

Cabinet

5 May 2026

Gateway 3 Contract Award: Recycling Resource Management (RRM) Procurement

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

Report from: Ruth Dulieu, Deputy Director of Place

Author: Natasha Spencer-Jones, Waste Disposal Manager

Summary

This report provides an update on the procurement of the Recycling Resource Management (RRM) Contract and sets out the recommended supplier for award.

The RRM Contract is central to Medway's statutory waste and recycling functions, ensuring the compliant transfer, storage, and treatment of household recycling. It also provides the designated disposal point for all kerbside collected recyclable materials, amounting to approximately 40,000 tonnes per year.

The new contract is due to commence on 1 October 2026 and will operate on a 3 + 3 year term, with an estimated annual value of £1.94 million.

1. Recommendation

1.1. The Cabinet is asked to agree to award the contract to the bidder Veolia Environmental Services, whose submission was the only compliant tender received and, in line with the published evaluation methodology, has been assessed as meeting all required criteria for contract award as set out in the Exempt Appendix.

2. Suggested reasons for decision

2.1. The recommended supplier was the only organisation to submit a fully compliant tender that met all mandatory and technical requirements set out in the specification. The procurement exercise evidenced limited market interest, which is consistent with current market capacity and the specialist nature of the service. As a result, no alternative tenders were available for evaluation.

- 2.2. The bid presents a robust, viable, and fully deliverable solution that will enable Medway to continue meeting its statutory obligations. It provides clear evidence of the supplier's capability and capacity to deliver all aspects of the contract. The supplier currently operates around 22 contracts across London and the South, including two within Kent - Medway and Dover & Shepway -demonstrating strong regional experience and a proven track record in service delivery.
- 2.3. A re-tendering exercise would be unlikely to produce a different outcome given the market constraints already observed, and would introduce a significant risk of service disruption, additional cost, and potential failure to meet statutory or contractual deadlines.
- 2.4. Awarding the contract at this stage is therefore the most appropriate, proportionate, and defensible route to secure the required services, maintain continuity of a critical statutory function, and ensure compliance with procurement regulations and internal governance requirements.

3. Budget and policy framework

- 3.1. This report is fully aligned with Medway Council's policy and budget framework and supports all identified Core Values, Strategic Priorities, Strategic Council Obligations, and Departmental and Directorate service plans.
- 3.2. The proposed contract reflects the ambition set out in the One Medway Council Plan to put people at the heart of everything we do. It ensures the delivery of a waste processing service that is both compliant with statutory obligations and financially sustainable within the Council's budgetary framework.
- 3.3. The service will prioritise recycling, reduce environmental impact, and contribute to a healthier, more sustainable living environment for Medway residents. This directly supports Priority 3 of Medway's Strategic Priorities, to foster clean and green communities.
- 3.4. Additionally, the contract underpins the Council's commitment to the Medway Climate Change Action Plan, which identifies the reduction of landfill waste as a key priority. By securing a service that promotes responsible waste management and maximises recycling, the Council reinforces its dedication to environmental stewardship, carbon reduction, and long-term sustainability.

4. Background

- 4.1. The current RRM contract commenced on 1 October 2022 following Cabinet Decision 82/2022, for an initial two-year term. A further two-year extension was approved under Decision 57/2024, taking the contract end date to 30 September 2026. No additional compliant extension options remain.

- 4.2. The RRM contract forms a critical component of the Council’s statutory responsibilities for the safe collection, transfer, storage, and treatment of household waste in accordance with environmental legislation. It also underpins Medway’s kerbside recycling collection service by providing the disposal point for all collected recyclable materials. Over the lifetime of the contract, an estimated 156,000 tonnes of material will be processed through this arrangement.
- 4.3. The contract scope includes the provision of a waste transfer station and associated haulage to designated disposal facilities for:
- kerbside-collected mixed dry recycling (white/clear bag);
 - kerbside-collected paper and card (blue bag);
 - kerbside-collected food and garden waste – transfer only (brown bag/bin/caddy);
 - ancillary recyclable materials.
- 4.4. The contract also provides the treatment facilities and disposal outlets required for the materials listed above, ensuring compliance with applicable waste management and environmental standards.
- 4.5. As no further contractual extensions are legally permissible, Cabinet approved the decision to retender the service under Decision 132/2025 to ensure a new arrangement is in place from 1 October 2026. The procurement approach has been designed to maintain service continuity, provide operational stability during the Local Government Reorganisation (LGR) period, and support delivery of Medway’s Waste and Resource Strategy.
- 4.6. This report sets out the procurement activity undertaken and presents the recommended award decision for approval.

5. Procurement Deliverables

- 5.1. As part of the successful delivery of this procurement requirement, Table 1 details the procurement project outputs / outcomes that have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Secure a replacement contract to manage the services currently covered under the RRM contract.	The successful implementation of a contract for 1 October 2026.	Waste Disposal Team	Quarterly service monitoring and FLS program board

Table 1 – Procurement project outputs & outcomes

- 5.2. As per the Gateway 1 report, due to time complications and subsequent clarifications with this market obtaining a PCG previously

and in turn the tangible benefit it had to the contract, the requirement for a PCG and Bond was waived.

6. Procurement Process

6.1. Procurement Process Undertaken

6.1.1. As per the Gateway 1 report, the open single stage procedure was used and the tender was published as a single lot.

6.1.2. Procurement process activity for this tender is detailed in Table 2 – Procurement Process.

Activity	Date
FTS issue and ITT start date	31/10/2025
Clarification period	31/10/2025 – 14/11/2025
Submission deadline	05/12/2025
Evaluation period	05/12/2025 – 05/01/2026
Moderation period	06/01/2026

Table 2 – Procurement Process

7. Evaluation Criteria Used

7.1. The evaluation criteria and weighting used for this tender is detailed in Table 3 - Evaluation Criteria.

Category	Weighting	Individual Category	Individual Weighting
Quality	40%	MS1: Mobilisation & operational readiness	2%
		MS2: Capacity management, material handling and site procedures	6%
		MS3: Materials processing	6%
		MS4: Materials haulage and delivery	6%
		MS5: Materials Marketing	4%
		MS6: Business Continuity Plan	2%
		MS7: Contract Management	4%
		MS8: Data recording and reporting	4%
		MS9: Health safety, environment and quality	4%
		MS10: Expiry	2%
Price	50%	Price	50%
Social value	10%	MS11: Social Value	10%

Table 3 – Evaluation Criteria

8. Contract Management

8.1. Contract management will be the responsibility of the Waste Disposal Manager.

8.2. It is proposed that the below table is used for the purpose of further reporting noting that:

- Decision to extend needs to be made in March 2028.
- Where extension is not used, procurement activity needs to commence April 2028.

Contract Start Date	Initial Contract End Date	Extension Period in months	Reprocure Period in months	Project Extension Review (GW4) Date	End of project review (GW4) Date
01/10/2026	30/09/2029	Up to 36 months	18 months	March 2028	If extension not taken – October 2029 If extension taken GW4 review undertaken at end of contract life

9. Risk Management

9.1. Key risks associated with the procurement and subsequent delivery of the contract, together with the actions in place to manage and mitigate them are detailed below.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Reputational	Failure to secure a contract leading to Medway Council being unable to deliver statutory recycling services.	As outlined in this report, allowing the current contract to lapse without replacement is not a viable option. The procurement actions detailed herein are designed to secure a timely and compliant solution to maintain delivery of statutory recycling services. Should a suitable contract not be awardable through the open market,	D IV

Risk	Description	Action to avoid or mitigate risk	Risk rating
		contingency arrangements available under established procurement procedures will be activated to safeguard service continuity.	
Legal	Risk of legal challenge.	Full compliance with public procurement regulations and internal governance procedures has been maintained throughout the process. Legal and procurement specialists have reviewed key documents and decisions. Bidders will be provided timely, consistent communication and feedback to reduce the likelihood of disputes.	C III
Financial (Cost Volatility)	Cost escalation or budget overrun due to market volatility.	Current contract costs are linked to recognised market indices, providing transparency and ensuring volatility is accounted for within financial modelling. The new contract will adopt a similar structure, reflecting the limited scope for suppliers to absorb financial risk. Costs will be monitored regularly against forecasts to ensure early detection and corrective action.	C III
Climate Change	Failure to meet Medway Council's climate change objectives.	Clear environmental requirements aligned with the Council's Climate Action Plan are embedded within the specification. Environmental	D III

Risk	Description	Action to avoid or mitigate risk	Risk rating
		performance will be monitored through KPIs, including reporting on carbon impact and mitigation measures.	
Service Delivery	Disruption to service delivery due to delays in mobilisation, supplier underperformance, or operational issues.	A comprehensive mobilisation plan with defined milestones and responsibilities will be in place. Robust service delivery requirements and KPIs are included in the contract. Due diligence during evaluation and regular contract management meetings will ensure early identification and resolution of issues.	C II
Market Capacity	Structural constraints within the waste treatment and transfer market limit the number of suppliers capable of delivering this service locally, reducing competitive tension and increasing reliance on a single provider.	Market limitations were understood at the outset and reflect the specialist nature of the requirement, proximity needs, and the small number of facilities permitted to accept the required waste streams. The chosen procurement route ensured full transparency and equal opportunity for any capable supplier. Ongoing performance monitoring and benchmarking will mitigate single-supplier reliance.	C III
Procurement compliance	Risk that audit identifies insufficient documentation, unclear evaluation rationale, or gaps in the procurement trail, particularly given a single-bidder outcome.	A comprehensive audit trail has been maintained, including evaluation records, moderation notes, governance decisions, and justification for award. Legal and	B III

Risk	Description	Action to avoid or mitigate risk	Risk rating
		procurement professionals have reviewed documentation to ensure compliance. This report clearly sets out market constraints, evaluation outcomes, and rationale for the recommended award.	
Mobilisation Capacity	Supplier capacity or sector-wide pressures affecting mobilisation and readiness for service commencement on 1 October 2026.	Mobilisation requirements are defined within the specification and will be supported by a detailed mobilisation plan. Early operational planning, staffing information, and facility readiness will be monitored through regular mobilisation governance.	C II
Financial (Indexation)	Future movements in market indices may increase contract costs beyond forecasts.	Use of recognised indices provides a transparent and objective mechanism for price adjustment. Scenario modelling and regular monitoring of index movements will support early escalation of variances.	C III
Strategic Alignment / LGR	Local Government Reorganisation (LGR) may impact service planning, governance, or contract interfaces.	The procurement approach has been designed to maintain continuity and stability during LGR. Governance arrangements will monitor transitional impacts, with joint working between relevant authorities as required. Contract terms include flexibility to support structural changes.	D III

For risk rating, please refer to the following table:

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

10. Service Implications

10.1. Financial Implications

10.1.1. The procurement requirement and its associated delivery as per the recommendations will be funded from within the overall existing budget for Waste Disposal, any future pressures will need to be addressed as part of the budget build process for 2027/28.

10.2. Legal Implications

10.2.1. This procurement activity was above the FTS threshold and therefore an FTS notice was required.

10.2.2. The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").

10.2.3. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.

10.2.4. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

10.2.5. The process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules.

10.2.6. This report has been presented as a Process 3 medium risk procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process for Gateway 4.

10.3. TUPE Implications

10.3.1. There are no TUPE implications on this contract procurement.

10.4. Procurement Implications

10.4.1. Assurance can be sought from table 5 in paragraph 2.1, which provides a comprehensive overview of the areas the submission was evaluated against. Whilst expected, it remains unfortunate that only a single bid for reasons outside of our current control was received. There are no further procurement implications as a result of this award.

10.5. Climate Change implications

10.5.1. The proposed contract directly supports the council's Climate Change Action Plan (2025-28) by ensuring the continued delivery of essential recycling services, reducing the volume of waste to landfill and subsequently lowering greenhouse gas emissions. This directly supports the action plan priority "Resource Efficiency" and the priority ambition for a low carbon waste management system. The specification embeds clear environmental requirements, including reporting on carbon impacts and the implementation of an initial Carbon Management Plan, further supporting alignment with the council's climate ambitions.

Service Lead Officer Contact

Natasha Spencer-Jones
Waste Disposal Manager, Waste Services
natasha.spencerjones@medway.gov.uk

Appendices

Exempt Appendix – financial analysis

Background Papers

[Gateway 1 Project Commencement/Options Appraisal](#)