

Cabinet

1 October 2024

Gateway 4 – Organic Waste Disposal Contract Extension

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration.

Report from: Ruth Du-Lieu, Deputy Director of Place

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Summary

This Cabinet report seeks permission to extend the organic waste disposal contract for 5-years as per Medway Councils procurement process.

1. Recommendations

- 1.1. The Cabinet is requested to note the contents of the report and note the contract is performing equal to or above expectations.
- 1.2. The Cabinet is requested to approve the organic waste disposal contract extension as detailed in section 5 and 6 of this report.

2. Suggested reasons for decisions

- 2.1. Agreement of the contract extension will enable the Council to continue to deliver the kerbside organic waste collection service and meet its statutory obligations.

3. Budget and policy framework

- 3.1. This Gateway 4 report is within the Council's policy and budget framework and ties in with all the identified Core Values, Strategic Priorities, Strategic Council obligations and Department/Directorate service plans.

4. Background

- 4.1. The organic waste disposal contract comprises of:
 - 4.1.1. Haulage of garden and food waste from Medway's contracted transfer station to treatment facility.
 - 4.1.2. In Vessel Composting (IVC) treatment of mixed garden and food waste collected through Medway's kerbside collection service.

- 4.2. Cabinet approval was granted on 22/09/2009 (decision number 161/2009) to award this contract to Countrystyle Recycling for a period of fifteen-years from 01/10/2010 with the option to extend for a further five-years until 30/09/2030.
- 4.3. The five-year extension term was built into the contract to give both Medway Council and its contractor flexibility.
- 4.4. The delivery of this contract supports the Council in meeting its statutory duties to:
- 4.4.1. Arrange for the collection of household waste from all properties (section 45 Environmental Protection Act 1990).
- 4.4.2. Arrange for the collection of food waste from all residential properties at least once a week as per The Environment Act (2021) and the Government Simpler Recycling Regulations.
- 4.4.3. Arrange for recyclable household waste to be collected separately for recycling or composting as per the Environment Act (2021).
- 4.5. The monitoring of contract performance is managed through meetings alongside auditing of the IVC facility, KPI reports and data provision. This supports the Council in meeting its statutory duties under the Environmental Protection Act 1990 to ensure waste is collected, stored, treated and disposed of properly.
- 4.6. The table below outlines the KPIs as set within the contract and their respective performance for the review period.

Organic waste processing contract				
KPI	Description	Target (%)	Achieved (%)	Notes
KPI 1	Compliance with the agreed annual tonnage of Contract Waste received at the Facility (or any Contingency Delivery Point) to be Processed (the "Annual Composting Tonnage")	100% of the agreed Annual Composting Tonnage in respect of the Facility (or any Contingency Delivery Point)	100%	All contract waste processed through this contract has been received at the Facility or any Contingency Delivery Point.
KPI 2	Compliance with the agreed annual tonnage of Contract Waste received at the Facility (or any Contingency Delivery Point) to be landfilled (the "Landfill Tonnage Target")	Not more than the Landfill Tonnage Target in respect of the Contract Waste received at the Facility (or any Contingency Delivery Point)	100%	All contract waste composted throughout the duration of this contract.
KPI 3	Notification of procedures to deal with increased quantity of Contract Waste -	Notification to Authorised Officer (AO) at least 4 weeks prior to the relevant	100%	Council/Contractor communication throughout duration of

Organic waste processing contract				
KPI	Description	Target (%)	Achieved (%)	Notes
	(paragraph 6.3.1 of Specification)	Bank or Public Holiday		contractor to manage increased volumes.
KPI 4	Vehicle accidents and incidents - (paragraph 9.14 of Specification)	Within 10 working days following the end of each month to provide details of all accidents that have occurred at the Facility (or any Contingency Delivery Point) that involved any of the Council's Collection Contractor's vehicles or staff	N/A	The Key Performance Indicator is not applicable because the Council collection vehicles do not directly deliver materials to the contractor's facility, and it is the contractor who transports the material.
KPI 5	Information on recycling materials - (paragraph 11.3 of Specification)	Within ten working days following the end of each month to provide a summary of the materials separated and recovered for that period, the weight of each material transferred to an end user or reprocessor and the date on which it was transferred	100%	All tonnage data relating to this contract received on time throughout the duration of this contract.
KPI 6	EA reports - (paragraph 13.5 of Specification)	To provide the AO with a copy of any monitoring report form(s) issued by the Environment Agency within five working days of the report being issued	100%	Council/Contractor communication throughout duration of contractor to manage increased volumes.
KPI 7	Non-availability of weighbridge - (paragraph 15.5 of Specification)	To ensure that any weighbridge at the Facility is not non-operational for more than four days in any period of twelve months excluding agreed closure	100%	Weighbridges have been available throughout the duration of the contract.

Organic waste processing contract				
KPI	Description	Target (%)	Achieved (%)	Notes
		periods of the Facility for maintenance		
KPI 9	Reports of contamination of Contract Waste – (Part 3 of Schedule 6)	Daily reports, as an electronic copy, of any contamination found in any Contract Waste from the Council's collection contractor's vehicles delivering Contract Waste to the Facility (or any Contingency Delivery Point)	100%	Reports of contamination have been received as and when it appears.

- 4.7. The performance of this contract is measured in contract years which run October to September. The table below presents a forecast indicating that 309.5K tonnes of garden and food waste will be processed throughout the fifteen-year term.

Organic waste contract year		
Contract year	Year	Tonnes
1	2010-2011	15,573
2	2011-2012	17,149
3	2012-2013	15,454
4	2013-2014	22,792
5	2014-2015	20,424
6	2015-2016	22,144
7	2016-2017	22,388
8	2017-2018	21,514
9	2018-2019	21,551
10	2019-2020	22,931
11	2020-2021	23,927
12	2021-2022	19,939
13	2022-2023	20,949
14	2023-2024*	21,475
15	2024-2025*	21,272
	TOTAL	309,482
<i>*Forecast data</i>		

- 4.8. As part of this contract, Countrystyle has demonstrated social value by facilitating the involvement of Medway Council in a collaborative research initiative focused on the efficient collection and composting of compostable packaging. Throughout the trial, a total of 120 households in Medway were provided with boxes of compostable packaging and given information on how

to dispose of them. The research partners have utilised the acquired Medway insights to examine the efficacy of communications on a national scale.

- 4.9. In summary, this contract consistently achieves performance targets, as demonstrated in section 4, and effectively assists the Council in fulfilling its legal obligations whilst aligning with the Council's core values and behaviours. This contract has demonstrated a commitment to environmental sustainability by effectively managing organic waste in accordance with the waste hierarchy. The contractor has also demonstrated its dedication to social value through active participation in environmental research initiatives aimed at creating alternative disposal methods for compostable packaging. In summary, this contract has consistently performed at a high level, effectively supporting the Council's objectives and delivering value to the community.

5. Options

- 5.1. The following options have been considered and analysed for this report:
- 5.2. **Option 1 – Do nothing:** This option is not viable. The Council is obliged to take action as it is essential that Medway's kerbside collected organic waste has a treatment route that meets our statutory obligations, climate change objectives and gives the best financial value for money.
- 5.3. **Option 2 – Provide organic disposal services ourselves:** This option is not viable. The Council and its Joint Venture trading partners do not have the infrastructure required to process organic waste.
- 5.4. **Option 3 – Re-tender the service:** This option is not viable with 12 months until this contract expires. Additionally, the Council's short/medium term goal is to develop a waste strategy. Initiating the re-tendering of disposal services without knowledge of the strategy could result in the Council acquiring a long-term disposal service that does not align with the collection model. The Council's waste strategy will be commissioned by September 2025 to identify and appraise options for domestic waste collection and disposal in Medway. With 35% of Medway's black sack waste containing food (higher than the national average), the strategy will also need to address participation and develop a plan to influence residents' behaviour thus supporting Medway's wider climate change ambitions.
- 5.5. **Option 4 – Extend the current contract (recommended option):** The current contract is performing well. It was written to allow the option to extend for a further 5-years to give Medway and its contractor flexibility. This is particularly relevant given the changing legislative landscape for waste. Extending this contract reduces procurement costs and gives stability in the waste disposal supply chain whilst the Council designs a waste strategy. All costs associated with this service are within current budgets. This option ensures the Council continues to meet statutory duties set out in section 4 of this report.

6. Advice and analysis

- 6.1. Cabinet is requested to acknowledge the contents of this report and note that the contract is performing equal to or above expectations.
- 6.2. Cabinet is asked to approve the extension of this contract for a further five-years in line with the original tender as per option 4 in section 5 of this report.
- 6.3. As has been demonstrated through this report, the organic waste disposal contract is deemed to be performing well. It is efficient and effective in supporting the Council to meet its statutory duties and will continue to do so through the recommended extension.
- 6.4. Extending this contract will reduce procurement costs to the Council as a procurement exercise is not required.
- 6.5. Extending this contract will give stability in the waste disposal supply chain whilst the Council implements a waste strategy which will inform future waste disposal procurement decisions.
- 6.6. The Contractor was evaluated as the most economically advantageous against the Council's award criteria when the services were awarded through Cabinet decision 161/2009. All costs for the services associated with this contract are within current budget.
- 6.7. By extending this contract the Council can ensure it continues to meet its statutory obligations set out in section 4 of this report.
- 6.8. This report does not recommend policy or service change therefore a Diversity Impact Assessment (DIA) is not required.

7. Risk management

- 7.1. The table below details risks associated with the ongoing success of this contract including mitigation plans.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Financial	Volatility of recycling and processing markets causing budget pressures.	Fixed price uplifted annually by RPIX protecting the Council from risk of market price fluctuations.	CIII
Legal	Changes imposed on how Local Councils collect waste as a result of the Environment Act leading to collection methodology changes and potential material composition changes.	Clear ground rules set out in the contract in terms of negotiating future changes in law and variations to specification.	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
Reputational	Failure to extend this contract post 30/10/2025 leading to Medway Council being unable to deliver kerbside organic waste recycling service and failing to meet statutory obligations.	Extend contract for recycling processing as set out in this report.	DII
Climate Change	Failure to extend this contract post 30/10/2025 resulting in organic waste recycling being disposed of via energy recovery/ landfill routes. Leads to Medway Council not meeting statutory obligations set out in this report and climate change objectives.	Extend contract for organic waste recycling processing as set out in this report. Clear ground rules set out within the contract to ensure the appropriate management of recycling materials. Contract management audits carried out to ensure contractor meeting duties.	CII
Reputational	Contractor disposes of organic waste unlawfully leading to reputational damage (for example - waste sent to a foreign market and/or unlawfully flytipped).	Robust contract clauses ensuring that the contractor meets its duty of care responsibilities in line with waste industry regulation. This will be complimented by continued spot checks and audits by the Waste Disposal team to ensure waste is managed properly.	DII

7.2. Risk ratings relating to risk management are included in the table below:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Consultation

- 8.1. This report has been reviewed through the relevant Departmental Management Team (DMT) and Procurement board prior to submission for Cabinet decision.
- 8.2. Further external stakeholder consultation is not applicable for this contract extension.

9. Climate change implications

- 9.1. The treatment of waste through the organic waste processing contract is in line with the waste management hierarchy. Recycling waste prevents it from being sent to landfill, which in turn reduces the amount of greenhouse gas emissions attributed to the waste management process.
- 9.2. Work to quantify the greenhouse gas emissions associated with our disposal and collection services has not yet started but will help to inform future decisions on service delivery, in support of the Council's net zero carbon target.

10. Financial implications

- 10.1. The financial implications associated with this procurement are funded within existing revenue budgets. The annual budget for the current financial year is £1.915million and has been increased for inflation over the lifetime of this contract.

11. Legal implications

- 11.1. As the original contract provided for an extension of up to five years this proposal remains in compliance with both procurement regulations and the Council's contract procedure rules.

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Appendices

Exempt Appendix – Financial Analysis

Background papers

[Gateway 3 contract award \(Decision number 161/2009\)](#)