
From: Simon Jones, Corporate Director of Growth, Environment and Transport

To: Rob Thomas, Cabinet Member for Environment

Subject: **18-month Extension for delivery of household waste recycling centre and waste transfer station operation, management, and haulage contracts in Mid, East and West Kent (SC18031 and SC18031 WK)**

Decision Number: **24/00087**
Expenditure over £1m
Affects more than two electoral divisions.

Classification: **Unrestricted**

Past Pathway of report: Environment and Transport Cabinet Committee – 21 May 2024

Future Pathway of report: For Cabinet Member Decision

Electoral Division: Ashford, Canterbury, Dartford, Dover, Swale, Folkestone & Hythe, Maidstone, Sevenoaks, Swale, Tonbridge & Malling & Tunbridge Wells.

Is the decision eligible for call-in? No

Summary:

KCC has contracts for the operation, management, and haulage services of household waste recycling centres (HWRCs) and co-located waste transfer stations (WTS) in East, Mid, and West Kent, which are due to expire on 31 October 2025.

In July 2024, the Cabinet Member for Environment decided to re-procure both contracts and delegate authority to the Director of Environment and Circular Economy to undertake the procurement activity with a view to awarding new contracts in consultation with the Cabinet Member to commence from November 2025. ([Decision - 24/00052](#))

Since the Committee report on 21 May 2024 and the subsequent Cabinet Member decision, further information has come from incumbent contractors that impacts the risks identified in that report. New risks have also been identified following engagement with the market at the start of the re-procurement process, which together require a short fixed-term extension to the current contracts.

Recommendation(s):

That the Cabinet Member agree to:

(i) APPROVE the use of an 18-month extension for the current household waste recycling centre and waste transfer station operation, management, and haulage contracts in Mid, East, and West Kent (SC18031 and SC18031 WK) on the current terms and conditions; and

(ii) DELEGATE authority to the Director of Environment and Circular Economy to take all relevant actions, including but not limited to, negotiating, finalising and awarding the required contracts and other legal agreements, as necessary to implement the decision.

1. Introduction

- 1.1 As the Waste Disposal Authority, KCC has a statutory responsibility to arrange for the disposal of the controlled waste collected in its area by the waste collection authorities, and to provide places at which persons resident in its area may deposit their household waste for future disposal.
- 1.2 In July 2024, following consideration by Members of the Environment and Transport Cabinet Committee at their meeting on 21 May 2024, the Cabinet Member for Environment took a decision to re-procure both contracts to commence from November 2025.
- 1.3 The report identified that there were risks associated with this option relating to exit fees and costs associated with procurement, demobilisation, and remobilisation.
- 1.4 Market engagement has since identified an additional risk concerning the proposed six-month mobilisation period that would lead to an increased procurement cost as the successful bidder could not procure new vehicles to deliver the contract within this period and would need to hire vehicles at additional cost of £1.45m to Kent. As such, it is recommended that the current contracts are extended to cover the period the market has indicated will be necessary to procure and take delivery of the new vehicles.

2. Key Considerations

- 2.1 The recommendation is aligned to policies in Securing Kent's Future:
 - to achieve best value in third-party contracts to ensure these are market tested and specifications updated for current requirements.
 - keeping to the current procurement timetable minimises the duration of the contract extension.
 - avoiding additional financial burdens which could arise if the mobilisation period is not extended.
- 2.2 Guidance has also been provided from Legal, Commercial, and Procurement to ensure the contract extensions are legally compliant and on best possible commercial terms for Kent.

3. Background

- 3.1 KCC currently contracts out the management and haulage service of 19 household waste recycling centres (HWRCs) and co-located waste transfer station (WTS) sites across the county.
- 3.2 FCC holds contracts for 12 of these sites and CSKL hold five contracts expiring on 1 November 2025. The remaining two contracts are in place until 2035 and 2047 and are therefore out of scope.
- 3.3 Both contracts had provision for a five-year extension. However, in line with the best value duty in Securing Kent's Future, the Cabinet Member for Environment took a decision to undertake a full re-procurement of all 17 sites.

4. Options considered and dismissed, and associated risk

- 4.1 The option to retain the original mobilisation period of 6-months has been discounted due to the increased price implications to Kent.
- 4.2 The extension will not delay the award of new contracts; however, the revised new mobilisation period will mean that the new contracts will not be in place until Spring 2027.

5. Financial Implications

- 5.1 The current budget for 2024/25 for each contractor is:
 - FCC £8,507,000pa – 12 sites
 - Commercial Services £4,837,100 – 5 sites
- 5.2 The contract extension will be on existing conditions, rates, and prices. The MTFP includes provision for an inflationary uplift for prices.
- 5.3 Extending the contract by 18 months avoids a future unfunded risk of up to £1.45m for short-term fleet provision and gives budget certainty whilst a full re-tender is taken forward to ensure future contracts continue to meet best value requirements.
- 5.5 The £700k commissioning/mobilisation costs will be wholly or part deferred which will help balance the budget for 2025/26.
- 5.6 Additionally, any impact of the extension on the exit fee is being assessed.

6. Legal implications

- 6.1 Legal advice has concluded that the contract extensions can be awarded to the incumbent contractors.
- 6.2 The current re-procurement can continue as per the original timetable to award the new contracts in April 2025.

7. Equalities implications

7.1 The Equality Impact Assessment (EqIA), appended to this report identifies potential impacts on several protected characteristic groups. Mitigations include staff training in equality and diversity as well as the provision for on-site assistance if needed.

8. Data Protection Implications

8.1 There are no data protection implications as no personal information will be processed for this contract.

9. Other corporate implications

9.1 There are no other corporate implications.

10. Governance

10.1 The Director of Environment and Circular Economy will inherit the main delegations via the Officer Scheme of Delegation.

11. Conclusions

11.1 KCC is re-procuring contracts for operation, management, and haulage services of household waste recycling centres (HWRCs) and co-located waste transfer stations (WTS) in East, Mid and West Kent, which are due to expire on 31 October 2025.

11.2 Early market engagement has identified that the proposed six-month mobilisation period in the procurement table is of insufficient duration to purchase and take delivery of new vehicles to deliver the service and therefore these will need to be hired or leased representing a financial risk to Kent of £1.45m

11.3 The recommendation to extend the contract avoids these costs. The extension costs can be met from existing budgets.

Recommendation(s):

That the Cabinet Member consider the following proposal:

(i). APPROVE the use of an 18-month extension for the current household waste recycling centre and waste transfer station operation, management, and haulage contracts in Mid, East, and West Kent (SC18031 and SC18031 WK) on the current terms and conditions; and

(ii). DELEGATE authority to the Director of Environment and Circular Economy to take all relevant actions, including but not limited to, negotiating, finalising and awarding the required contracts and other legal agreements, as necessary to implement the decision.

12. Background Documents

- Equality Impact Assessment

13. Appendices

- Appendix A - Urgent Record of Decision

14. Contact details

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