes the following recommendations to the Executive 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.

# Mid Kent Waste Collection Contract Award

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p><b>Impact on Corporate Priorities</b></p>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>The Mid Kent Waste Collection Contract supports the delivery of a “Safe, Clean and Green” environment by delivering comprehensive recycling services and ensuring waste is collected effectively and efficiently.</p>	<p>Head of Environment and Public Realm</p>
<p><b>Cross Cutting Objectives</b></p>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The Mid Kent Waste Contract considers the environmental impact and social value of the services and seeks to identify opportunities to improve environmental sustainability and biodiversity through this contract including specific interventions at depots as well as improving outcomes for local communities through engagement, training and employment opportunities.</p>	<p>Head of Environment and Public Realm</p>
<p><b>Risk Management</b></p>	<p>The risks associated with the recommendations of this report are included in Appendix 1.</p>	<p>Head of Environment and Public Realm</p>

<b>Financial</b>	The budgetary implications of the proposed recommendations from this report have been built into the draft budget for 2023/28, which is subject to approval at Council (22 <sup>nd</sup> February 2023).	Section 151 Officer & Finance Team
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Head of Environment and Public Realm
<b>Legal</b>	Accepting and acting on the recommendations will fulfil the Council's duties and uses its powers under the Environmental Protection Act 1990.	Team Leader, Contracts and Commissioning MKLS
<b>Information Governance</b>	The recommendations will impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes. The Information Governance Team will review the processing of personal data affected and the associated documentation will be updated accordingly, including a data protection impact assessment.	Senior Information Governance Officer
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities & Communities Officer
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Housing and Inclusion Team Leader
<b>Crime and Disorder</b>	No implications identified	Head of Environment and Public Realm
<b>Procurement</b>	This report provides the outcome of a competitive dialogue procurement process, overseen by Ashford Borough Council's procurement team and in line with financial procedure rules.	Head of Environment and Public Realm
<b>Biodiversity and Climate Change</b>	Consideration of the Contract's environmental impact has been a fundamental part of the specification, dialogue, and evaluation process. The service provision is designed to meet the aims of Maidstone's Biodiversity and Climate Change Action Plan in relation to improving recycling rates, reducing contamination, and	Biodiversity and Climate Change Manger

	promoting waste reduction, reuse, and home composting. In addition, bidders were asked to provide solutions to reduce the Council’s carbon footprint and support the net zero 2030 commitment. Proposals included by Bidder A are included within the report.	
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 At Final Tender Stage, one bid was received. The bid was compliant with the Partner’s specification and project agreement.
- 2.5 The table below shows the evaluation criteria and weighting that were applied at Final Tender Stage:

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

- 2.6 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

- 2.7 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.

- 2.8 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.



- 2.9 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.
- 2.10 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.
- 2.11 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.
- 2.12 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.
- 2.13 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.

- 2.14 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.
- 2.15 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.
- 2.16 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**

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

	<b>Price (40%)</b>	<b>Quality (60%)</b>	<b>TOTAL</b>
Bidder A	40	41.88	81.88

- 2.18 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.
- 2.19 The cost breakdown of Bidder A's final tender is included in Exempt Appendix 2. 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.

- 2.20 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.
- 2.21 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.
- 2.22 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**

- 2.23 As this is a partnership contract across Mid Kent (Ashford, Maidstone and Swale Borough Councils), all partners are required to agree the Contract Award.
- 2.24 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.

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## **3. AVAILABLE OPTIONS**

- 3.1 That the Waste Collection Contract is awarded to Bidder A.
- 3.2 Alternatively, the Executive could decide that the contract is not awarded and alternative options for delivery are reviewed.

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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 It is recommended that the Waste Collection Contract is awarded to Bidder A.
- 4.2 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.



- 4.3 The Final Tender received from Bidder A offers the Council improvements to service standards through technological advancements, more detailed KPIs and greater resource resilience.
- 4.4 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.
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## **5. RISK**

- 5.1 The risks associated with the recommendations contained within this report are included in Appendix 1.
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## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 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.
- 6.2 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.
- 6.3 This report will also be considered by the Communities, Housing and Environment Policy Advisory Committee on 13 December 2022 and the Committee's comments and recommendations will be reported to the Executive.
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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 If the recommendation is agreed across the Partnership, the contract will be awarded to Bidder A and a letter of intent will be issued whilst the contract is compiled and sealed by all parties.
- 7.2 The mobilisation period will then commence, which will include securing vehicle build slots, integrating ICT systems and staff engagement.
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## **8. REPORT APPENDICES**

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

Appendix 1: Risk Management

Exempt Appendix 2: Tender Price Breakdown

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## **9. BACKGROUND PAPERS**

None