

From: Susan Carey, Cabinet Member for Environment
Barbara Cooper, Corporate Director of Growth, Environment and Transport

To: Environment and Transport Cabinet Committee – 29 November 2019

Subject: SC18031 – recommissioning of contracts for the Management and Operation of Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) in Kent, including Haulage Services

Decision No: 19/00092

Classification: Unrestricted

Past Pathway of Paper: Services Commissioning Board on 10 September 2019
Commissioning Advisory Board on 5 November 2019

Future Pathway of Paper: For decision by Cabinet Member for Environment

Electoral Division: Whole of Kent

Summary: The report details the commissioning plan for the recommissioning of contracts for the Management and Operation of Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) in Kent, including Haulage Services. The service has worked with Commercial Lead, Strategic Commissioning with Waste Management and Invicta Law. A commercial case for recommissioning these contracts is developed and an Invitation to Tender was published 24 October 2019.

Recommendation: The Environment and Transport Cabinet Committee is asked to consider, endorse or make recommendations to the Cabinet Member for Environment to award new service contracts for the Management and Operation of Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) in Kent, including haulage services (as shown at Appendix A).

1.0 Background

- 1.1 Kent's HWRCs are currently managed by three waste management companies (Commercial Services Kent Limited, FCC and Biffa). These organisations manage the day-to-day operation of the HWRCs, Transfer Stations and haulage on behalf of KCC.
- 1.2 Contracts for the operation and management of HWRC & Transfer Stations provide plant, labour, waste bulking and haulage to dispose of Kent's municipal waste by maximising recycling and the transport of materials to final disposal points for recycling or energy recovery.
- 1.3 Waste Management operates 18 HWRCs, incorporated within these are six Transfer Stations. The management and operation of these sites is currently contracted to three

Providers. These contractual arrangements are delivered through three contractual Lots. These contracts expire on 31st October 2020.

- 1.4 The site at Pepperhill, operated by FCC is out scope as this facility is operated under a separate contract which expires in 2035.

2.0 The report

- 2.1 The service has worked with Strategic Commissioning's Commercial Lead for Waste Management Services to develop the commercial case for recommissioning these contracts with advice from Invicta Law on the application of Lease Agreements.

- 2.2 The services are divided over three geographical contracts:

- SS1313– Management and Operation of HWRCs and WTSs, and associated Haulage Services in Mid Kent;
- SS1313– Management and Operation of HWRCs and WTSs, and associated Haulage Services in East Kent and
- LS/22/108948/679 - Management and Operation of HWRCs and WTSs, and associated Haulage Services in West Kent.

- 2.3 The recommissioning of these services enables KCC to update and standardise the contract terms & conditions and service specification. Further to this, negotiate and award sustainable contracts to Supplier(s) that are incentivised to deliver quality services such as improved customer service, higher recycling levels, reducing contamination and developing re-use initiatives.

- For the 12 sites serving Mid Kent and East Kent, the service will undertake a Competitive Procedure with Negotiation (CPN) in accordance with Regulation 29 of Public Contracts Regulations 2015 (PCR) to negotiate and award contract(s) to commence on 1 November 2020 for an initial period of 5 years, with an option to extend for an additional 5 years.
- For the 5 sites in West Kent, the service will negotiate directly with KCC's Commercial Service Group (CSG) to award a new 5 year contract accordance with Regulation 12 (Public contracts between entities within the public sector) of PCR 2015, to commence on 1 November 2020 for an initial period of 5 years, with an option to extend for an additional 5 years.

- 2.4 To mitigate financial pressures and to fund the enhancements of service, KCC has already reduced operational costs through waste minimisation with other expected reductions in disposal by implementing a charging policy for non-household materials at HWRCs. It is proposed, where commercially advantageous, that KCC will take back commercial control for the sale of materials that were previously the title of Biffa Municipal.

- 2.5 It has been established through market engagement that potential Suppliers have limited appetite to take title and commercial risk for the final disposal of recyclable materials.

- 2.6 Potential Suppliers have expressed interest where they operate disposal and re-processing facilities, as such opportunities will be evaluated within the tendering process.

3.0 Financial Impact

- 3.1 The annual cost of this service across seventeen sites is c.£10.2m. Initial calculations, based on assumptions regarding indicative market rates and price inflation, estimate a budget pressure of c. £1m which has been included in the MTFP.
- 3.2 Members have indicated that they would like to see service improvements such as re-use and identifying methods for increasing levels of recycling.
- 3.3 In West Kent, CSG have identified means for further operational efficiencies. It is anticipated these efficiencies may offset the cost of providing an enhanced service specification within the existing budget.
- 3.4 There are anticipated increases to service costs in Mid Kent and East Kent, accepting that Biffa's prices for these services are abnormally low and are unsustainable.

4.0 Legislation

- 4.1 KCC has a statutory requirement to provide HWRCs for Kent residents to deposit their own household waste, as set out in the Environmental Protection Act 1990 (EPA 1990 part 2, 51b).
- 4.2 KCC will be using Regulation 12 (Public Contracts between entities within the public sector) of the Public Contracts Regulations 2015 to vary this Contract.

5.0 Equalities and Data Protection implications

- 5.1 As this service can affect those with protected characteristics, mitigations are recorded within the EqIA (Appendix B).
- 5.2 Data Protection implications – initial screening is that a full DPIA will not be necessary as no personal data is collected for the tendering of this contract. It did recognise that DPIAs may be required for individual enforcement activities which arise as a result of implementation of the Household Waste Recycling Centre Enforcement Policy.

6.0 Next Steps

- 6.1 The next commission steps are as follows. The Commissioning Advisory Board have asked to continue to be briefed following in February.
- Tender Clarification/Negotiation
Commences 13 January 2020; and to be completed by Friday 31 January 2020.

- Invitation to Submit Final Tenders (ISFT)
Commences Monday 3 February 2019; evaluation to be completed by Friday 21 February 2020.
- Contract Award;
Commences: Monday 24 February 2020; to be completed by Monday 16 March 2020 (including standstill period).
- Service Mobilisation (Mid Kent and East Kent only)
Commences Monday 24 February 2020; implementation 1 November 2020.

7.0 Conclusion

7.1 The commissioning approach is designed to deliver contracts that represent best value for money and are financially sustainable, including:

- transparent service costs;
- drive the right commercial behaviours by suppliers;
- are with suppliers that are invested in the continuous improvement of services; and
- maximise recycling in Kent and reduce the cost of waste disposal services.

8.0 Recommendations

The Environment and Transport Cabinet Committee is asked to consider, endorse or make recommendations to the Cabinet Member for Environment to award new service contracts for the Management and Operation of Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) in Kent, including haulage services, as shown at Appendix A.

9.0 Background Documents

Appendix A: Proposed Record of Decision
Appendix B - Equalities Impact Assessment

10.0 Contact details

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