

<b>SUBJECT</b>	<b>Waste collection, recycling and street cleansing contract for Chiltern, Wycombe and South Bucks District Areas (Part 1)</b>
<b>RELEVANT MEMBER</b>	Cllr Luisa Sullivan, Portfolio Holder for Environment
<b>RESPONSIBLE OFFICER</b>	Steve Bambrick, Acting Chief Executive
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<b>WARD/S AFFECTED</b>	All Wards

## 1. Purpose of Report

- 1.1 This report updates Members on the procurement project to deliver a new waste collection, recycling and street cleaning contract, (hereafter called the contract), covering the current Council areas of Chiltern, South Bucks and Wycombe and seeks approval to the necessary financial commitment to enable the award of the contract.

### RECOMMENDATIONS:

1. **To note the background and progress on the waste, recycling and street cleansing contract procurement project.**
2. **To award a contract to the preferred bidder for a new waste collection, recycling and street cleansing contract for the Chiltern, South Bucks and Wycombe areas having regard to the procurement and financial information contained within this report and the confidential Appendix.**

## 2. Executive Summary

- 2.1 The following recommendations were considered by the Shadow Executive (18<sup>th</sup> February) and Members will be updated verbally as to the outcome of the meeting.
1. To note the background and progress on the waste, recycling and street cleansing contract procurement project.
  2. To approve the financial commitment for a new waste collection, recycling and street cleansing contract for the Chiltern, South Bucks and Wycombe areas, having regard to the procurement and financial information contained within this report and the confidential Appendix, which is in line with the approved budget.
  3. To note that the award of this contract is also being reported to Chiltern, South Bucks and Wycombe Council Cabinets for approval.

### **3. Reasons for Recommendations**

- 3.1 To ensure the continued delivery of an effective waste collection, recycling and street cleaning service after the current contracts have expired and ensure that statutory requirements are met for the new Buckinghamshire Council.
- 3.2 To safeguard the financial position of the new Buckinghamshire Council in relation to its expenditure on waste collection services.

### **4. Content of Report**

#### Background

- 4.1 A new contract is being procured following previous reports to Members at the District Councils and the Shadow Executive regarding this matter including:
  - 23rd April 2018 – A decision by Chiltern, South Bucks and Wycombe Councils at the Joint Waste Collection Committee to procure a new contract for Chiltern, South Bucks and Wycombe with delegations provided to officers to implement.
  - 27th August 2019 – CDC Cabinet decision to continue with the procurement.
  - 8th October 2019 – Shadow Executive – Members noted the decision taken by the Districts that the procurement should continue and that the current contract should be extended until September 2020. An officer acting on behalf of the Shadow Executive was delegated to be involved in the procurement exercise in an advisory capacity.
  - 22nd October 2019 – Shadow Executive – The decision taken in accordance with the spending protocol that was reviewed and agreed following the direction from MHCLG.
- 4.2 The existing contract with Serco for Chiltern and Wycombe District Councils expires on 3<sup>rd</sup> March 2020. The contract for South Bucks District Council with Biffa expires on 30<sup>th</sup> October 2021. The Serco contract has been extended to end on 6<sup>th</sup> September 2020 in line with the start date of the new contract to ensure continuity of service delivery.
- 4.3 This project is being managed overall by District Council officers with external legal / procurement advisors providing support. The project sits under the unitary waste work stream within the Communities Programme Board. The Shadow Executive has had an officer representative on the procurement project board who also participated in the last round of competitive dialogue.
- 4.4 The new contract will be awarded by the District Councils prior to vesting day and then implemented after the new Buckinghamshire Council is established. The priority has been to ensure continuity of service provision and a high standard of service delivery for residents.

The procurement process

- 4.5 The procurement programme is attached and shown as **Appendix A** and a robust and compliant procurement process has been implemented. In order to ensure that the procurement was of interest to bidders and to understand any key matters that would affect bidder interest, soft market testing meetings took place with key suppliers. The key issue arising from the soft market testing was a recognition of the concerns from suppliers about the volatility of the market for recycling materials and the resulting high financial risk that could lead to risk based pricing. To address this, issue a mechanism was developed for suppliers to pay the current market value of the recycling direct to the Councils which would be determined by reference to recycling market indicators.
- 4.6 Following this process, the OJEU notice was submitted on the 14<sup>th</sup> November 2018. The procurement procedure chosen was that of a competitive dialogue so that discussions on matters of risk partition could take place to ensure value for money and high quality service delivery could be achieved in compliance with the specification.
- 4.7 Interested parties had to complete the Government's standard selection questionnaire form and following evaluation, 3 suppliers were chosen to take part in the competitive dialogue process. Suppliers were assessed for their competence in waste collection, financial stability and safe working practices.
- 4.8 In order to complete the procurement within the agreed timeframe a single stage competitive dialogue was chosen with 2 planned rounds of negotiation and no de-selection in the middle of the process so 3 suppliers would start the process and 3 suppliers would be able to submit a tender at the end of the negotiation process.
- 4.9 Suppliers had to submit an initial version of their tenders for assessment (which were not scored) so that the officers could ensure that the quality and affordability were in line with expectations. The initial planned round of negotiation preceded the submission of this tender and the second round of negotiation enabled officers to provide feedback on areas for improvement.
- 4.10 Suppliers were given clear instructions that the service experienced by customers should be an evolution of the existing service. Thus, radical solutions which could lead to customer confusion or a reduced quality of material collected for recycling were ruled out. Tenders have been evaluated on the agreed 60% Quality and 40% Finance / Price.
- 4.11 3 compliant tenders were received and evaluation of these has now been completed by the team of officers and advisors. Consequently, an award decision is now being sought.

- 4.12 Part 2 of this report provides the details of the evaluation of the submission from the 3 bidders. Each submission has been rigorously evaluated and the project team are reassured by the resource level being provided for this service.
- 4.13 Immediately after the last Cabinet meeting to approve the financial commitment for the new contract (and any associated call in), the project will enter the "standstill" phase in which unsuccessful bidders have a minimum of 10 calendar days to challenge the result of the evaluation of the tenders.
- 4.14 In order not to elevate the risk during the critical standstill phase the bidders' names have not been disclosed at this stage and the financial information is contained within the confidential part 2 report.

#### Contract details

- 4.15 The new contract builds on the previous joint working between Chiltern and Wycombe Councils on the existing contract and will eventually serve all the properties across the southern part of the new Buckinghamshire Council area.
- 4.16 The new service will be the same specification as the current service and in summary will provide:
- ✓ Week 1 – boundary residual waste collection (via a grey wheeled bin) and food waste.
  - ✓ Week 2 – boundary mixed recycling collection plastic, glass & cans (via a blue wheeled bin), mixed papers / card via boxes and food waste.
  - ✓ There will be a modified service using reusable / disposable bags for properties with limited storage for containers (for example flats above shops) and assisted collections for residents that require this service.
  - ✓ Bulk bin collections in flats for waste and recycling.
  - ✓ Street cleansing services – litter removal from verges / streets and mechanical sweeping of edge of highway on all roads i.e. urban and rural on a schedule basis to meet the Environmental Protection Act standards.
  - ✓ Various associated services such as fly tipping removal (not from the highway), abandoned vehicle removal, medical waste collection, sign cleaning, car park and town centre cleaning.
  - ✓ Provision and maintenance of all containers required. 240 litre wheeled bins will be used for residual waste and mixed recycling unless residents request a smaller bin or apply for a larger bin for larger families.
  - ✓ Provision and management of all the fleet required and depot locations.
  - ✓ Sale of all recycling materials collected.
  - ✓ Household collection of small electrical items and textiles.

There will be some collection date changes during the roll out and also at the point when the South Bucks area joins the contract. These will be fully communicated to

residents and all collections for residents will all take place on the same day each week but individual materials may be collected by different vehicles.

- 4.17 The successful contractor will be required to achieve a number of performance standards in line with industry best practice and a comprehensive performance management system will be implemented. Penalties will be levied for any service failures not rectified within the agreed time period. The supplier will provide in the order of 1.5 million container collections a month at the start of the contract, 12,000 assisted collection containers a month and some of the performance targets will include:
- Missed Collections (each container) from Households shall not exceed 60 Missed Collections per 100,000 Scheduled Collections in any one month.
  - Missed Assisted Collections from Households shall not exceed 0.03% of Assisted Collections in the Waste Collection Schedule in any one month.
- 4.18 The supplier will link their operational software systems to the Councils' adopted operational management system and related customer service systems which will provide clear visibility and insight of service performance. This will be a significant part of the mobilisation project. Comprehensive performance management system with customer surveys will be in place to monitor and manage performance.
- 4.19 The new contract duration is for 10 years with a further possible 10-year extension period. However as agreed by the Shadow Executive and discussed in dialogue with the bidders, there is also an option for the new authority to exercise a contract break clause from year 5.
- 4.20 The preferred bidder has identified the capital investment they require to provide a replacement fleet to modern fuel efficiency levels and pedestrian protection measures and carry out improvements at the depots. Further detail is provided in part 2 of this report. This investment will be funded through the agreed capital programme in order to benefit from the lower interest rates available to Councils. The depots provide parking, offices, storage and bulking of recycling and vehicle maintenance and bidders could choose to use any one of these existing 3 facilities:
- ✓ London Road Depot, Amersham
  - ✓ Clay Lane, High Wycombe
  - ✓ Dropmore Road, Burnham
- Mobilisation and next steps
- 4.21 Members will note from the procurement programme that the key next steps are:
- Contract award standstill period ends following the final Member decision on 19<sup>th</sup> March 2020

- Definitive preferred bidder letter issued 19<sup>th</sup> March 2020
- Contracts engrossed and sealed by 31<sup>st</sup> March 2020
- Mobilisation from 19<sup>th</sup> March to 7<sup>th</sup> September 2020
- Service starts for Chiltern and Wycombe areas 7<sup>th</sup> September 2020
- Service starts for South Bucks 1<sup>st</sup> November 2021

4.22 There is now a significant amount of work to do after the tender award to successfully mobilise the new service for the first phase for CDC & WDC on 7<sup>th</sup> September 2020. Officers have been conscious throughout of the need to allow the suppliers an adequate time to mobilise including the implementation of new vehicles, collection calendars and communications, depot adaptations and arrangements for the marketing of the recycling materials. The period assigned for mobilisation stands at 154 days.

4.23 The mobilisation programme will be managed through the management structure of the new Authority and additional resources required to ensure strong project governance is in place. Regular customer and Member updates will be provided during this process and will be the subject of further reports as required.

4.24 The programme of work includes all the necessary changes to the customer contact experience through phone, website with online forms or apps to ensure customer accounts are as aligned as possible for start of the new contract. This is being addressed through the governance of the Communities Board by the waste work stream linking to communication and customer service teams.

4.25 Ahead of 1<sup>st</sup> April 2020 AVDC & SBDC vehicles will be rebranded and 10 AVDC & 7 SBDC vehicles will have new panels fitted promoting the new Council. The approach to the remaining CDC / WDC vehicles is being agreed. Uniforms will begin to change on a phased basis to the new branding as the current stock is used.

## **5. Consultation**

5.1 There has been no formal public consultation as part of this procurement project as the services to residents are not being changed. Minimal changes to the associated fees and charges are currently proposed to take place in 2020/21 which form part of the wider fees and charges proposals already agreed by the Shadow Executive.

## **6. Options**

- To accept the tender from the preferred bidder C.
- Not to accept the tender from the preferred bidder. This will present a significant financial risk, a possible legal challenge and may result in a high risk of service interruption.

## 7. Corporate Implications

- 7.1 Financial – Provisions have been made in the current medium term financial plan and draft budget for the new Council and the implications for both revenue and capital and this is covered in the Part 2 report.
- 7.2 Legal – There is a statutory duty to provide household waste collections, separately collect recycling and to keep streets and land for which local authorities are responsible clean and litter free. The proposed award of the contract to provide these services in the Chiltern, South Bucks and Wycombe district areas ensures that these statutory duties are met.
- 7.3 This is a key critical service and the new contract and specification will help to ensure a consistently high standard of service delivery and will seek to meet residents' expectations. The procurement process remains on schedule for the new service commencement date of 7th September 2020 for CDC & WDC areas and 1st November 2021 for SBDC area. The contract will meet the required service provision to support the corporate objectives.
- 7.4 From 1st April 2020 Buckinghamshire Council will become the waste collection authority, the waste disposal authority and the principle litter authority under the Environmental Protection Act 1990. The Council will have a statutory duty to collect household waste and to separately collect recyclable waste. The Council also has a duty under the 1990 Act to ensure so far as is practicable that the roads for which it is responsible are clear of litter and refuse and kept clean. As principle litter authority it has a duty to keep its own land clear of litter and refuse so far as is practicable. The award of this contract will ensure that these statutory duties are met.
- 7.5 The procurement has been delivered in full compliance with the Public Contract Regulations 2015. The district councils have engaged external legal support for the procurement process and preparation of the contract.
- 7.6 Key Risks – There are a number of issues and risks that have been considered as part of this project and these are detailed within the project risk register and are being managed / mitigated. The key risks / mitigations are summarised as below. Continuity of service delivery will be facilitated by avoiding procurement challenge and by effectively project managing the mobilisation process:

<b>Key Risk</b>	<b>Mitigation</b>
Affordability not realised	Competitive tender process including early market engagement regarding any key commercial issues
Market failure	Robust procurement process with market

	engagement
Existing vehicles available for new supplier	Ensure correct planned and reactive maintenance arrangements are in place
Under resourcing of project	Full project team and consultants in place
Delay in implementation	Effective programme management including an adequate period for contract mobilisation
Procurement challenge	Ensure legal / procurement advice is followed
Service provision and service quality including the contract mobilisation period	Through robust contract and performance management, ensure that the services are managed effectively and any matters of poor performance are addressed swiftly

## 8. Unitary Implications

8.1 Under the agreed spending protocol this matter has been reported to the Shadow Executive.

## 9. Links to Council Policy Objectives

9.1 This matter supports the Councils' Policy Objectives.

9.2 An equalities impact assessment has not been carried out at this procurement stage as the service to residents is not changing. If any service changes considered at a future point, an equalities impact assessment would be undertaken.

## 10. Next Steps

10.1 Communications activities are in place as part of the procurement process. A full customer / Member communications plan will be developed as part of the mobilisation period once the preferred bidder has been approved. Members will be updated throughout the process including when key milestones are achieved.

<b>Background Papers:</b>	Officer working papers
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