

**THE LEADER OF THE COUNCIL, THE PORTFOLIO HOLDER FOR ENVIRONMENT AND
THE PORTFOLIO HOLDER FOR ASSETS**

8 OCTOBER 2024

REPORT OF THE ASSISTANT DIRECTOR (HOUSING AND ENVIRONMENT)

**A. WASTE AND RECYCLING COLLECTION AND STREET SWEEPING
PROCUREMENT – DECISION ON SPECIFICATION, TOPICS FOR DIALOGUE
AND TENDER EVALUATION CRITERIA**

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To make decisions in respect of matters delegated by Cabinet on 26th July 2024, minute number 35:

Agrees a delegation to the Leader of the Council, the Portfolio Holder for Environment and the Portfolio Holder for Assets to approve:

- a. the high level service specification provided that they consult with the Waste Contract Project Board and the Member Working Group beforehand;
- b. the aspects of the tender about which there will be dialogue held with bidders; and
- c. the tender evaluation criteria to be used

EXECUTIVE SUMMARY

- The Council's contracts with Veolia Environmental Services for household waste and recycling collection and street sweeping both expire early in 2026.
- Cabinet agreed at its meeting on 26 July 2024 to undertake a tender exercise to find a future provider for the services from 2026 onwards.
- Cabinet delegated the approval of the high level contract specification, the aspects of the tender about which dialogue will be held with bidders and the tender evaluation criteria to be used to the Leader of the Council, the Portfolio Holder for Environment and the Portfolio Holder for Assets
- These decisions build on the Contract Principles and Core Specification Principles already adopted by Cabinet on 26 July 2024
- The service specification and other contract documentation has been written and is going through the finalisation stages
- It is anticipated that the tender process will commence during the week commencing 14 October.

RECOMMENDATION(S)

It is recommended that the Leader of the Council, the Portfolio Holder for Environment and the Portfolio Holder for Assets, having consulted with and taken on board feedback from the Member Working Group and the Waste Contract Project Board:

- 1. Approve the high level contract specification as presented to the Member**

Working Group and Waste Contract Board at their meetings on 1st October 2024 and set out in the slides in Appendix A to this report;

- 2. Approve the aspects of the specification about which dialogue will be held with bidders as set out in this report; and,**
- 3. Approves the tender evaluation criteria as set out in Appendix B to this report.**

REASON(S) FOR THE RECOMMENDATION(S)

The recommendations are made in accordance with the delegations to the Portfolio Holders provided by Cabinet on 26 July 2024.

ALTERNATIVE OPTIONS CONSIDERED

The options considered have been led by the Core Specification Principles that have already been adopted by Cabinet on 26 July 2024. The contract specification is aligned to those principles and when developing the more detailed elements of the specification various options have been considered and through discussion with the Portfolio Holders at meetings on 15th August and 12th September 2024 arrived at those included within the draft specification.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The decisions will contribute to Corporate Priorities as set out in the July 2024 Cabinet report.

OUTCOME OF CONSULTATION AND ENGAGEMENT (including with the relevant Overview and Scrutiny Committee and other stakeholders where the item concerns proposals relating to the Budget and Policy Framework)

In accordance with the Cabinet delegation, consultation has been undertaken with the Member Working Group and the Waste Contract Project Board. Specifically, a presentation was delivered to both groups at their meetings on 1st October 2024 that provided information on the high level elements of the draft contract specification. That presentation is appended to this report at Appendix A.

A public consultation specifically on the waste contract proposals is not planned as this is a statutory service that will broadly align to what is being delivered to residents currently. The enhanced collection of recyclable material will be a statutory requirement via the Environment Act 2021.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

<p>Is the recommendation a Key Decision (see the criteria stated here)</p>	<p>YES</p>	<p>If Yes, indicate which by which criteria it is a Key Decision</p>	<p><input checked="" type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget</p>
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	<p>And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</p>	<p>15 November 2023</p>
<p>Details relating to the legal background and requirements are set out in some detail in the July 2024 Cabinet report.</p>		
<p>YES</p>	<p>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</p>	
<p>No further comments to make in respect of this decision, which builds upon and actions the Cabinet decisions in July 2024.</p> <p>As discussed, this decision is subject to call in and should be published in Part B, until ready to go out for tender.</p>		
<p>FINANCE AND OTHER RESOURCE IMPLICATIONS</p>		
<p>The finance and other resource implications relating to this procurement exercise are covered in detail within the July 2024 Cabinet report.</p>		
<p>Yes</p>	<p>The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:</p>	
<p>Following the reference to the report considered by Cabinet in July 2024, it is worth highlighting a number of important points as follows:</p> <p>The current contract is valued at approximately £7 million per annum. Due to inflation / cost pressures being experienced by potential contractors, it is highly likely that any future contract to provide broadly the same level of service as currently commissioned will result in a significantly higher cost.</p> <p>With the above in mind, the broad approach being taken is predicated on balancing the Council's commitment made to the future service provision / new legislation with the challenging financial environment the Council finds itself in.</p> <p>The proposed specification, including the competitive dialogue procurement process that will be undertaken will play a crucial role in delivering such a balance.</p> <p>Notwithstanding the above, it is important to highlight that it is expected that both ongoing revenue costs and potential one off capital costs will emerge as part of the final tender process that will need to be considered as part of the final report setting out the recommended approach.</p> <p>To a large extent the level of flexibility that can be designed into the specification is some what</p>		

limited as it broadly needs to reflect the requirements of the Environment Act 2021. However, maximising remaining flexibilities has been included within the proposed specification where possible such as via a 'contractors' option which will no doubt capture options and innovation led by the contractor. This will in turn assist in balancing the Council's financial sustainability with delivering priorities including managing the expectation of customers alongside the need to respond to emerging legislation / regulations associated with waste and recycling.

It is also important to highlight the risk relating to the Environment Act 2021. Although the new Government have indicated their commitment to the additional requirements introduced by that Act, it is possible that obligations may change during the tender process. This includes the associated funding that is still expected to be provided by the Government to support Local Authority compliance with the new requirements introduced by the Environment Act. It is hoped that clarity will be provided around these issues as soon as possible to ensure all relevant matters can be taken into account as part the final phases of the tender process and ahead of the Council entering into contractual arrangements with a contractor.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>It is not yet known what the cost of the new services will be. Maintaining current levels of service will cost more than they do currently and as set out in the July 2024 Cabinet report there is a need to balance the provision of the required service including new legislative requirements against the Council's financial forecast.</p> <p>This potential increase in cost is recognised in the "live" list of cost pressures, maintained on an ongoing basis.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>These are important long term decisions for the Council and as such will be undertaken in accordance with the constitution, making use of delegated powers where appropriate.</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>Waste and recycling services are significant budget areas for the Council and also ones where we have good levels of information both in respect of operational delivery and cost. This data will be used as part of the decision making processes going forwards.</p>

MILESTONES AND DELIVERY

This decision forms one of the key milestones in the procurement process. Following on from this decision it is anticipated that the formal tender process will be launched during the week commencing 14 October 2024.

ASSOCIATED RISKS AND MITIGATION

Associated risks and their mitigation have been set out in some detail in the July 2024 Cabinet report.

A risk register is being maintained in relation to this project.

EQUALITY IMPLICATIONS

An equality impact assessment has been undertaken as part of the development of the specification. One potential adverse impact on those with protected characteristics has been identified. Those who live with a disability may be disadvantaged if they are unable to present their waste and recycling for collection so the contract specification includes a requirement for bidders to provide an assisted collection service for those who require it as is the case with the current service contract. The equality impact assessment will be updated when the first detailed bids are received.

SOCIAL VALUE CONSIDERATIONS

The Public Services (Social Value) Act 2012 requires public authorities to “have regard to economic, social and environmental well-being in connection with public service contracts; and for connected purposes.” The Council wishes to work collaboratively on social value with suppliers, partners, and the community to benefit Tendring.

As part of this procurement exercise, TDC are adopting the national Themes, Outcomes and Measure (‘TOMs’) method of classifying and evaluating Social Value. The measures selected have been adapted to compliment the District’s context and priorities as outlined within TDC’s Corporate Plan 2024-2028 (Our Vision) and focus on areas such as protecting the local environment and creating opportunities within Tendring.

A separate decision has been delegated to the Portfolio Holder for Assets to agree the Social Value TOMs that will be used for this procurement.

IMPLICATIONS FOR THE COUNCIL’S AIM TO BE NET ZERO BY 2030

Implications for the Council’s aim to be net zero by 2030 have been explained in the July 2024 Cabinet report.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	None
Health Inequalities	None
Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)	None
Area or Ward affected	All wards within the district will be affected

PART 3 – SUPPORTING INFORMATION

BACKGROUND

High Level Contract Specification

The Leader of the Council, the Portfolio Holder for Environment and the Portfolio Holder for Assets have been involved in discussions relating to the development of the contract specification. Specifically, meetings were held on 15 August 2024 and 12 September 2024 to discuss aspects of the specification and seek agreement on various points.

The draft contract specification aligns with the core service specification principles agreed by Cabinet on 26 July 2024, including;

- One single contract for both elements of the service
- Eight year contract length with an option to extend for a further eight years
- Output based street cleaning specification
- Kerbside waste and recycling collection to comply with Environment Act 2021 requirements
- Option for up front vehicle fleet funding
- Options for dry recycling value risk share

Members of the Member Working Group and the Waste Contract Project Board received a presentation on 1 October 2024 setting out some further details about the contract specification along with an update on the development of the procurement process.

Aspects about which dialogue will be held with bidders

As a competitive dialogue process is being used any aspect of the contract specification and related documentation and requirements is open to dialogue. Aspects that officers anticipate will be discussed in most detail during the dialogue phase include:

- Vehicle funding methods
- Waste and recycling collection methods
- Street cleaning and litter bin servicing methods
- Dry recycling financial risk share mechanism
- Payment mechanism and pricing schedule
- Contract drafting / legal matters

The tender evaluation criteria to be used

The bidder submissions will be evaluated with weightings assigned to price, quality and social value. The table shown at Appendix B shows the proposed weightings.

PREVIOUS RELEVANT DECISIONS

Cabinet 26 July 2024, item A.6, minute number 35

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

Cabinet report, item A.6 26 July 2024 Update on Future Waste and Recycling and Street Sweeping Options. Related minute - number 35.

APPENDICES

Appendix A – Presentation slides as presented to the Member Working Group and Waste Contract Project Board on 1 October 2024.

Appendix B – Tender evaluation criteria

REPORT CONTACT OFFICER(S)

Name	Tim Clarke
Job Title	Assistant Director – Housing & Environment
Email/Telephone	01255 686745