

From: Matthew Balfour, Cabinet Member – Environment & Transport

David Beaver – Head of Commercial Services and Waste Services

To: Environment & Transport Cabinet Committee – 16 September 2015

Decision No: 15/00058

Subject: Contracts for the provision of Reception, Bulking and Transport of Residual Waste (Canterbury and Thanet Area) for final disposal at the Allington Waste to Energy Facility or other nominated facilities

Key decision – Requires expenditure greater than £1m

Classification: Unrestricted

Past Pathway of Paper: Procurement Board 23 June 2015

Future Pathway of Paper: For Cabinet Member decision

Electoral Division: Divisions falling within the Canterbury City Council boundary, and the Thanet District Council boundary.

Summary:

KCC has a statutory duty to provide tipping facilities for Waste Collection Authorities in its area, and to arrange for the disposal of the household waste that they collect.

It is proposed to let two Contracts for the bulking and transportation of residual waste to Allington Waste to Energy Facility and bulky waste, to Authority Waste Outlets.

There are two lots, individually serving Canterbury City Council and Thanet District Council. The new contractual arrangements will commence 5 November 2015.

These contracts facilitate the final disposal of residual (i.e. non-recyclable) household waste.

Recommendation(s):

The Environment and Transport Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport to delegate the award of contracts for the Bulking, Transportation of residual Waste, and any subsequent extensions, to serve Canterbury City Council, and Thanet District Council.

1. Introduction

1.1 Waste Management is tendering two contracts: Lot 1 – to serve Canterbury City Council (CCC), and Lot 2 – to serve Thanet District Council (TDC).

- 1.2 These contracts enable KCC to fulfil its statutory duty, as Waste Disposal Authority for Kent, to provide facilities for Waste Collection Authorities (WCA) to deposit their municipal waste for subsequent treatment or disposal by KCC.
- 1.3 Whereas in most parts of the County, KCC owns or leases its own waste transfer facilities to enable WCAs to deposit residual waste within or close to their own boundaries, KCC has no such facilities within the Canterbury and Thanet administrative areas and therefore relies upon third parties to provide such facilities under contract. Recyclable and Compostable waste facilities are provided under a separate contractual arrangement, and are not covered by this report.
- 1.4 At present, a single third party operates both contracts for reception, bulking and transport of residual waste for CCC and TDC. These contracts operate from a site within Thanet District Council's boundary.
- 1.5 KCC is obliged to pay so-called "tipping away" payments where WCAs are required to tip beyond their own boundary. Such payments are currently made to Canterbury City Council in respect of its requirement to take its waste across its boundary into Thanet. The costs of potential tipping away payments, as they relate to any bids forthcoming in the tendering process, will be taken into account in the tender evaluation methodology.
- 1.6 Through the analysis phase of the commissioning process, it was determined that the optimal arrangement for the tendering process was to let both contracts at the same time to enable greater competition of the local supply chain. It was also agreed at the Procurement Board to offer a Lot 3 option. This will allow a single supplier to bid for both Lots provided this is evaluated as economically more advantageous.
- 1.7 In order to bid for Lot 3, a bidder must also at least tender for either Lot 1 or Lot 2.

2. Financial Implications

- 2.1 The estimated cumulative value of these contracts is £5m, and this falls within the existing revenue budget of the Waste Management service
- 2.2 Through having a competitive process it is anticipated that the most advantageous prices possible will be achieved as part of this procurement. By continuing to separate the service into two lots, one for each district, there is potential to negate the requirement to pay "tipping away" charges to either WCA, unless these are part of a package of costs which provides overall best value to the Authority.

3. Policy Framework

- 3.1 The proposed decision is required in order to ensure that KCC is in full compliance with its statutory duty as Waste Disposal Authority, as set out in the Environmental protection Act 1990.

- 3.2 By ensuring the proper disposal of waste, the decision also meets supporting outcomes in the Commissioning Framework to protect Kent's physical and natural environment for Kent residents and visitors.

4. Detail

- 4.1 KCC does not have its own waste transfer facilities within the administrative boundaries of Canterbury City Council or Thanet District Council, and is therefore reliant upon contractual arrangements with third parties for the provision of such facilities.
- 4.2 The existing contract to provide such facilities for Thanet District Council has reached its contract end date. This contract had no provision for extensions. The initial term of the contract for Canterbury City Council's residual waste is due to finish in November 2015. This contract does have provision to be extended.
- 4.3 Rather than continue with two entirely separate procurement process for these services, it has been determined that letting both contracts at the same time is both more efficient, and allows for greater market interest, creating as it does an opportunity for a potential supplier to enable greater economies of scale by bidding for Lot 3
- 4.4 Both Canterbury City Council and Thanet District Council have been consulted on the core requirements of the contract in order to ensure it meets their needs.
- 4.5 The quality aspects of the contract are embedded within the core requirements. This is to ensure that the successful tender will meet quality standards in full. Those tenders meeting the quality requirements will be considered on a lowest whole life cost basis, including consideration of any necessary tipping away charges.
- 4.6 The contracts will be for an initial term of 2 years, with scope for two 12-month extension periods, subject to satisfactory performance and on-going value for money.

5. Equalities and Consultation

- 5.1 An initial screening of an Equalities Impact Assessment has determined there are no Protected Characteristics that will be impacted upon either positively or negatively.
- 5.2 As these are not public facing services, and there is no associated change in policy, no public consultation process has been required as part of this process.

6. Conclusions

- 6.1 The award of this contract is required in order to enable KCC to continue to fulfil its statutory obligations as Waste Disposal Authority

6.2 Tenders will be received and evaluated in September 2015, with the new services commencing on 5 November 2015.

6.3 It is proposed that The Director of Highways, Transportation and Waste is delegated to issue third and fourth year contract extensions based upon performance and demonstration of value for money

7. Recommendations;

The Environment and Transport Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport to delegate the award of contracts for the Bulking, Transportation of residual Waste, and any subsequent extensions, to serve Canterbury City Council, and Thanet District Council.

8. Appendices

8.1 Equalities Impact Assessment – Appendix A

8.2 Proposed Record of Decision – Appendix B

9. Background documents

None

10. Contact details

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