

CABINET

14 NOVEMBER 2025

REPORT OF THE PORTFOLIO HOLDER FOR ENVIRONMENT & ICT

A.1 APPROVING AWARD OF THE WASTE & RECYCLING COLLECTION AND STREET CLEANING CONTRACT FOLLOWING EVALUATION OF TENDERS

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide an update to Cabinet following receipt of final detailed submissions from bidders at the Invitation to Submit Final Tenders (“ISFT”) stage of the procurement process, to set out details of the tender proposed for award of contract and subject to funding requirements seek approval to appoint the successful bidder to deliver a waste & recycling collection and street cleaning contract for three years with effect from 1st April 2026 with an option to extend for up to two years.

The report highlights the financial implications of entering into the contract to ensure the Council can deliver its statutory duties and comply with the requirements of the Environment Act 2021.

Subject to Cabinet’s approval an implementation and communications plan will be necessary to ensure the residents of the District are aware of the changes coming into effect on 1st April 2026.

EXECUTIVE SUMMARY

- The proposals set out in this report provide for a new waste and recycling collection and street cleaning contract that:
 - a. will provide residents with an enhanced recycling collection service alongside the continuation of fortnightly or weekly residual waste collection and weekly food waste collection;
 - b. gives residents and visitors to the district a level of street cleaning that is at least equivalent to that provided currently;
 - c. is fully funded for a period of three years without adversely impacting on other important services provided by the Council.
- At its meeting on 26 July 2024, Cabinet agreed to the commencement of a procurement process to appoint a contractor to deliver the Council’s waste and recycling collection and street cleaning service from 2026 onwards, based upon a set of principles, which translated into a specification for detailed solutions to be submitted against.
- The Council’s project team has been supported throughout the procurement process by four external organisations, chosen for their experience in supporting similar procurements elsewhere.

- The price for the initial detailed solutions provided by bidders at the Invitation to Submit Detailed Solutions (ISDS) stage was not affordable by the Council, being potentially over £7m per annum above the current associated budgets.
- In response to the affordability position and Devolution and Local Government Reorganisation (LGR) proposals for Greater Essex, at its meeting on 23 May 2025 Cabinet agreed a revised set of Core Specification Principles aimed at reducing the price at final tender stage (the changes were):
 - a shorter contract term – from eight to an initial three-year contract term with an optional extension period of up to two years;
 - a reduction in specification, mainly in relation to street cleaning, aimed at reducing the level of risk and uncertainty whilst increasing affordability but not offering a lower level of service than currently;
 - that the Council does not take any risk on the value of the dry mixed recycling (DMR) collected at the kerbside; and,
 - that the Council does not fund the up-front purchase of any vehicle fleet.
- The Council remained committed to the fortnightly residual waste collection from wheeled bins (weekly for those on black sack service). The complete set of Core Principles are included within Table 6 in the Background section of this report.
- A revised draft specification was sent to bidders following the May 2025 Cabinet meeting and officers entered competitive dialogue discussions with each individual bidder during June and July 2025, after which the Council's requirements were finalised via a decision by the Corporate Director for Operations and Delivery on 14 August 2025, and final detailed solutions (tenders) were invited with a tender closing date of 17 September 2025.
- The terms and conditions of the expected contract requirements form part of the procurement process, some clarification questions were received related to the service specification but none that fundamentally alter the specification or contract terms. Therefore, subject to the recommendations being approved, no further decisions are required for the contract documentation to be completed.
- The Council received one tender submission, from Veolia ES (UK) Ltd, which has been fully evaluated to ensure that it fully meets the requirements of the service specification, which it does. The tender is also within a price range that is affordable to the Council over the initial contract duration of three years, subject to budget adjustments.
- Over the three-year term of the contract the Council will require an additional budget of £7.796m in order to pay for the service. This is reduced to £7.359m when taking into account one off grant funding received by the Council.
- In anticipation of increased contract costs, £2.417m has already been set aside as part of finalising the outturn position for 2024/25. A further £4.942m must therefore be identified and this can be met by refocussing budgets associated with uncommitted New Homes Bonus funding for 2025/26, the Corporate Investment Fund and other smaller favourable variances emerging across the Council's wider budgeted position.

- Prior to Cabinet approving the award of the contract, the financial implications to the Council need to be considered and balanced against compliance with the statutory duties regarding waste and recycling collection.
- Refocussing of existing budgets in order to continue providing the statutorily required waste service may impact the speed and scale of investment elsewhere within the Council's overall budget.
- Alongside LGR, the financial impact of the waste tender acts as a timely opportunity to review the Council's approach to its wider forecast / budget setting process and against this context it is planned to develop a two-year financial 'work programme' / budget as set out later on in this report and elsewhere on the agenda.
- In order to ensure an effective delivery of the new contract and a smooth transition to the new recycling collection services, officers will be developing an implementation and communications plan. This will be jointly developed with Veolia who, as part of their tender submission, were required to submit a comprehensive mobilisation plan.

RECOMMENDATION(S)

It is recommended that Cabinet:

- 1. notes the further extensive work undertaken on the procurement process, both by officers and external consultants following the revisions to the Core Specification Principles adopted in May 2025 and the subsequent decision, to approve the detail of the service specification and other related documentation associated with the Invitation to Submit Final Tenders stage of the waste contract procurement;**
- 2. thanks the Resources and Services Overview and Scrutiny Committee and notes their recommendations following the meeting on 4 November 2025, as set out in this report, which will be considered as part of the work associated with the implementation of the contract and revised service going forward;**
- 3. acknowledges that the tender received from Veolia ES (UK) Ltd (company registration number 02481991) has been fully evaluated and meets the requirements of the final service specification that in turn is based on the revised Core Specification Principles;**
- 4. agrees to award the contract to Veolia ES (UK) Ltd commencing on 1 April 2026:**
 - (i) for an initial term of three years (with the option to extend for up to two years);**
 - (ii) at a total gross cost over the initial three year term of £7.796m over and above existing budgetary provision as set out in Table 1 of this report;**
 - (iii) that associated Government grant funding of £0.437m as set out within the finance section of this report be allocated towards the cost highlighted in (4)(ii) above;**

- (iv) that the necessary further budget adjustments set out within Table 3 of this report be agreed to meet the net overall additional three year contract costs;
- (v) that any unspent money from the previously agreed sum of £0.400m that was set aside to support the overall procurement process be applied as a further contingency sum to support the implementation of the new contract;
- (vi) that subject to (4)(i) to (4)(v) above, agrees a delegation to the Corporate Director Finance & ICT, in consultation with the Corporate Director for Operations & Delivery, the Portfolio Holder for Finance & Governance and the Portfolio Holder for Environment & ICT to make the necessary changes to the budget to reflect the implementation of the new contract; and,
- (vii) notes the next steps and key procurement target dates set out within this report and acknowledges that the Portfolio Holder for Environment & ICT and the Corporate Director for Operations & Delivery will prepare an implementation and communications plan as part of the smooth transition and roll out of the new service. Ensuring that residents are aware of the new requirements.

REASON(S) FOR THE RECOMMENDATION(S)

The Council's current contracts with Veolia ES (UK) Ltd for household waste and recycling collection and street sweeping both expire on 1st April 2026. As such, a contractor needs to be found to deliver these services on expiry of the current arrangements.

The Council has now undertaken a full and thorough procurement exercise to find a suitable contractor to deliver the service based upon the Core Specification Principles previously approved by Cabinet for April 2026 and beyond.

The recommendations will ensure that the Council continues to progress the future of this important statutory service, meeting its affordability envelope whilst complying with the Environment Act 2021 requirements that commence on 1 April 2026.

Under the Environmental Protection Act 1990 the Council is designated as a Waste Collection Authority (WCA) and as such has a statutory duty to collect household waste and recycling from homes in the district. From 1 April 2026, the Council will be required under provisions in the Environment Act 2021 to collect a wider range of recyclable material and as such any new service commencing in 2026 must be compliant with or at least working towards compliance with this requirement. A failure to comply with the Environment Act requirements could result in the Council being subjected to a Judicial Review and funding provided by DEFRA being withdrawn. This funding includes that provided towards the revenue costs of delivering an enhanced food waste collection service and Extended Producer Responsibility (EPR) funding towards the cost of the increased collection of recyclable materials at the kerbside. Details of this funding is set out the Finance section of this report.

ALTERNATIVE OPTIONS CONSIDERED

At this stage and having undertaken a full and thorough procurement exercise resulting in the submission of a tender that meets the service specification and is within the Council's affordability envelope there are only handful of realistic options:

1. To accept the tender and appoint the successful contractor to commence service delivery from 1 April 2026 – this is the recommended option.
2. To seek to reduce the specification requirements – procurement rules do not allow this option. The contractor has submitted a tender based on the specification the Council issued. Whilst very minor points of clarification are permitted it is not possible now that final tenders have been received to further reduce the specification requirements. Efficiency reviews, undertaken annually as part of the contract may allow for small efficiency savings where these are agreed between the Council and the contractor.
3. To not appoint a contractor, the implications of which would be:
 - a. not having a contractor in place to deliver the statutory services beyond April 2026;
 - b. the risk of not being compliant with the Environment Act 2021 requirements and consequent risk of judicial review and withdrawal of funding from DEFRA; and,
 - c. the tender exercise would need to be re-started under the new Procurement Act 2023 - legislation that came into force after the current procurement exercise commenced.
4. The Council does have one option in the specification around the use of a mobile crew. Similarly to the current contract, it is proposed that this option is taken up and the mobile crew will be used to undertake cleaning of housing land and other ad hoc cleaning / clearance works that would otherwise be the subject of a variation order. A variation order is something that is used to commission additional work based on the day rates set out in the contractors pricing schedule.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This decision will contribute to the Corporate Plan 2024 – 28 (Our Vision) themes of:

- **Pride in our area and services to residents** – the waste and recycling collection service is one that is universally used by all residents and one by which the council is often judged. All residents will also experience the benefits of a good quality street cleaning service.
- **Championing our local environment** – both the waste and recycling collection and street cleaning aspects of the service are aimed at creating a clean and healthy local environment. Residents will be able to recycle more with the wider benefits this will have on the environment.

- **Financial sustainability and openness** – as the Council’s single most expensive contract it is important that the service delivers value for money whilst being compliant with statutory obligations.

Additionally, Cabinet agreed at its meeting in March 2025 to a set of Highlight Priorities for 2025/26. One of those priorities is to complete the procurement of the waste contract.

Environment, Circular Economy and Climate Change Support is one of the 13 priorities listed as part of the Government’s new Local Government Outcomes Framework (for reporting to be in place by April 2026) for “*a healthier, more resilient natural and built environment, including responding to the risks and impacts of climate change to the benefit of communities*”. This currently includes reporting on:

- Percentage of total household waste sent for recycling/ compost/ reuse (Defra); and
- Percentage of total household waste that is collected separately as food waste (Defra)

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)

The Leader of the Council and the Portfolio Holders for Environment & ICT and Assets & Community Safety have all been involved in the development of the service specification that bidders received at the ISFT stage of the procurement.

A Portfolio Holder Working Party was also assembled along with presentations to All Member Briefings during the procurement process.

The Resources and Services Overview and Scrutiny Committee considered the implementation of the contract at its meeting on 4 November 2025. The recommendations made by the committee to Cabinet are set out below:

It was unanimously **RESOLVED** that the Committee:-

- (a) recommends to Cabinet that the Council apply a proportionate compliance framework in the early stages of the contract rollout to allow for reasonable adjustments accommodating residents’ needs and ensuring equitable access to services;
- (b) recommends to Cabinet that the Portfolio Holder Working Party, that initially supported the move to procurement of the Waste and Street Cleaning Contract, be re-established to address mobilisation, implementation and delivery of the contract requirements going forward utilising all the relevant Key Performance Indicator data including delivery percentages by Ward and considers the appropriate practice and process in respect of the deployment of sanctions for underperformance or breach of contract terms;
- (c) recommends to Cabinet that a clear communication plan be developed and then executed to keep residents informed of (impending) service changes, including the

changes being introduced in the new contract (such as the introduction of services such as glass collection);

- (d) encourages Cabinet to implement the proposal, accepted by the Portfolio Holder for the Environment and IT at the Committee’s meeting, for the preparation of an information pack for Councillors (and possibly Town and Parish Councils) in respect of the new contract and the arrangements for collection of waste and recyclable materials going forward in the District and that this be developed with input from Members across the Council;
- (e) notes that the reported cost of the new Waste and Street Cleaning Contract was broadly in line with where Members of the Committee considered it would be; and
- (f) notes and accepts Officers’ proposal to provide detailed information regarding the contract termination provisions of the new contract.

Following on from the above recommendations, these will be considered as part of the work associated with the implementation of the contract and revised service going forwards.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES	If Yes, indicate which by which criteria it is a Key Decision	<input 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
		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)	20 August 2025

Local Government Reorganisation (LGR)

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 (‘the 2007 Act’), invited any principal authority in the area of the county of Essex, to submit a proposal for a single tier of local government. Four detailed proposals for Greater Essex were submitted to MHCLG by 26 September 2025. Government have indicated that they are intending to launch their statutory consultation on the proposals they decide to seek views on in November 2025. Following its consultation Government intends to make its ministerial decision on the proposal they are proceeding with in March 2026.

Once Government has decided whether to implement LGR, and a Structural Changes Order (SCO) is passed by Parliament and comes into effect, a Section 24 (Local Government and Public Involvement in Health Act 2007) Order is issued to authorities dissolved by the SCO, including control of disposals, contracts and reserves.

The Section 24 Direction comes into effect when the Shadow Authority exists (4th day after the elections in May 2027), as the direction requires the executive of the shadow authority to be consulted.

The standard format of a SCO deals with functions of the existing councils, which are exercisable only in the transitional period beginning on the coming into force of the SCO and ending on the fourteenth day after the (shadow authority) election day, of preparing for and facilitating the **economic, effective, efficient** and timely transfer to the unitary council, of such of its functions, property, rights and liabilities as relate to the area and its inhabitants.

Therefore, even before the Section 24 Direction comes into force, by virtue of the SCO, from the date it comes into effect (late 2026) the existing councils are given new statutory duties to effectively not to make any decisions or take any actions which would impact *the economic, effective, efficient and timely transfer to the unitary council*.

The reason for highlighting the Section 24 Direction is that this period will coincide with the 3-year contract period and the potential extensions.

Statutory Requirements

As has been set out in the previous reports to Cabinet on this matter, the household waste and recycling collection and street sweeping services are a statutory function of the Council under the Environmental Protection Act 1990 with the Council designated as a Waste Collection Authority (WCA). Essex County Council (ECC) is the Waste Disposal Authority (WDA).

The collection of household waste is a critical service for the Council with significant public health, reputational and financial consequences if a service is not provided consistently. It is therefore important that the Council has a contractor in place to deliver these services from April 2026.

The Environment Act 2021 amended some sections of the Environmental Protection Act 1990 (EPA 90) and introduces some additional responsibilities in respect of the collection of household recycling. Section 45 of the EPA 90 covers the collection of household waste. As set out in the EPA 90 and the Separation of Waste (England) Regulations 2024 from 31 March 2026, Councils will be expected to collect a wider range of recyclable materials from the kerbside, including glass. Unlike the original Environment Act proposals before secondary legislation was laid, there will not be a requirement that these materials are collected separately, and a comingled collection will be permitted. From 31 March 2027, the Council will be required to undertake a kerbside collection of flexible plastic films for recycling. The service specification used at both the ISDS and ISFT stage was designed to account for these new, additional requirements.

The Government policy statement published on 29 November 2024 states that the new default requirement for most households and workplaces will be four containers for:

- residual (non-recyclable) waste

- food waste (mixed with garden waste if appropriate)
- paper and card
- all other dry recyclable materials (plastic, metal and glass)

This is what the Council included in the final service specification along with a separate garden waste collection.

Bidders were also advised that the Council expects to be compliant with the requirement to collect a broader range of recyclable materials at the kerbside from 1 October 2026. Whilst this date is six months beyond the 1 April 2026 date that the requirements come into force it is important to allow the appointed contractor sufficient time to roll this enhanced service out to residents. It would have been particularly challenging for an incoming contractor to achieve the April date for compliance as that would have been the same date they took over the contract.

In their tender, Veolia propose to provide food waste collections from those hard to reach households that do not currently receive it from 1 April 2026. Containers for those households will be delivered during March 2026. Veolia will then implement kerbside glass and the wider range of plastics collections from 1 October 2026 having delivered to residents additional containers in advance of that date.

The Council will work with Veolia to introduce food waste collections from flats following site surveys and discussion with residents and building managers to determine feasibility as these types of housing do not lend themselves well to food waste collections.

It should be noted that the Council has a statutory duty to provide a clinical waste collection service to residents of the district. Currently this is provided free of charge and that contract is a separate arrangement to this contract and is not subject to the decision being recommended in this report. A separate procurement is currently being undertaken to source a contractor for that service when it expires at the end of 2025.

The current position and legal next steps in the procurement process

- The Council has received a tender for the services specified and this tender meets the requirements set out in the service specification.
- Cabinet is being asked to approve, subject to consideration of the financial implications, the contract being awarded to the winning bidder and that is what this report is seeking.
- If Cabinet decides to accept the tender and award the contract, the procurement process will enter the preferred bidder stage, the successful bidder will be sent a letter advising them that they have been successful. A 10-day standstill period is applied allowing for other bidders who were involved in the process to challenge the outcome, although the prospect of this is considered unlikely, as only one final tender was received.
- Following expiry of the 10-day standstill period, the Council can formally enter the contract with the supplier once it is signed and sealed by both parties.
- Although the contract documentation can be completed and the new services do not take effect until 1st April, the Council and Veolia can move into transition and operational delivery discussions towards an implementation plan.

YES	The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:
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The report highlights that for a short period the Council will not be compliant with the Environment Act 2021, however since the expiry of the existing contract coincides with the legal requirements of the Act coming into force, it was not possible to vary or extend the contract. Looking at the guidance to Waste Collection Authorities from DEFRA, all the actions suggested to work towards being prepared have been undertaken, where it has been lawful to do so.

Previous Cabinet reports have been detailed and published in the public domain, with the contents within them being open and transparent.

On this basis, there is a small risk of being challenged which is set out in the report. It is however, considered that the Council has undertaken all the steps it reasonably could, to be compliant as quickly as possible working within the wider legal framework applicable to local government.

FINANCE AND OTHER RESOURCE IMPLICATIONS

As set out within the report to Cabinet in May, the existing budgets relating to waste and street cleansing activities are held across various lines of the forecast, which total **£6.831m** in aggregate in 2025/26. Based on the structure / outcome of the procurement process it is also now appropriate to add in the underlying expenditure budget for the Green Waste Kerbside Collection Service which totals **£0.686m** in 2025/26. Along with some other small adjustments, this brings the total existing annual budget to **£7.529m**, which is therefore the comparable figure against which the outcome of the tender process needs to be compared. It remains important to highlight that additional / separate budgets are held within Parking Services and the Housing Revenue Account (HRA) to meet their individual costs associated with cleaning of car parks and the Council's housing estates.

As also set out within the earlier report in May, the risk of increased annual contract costs had been recognised within various financial performance / budget reports. This included the acknowledgement of an underlying general cost pressure 'allowance' of **£0.500m**, alongside the recognition that on-going revenue 'headroom' may have to be identified within the budget via efficiencies and savings over and above this general 'allowance' if required. It was also recognised that this could be complemented by the use of existing one-off funding over the life of the contract or as part of a transitional / hybrid approach.

As set out elsewhere within this report, the level of variables within the contract are limited, but after taking into account costs such as those associated with the upfront cost of providing additional recycling boxes / containers, the following table sets out the estimated additional gross cost over existing budgets in terms of the initial three year contract period:

Table 1

	Year 1	Year 2	Year 3	Total
Contract Cost over existing budgets	£3.378m	£2.234m	£2.184m	£7.796m

The above includes one-off capital costs associated with the purchase of the necessary boxes / bins which have been reflected within the recommendations above. The above however excludes annual inflationary uplifts as these will be considered as part of the forecasting and budget setting 'cycle' each year, as is currently the case.

The above includes assumptions such as:

- The rationalisation of recycling bring sites across the district as waste streams are ‘transferred’ to kerbside collections e.g. glass;
- additional officer capacity to support the roll out of the new service including IT support, etc.;
- a limited contingency sum to provide flexibility to respond to potential issues that may emerge over the life of the contract such as changes in legislation that could have an impact on the operation of the tendered contract.

It is also worth highlighting that as set out elsewhere within this report, the collection of food waste from flats will be phased in over 2026/27 and beyond. This approach does not have a direct impact on the figures set out above as it is proposed that such collections can be accommodated within the existing food waste collection rounds that have already been priced into the contract.

To date the Council has received un-ringfenced grant funding from the Government to support the increased costs expected to be incurred by Local Authorities to meet the requirements of the Environment Act 2021. When taken alongside other residual funding previously received to support the wider cost of waste and recycling in prior years, a total one-off amount of **£0.437m** in grant funding is available to support the additional cost of the contract highlighted in Table 1 above. Being one-off amounts, they will reduce the net cost in year one.

As set out within earlier reports, the Government have announced additional financial support via the Extended Producer Responsibility (EPR) grant scheme, from which the Council has received **£0.892m** in 2025/26. This funding has effectively been included within the base budget already as part of the Council’s wider budget setting / forecasting processes so it cannot therefore be treated as additional grant income to support the cost emerging from this tender process. In future years, it is expected that this will form part of the wider / overall funding settlement rather than as net additional funding available to Local Authorities and therefore it is assumed that there will be no further Government financial support at this stage. This is also the case for potential increased food collection grant funding, even though the Government did acknowledge the associated pressure on local authority budgets via earlier tranches of funding mentioned above. However, if any additional grant funding does become available then this can be considered as part of the wider budget setting process over the coming weeks / months.

When taking account of the grant funding highlighted above, the gross additional funding that needs to be identified over the initial contract period of three years is reduced (*when compared with Table 1*) as follows:

Table 2

	Year 1	Year 2	Year 3	Estimated Total
<u>Net</u> Contract Cost over existing budgets	£2.941m	£2.234m	£2.184m	£7.359m

To enable the Council to appoint the identified contractor, it would be prudent to fully fund the additional cost of **£7.359m** highlighted in the above table from the outset. This in effect de-risks the alternative option of committing to identifying corresponding on-going savings within the underlying budget over the same three year period, which would place a significant burden on the Council's underlying shorter term financial position. However, as recognised earlier, the opportunities to identify savings will be explored as part of the Council's overall forecasting and budget setting process, but doing that as a secondary action rather than a primary one better demonstrates strong financial management rather than relying on future actions and decisions to fund the contractual liability that emerges on appointment of the contractor.

In anticipation of increased contract costs, **£2.417m** has already been set aside as part of finalising the outturn position for 2024/25. This leaves a funding balance of **£4.942m** and therefore, with the above approach in mind, it is proposed to refocus the following existing budgets to meet the estimated additional cost:

Table 3

Existing Budget	Proposed Use	Remaining Budget after proposed use
Uncommitted New Homes Bonus Funding 2025/26	£0.425m	£0
Corporate Investment Fund	£4.226m	£0.046m
Other – this includes a number of smaller favourable variances emerging across the Council's wider budgeted position e.g. reduced cost of Business Rates for the Council's own properties in 2025/26.	£0.291m	£0
TOTAL	£4.942m	

There is clearly an opportunity cost of refocusing existing budgets as proposed above, but this has to be balanced with the requirement for the Council to continue to provide associated statutory waste and recycling services from 1 April 2026. This is therefore done in recognition that there may be an impact on the scale and speed of investment elsewhere within the Council's overall budget. It is recognised that refocusing existing budgets also reduces flexibility in terms of future options available to the Council if it needs to respond and fund other potential issues that may emerge over the next two years. However, in terms of this latter point, it is also important to highlight the Council also retains a forecast risk fund, uncommitted reserves of **£4.000m** alongside other one-off funding 'pots' and reserves, that still remain available to support such financial risks going forward. There are also potential options to review associated fees and charges relating to the Garden Waste Service that may support the additional costs, which can be considered as part of the wider budget setting process later in the year.

When taken into account with the potential impact of Local Government Reorganisation, the increased waste and street cleansing contract costs highlighted above and the proposed approach to meet those costs, can be seen as an important financial ‘cross roads’ that sets the financial context for the Council over the next two years ahead of a successor Unitary Council being established as early as April 2028. In reflecting our commitment to be open and transparent and not shy away from difficult decisions, the need to revisit / revise our financial plans over the next two years is brought into sharp focus.

With the above in mind, it is planned to develop a funded two year financial ‘work programme’ / budget that will enable the Council to bring together a number of potential risks and opportunities that can be considered collectively and would place the Council in a strong position to support the continued protection of front line services, timely investment in other priorities alongside meeting any emerging statutory obligations relating to the incoming new Unitary Council from April 2028. Such an approach is also supported by the Government’s commitment to provide local authorities with increased financial certainty via their current fair funding review and business rates reset which should see Council’s receive at least a two year financial settlement covering 2026/27 and 2027/28. The above also sets a timely context and background to reviewing Cabinet’s current highlight priorities with further details set out elsewhere on the agenda.

As set out elsewhere on the agenda, Portfolio Holders and Officers are requested to undertake the necessary activities to support the above approach with the aim of presenting a two year financial plan to Cabinet in December.

The above enables the Council to not only respond to the significant challenge emerging from the waste and street cleaning procurement process but use it as driver for the necessary actions and activities to ensure that the Council can continue to remain financial sustainable and stable ahead of a potential new Unitary Council emerging from April 2028.

Support funding

As set out in the previous Cabinet reports a current budget allocation of **£0.400m** has been set aside to support the preparation and procurement of the new contract.

A total of **£0.226m** has so far been spent on consultancy services leaving a budget of **£0.174m** remaining. Although final commitments and costs remain outstanding, they are expected to be managed within the budget of **£0.400m** above and as reflected within the recommendations, it is proposed to transfer any remaining money across to the support the implementation of the new contract via the underlying contingency sum.

Yes	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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There are no major additional comments, as the points set out elsewhere in the report adequately reflect the significant financial challenges associated with the current procurement process.

USE OF RESOURCES AND VALUE FOR MONEY

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

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	This is broadly set out elsewhere in this report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	
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.	

The Council is under a broad Best Value Duty that relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 (“the 1999 Act”) to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions. Best value authorities must also demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management.

To provide greater clarity to the sector on how to fulfil the Best Value Duty, recent statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned and reflect what most local authorities already do or are striving to achieve. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the revised guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators. How the Council responds to new or developing issues, such as those set out within this report, therefore remains an important element of demonstrating these key requirements.

MILESTONES AND DELIVERY

The project has largely adhered to the key procurement target dates as set out in the July 2024 and May 2025 Cabinet reports. Target dates for the final stages in the procurement process are shown in Table 4 below.

Key	
ISFT	Invitation to Submit Final Tender

Table 4 – Key procurement target dates <i>(subject to adjustment as the project develops)</i>	
EVENT	DATES
Cabinet Meeting (Decision to Award) + five Day Call-In	14/11/2025

Communication of the contract award to the bidder by the means of a standstill letter – issued after the call-in period (this phase to include early dialogue with the contractor relating to key implementation and mobilisation activities as appropriate)	24/11/2025
Standstill Period – 10 days after standstill letter issued	24/11/2025 – 5/12/2025
Contract Collation	8/12/2025 - 12/12/2025
Contract signature	15/12/2025 – 19/12/2025
Mobilisation (including container procurement/purchase)	19/12/2025 - 31/03/2026
Contract Start Date	01 April 26

Table 5 – Key communication target dates *(subject to adjustment as the project develops)*

EVENT	DATES
Media release confirming contract award	14/11/2025
Preparation of a communication pack for Members to use in their communications and meetings with residents	December 2025
Promotion of the existing textile collection service, as part of Christmas waste communications	December 2025
Artwork explaining the new service changes – as part of the annual recycling calendar delivery to all residents.	January 2026
Launch of dedicated web page with information on the new service	January 2026
Targeted communications to restricted households that will receive food waste collections for the first time	February 2026
Leaflet with annual council tax bill	March 2026
Adjust website home page to promote dedicated web page	April 2026
Begin campaign promoting new changes	June 2026 – ramping up to October commencement
(TBC) Targeted communications to areas with collection day changes	September 2026
Bring site removal communications (and promoting kerbside)	October 2026
Targeted communications to flats around food waste	November 2026
Ongoing recycling promotion communications	From November 2026
Flexible plastic recycling communications	Early 2027

ASSOCIATED RISKS AND MITIGATION

Compliance with the Environment Act 2021

Compliance with the “Simpler Recycling” / Environment Act 2021 requirements for collection of recyclable materials – the service has been designed to comply with the future requirements from 2026 and therefore it will be possible to comply with them. There was always a risk that full compliance with the Environment Act requirements would not be possible from 1 April 2026 and a buffer was therefore built into the service specification setting a compliance date of 1 October 2026. This date was selected following the competitive dialogue discussions with the bidders that were involved at that stage. It is understood that the Council will not be penalised for non-compliance although there is the potential for a Judicial Review or withdrawal of funding by DEFRA as is explained in more detail elsewhere in their report.

Readiness for current contract expiry

The final procurement timeframes set out elsewhere in this report must be adhered to such that a contract award can be made leaving sufficient lead in time for Veolia to prepare for the commencement of the new service and procure necessary vehicles, equipment and for the Council to procure the additional containers that are required. Based on the tender received and the mobilisation plan set out therein, officers are confident that Veolia can deliver the services specified within the timescale specified. This includes the provision of additional food waste collections from 1 April 2026.

Inadequate communication with residents

Changes to an existing or the introduction of a new service require effective communication. This is to ensure that residents are aware of changes to their waste and recycling collection service and also so that they can be encouraged to participate fully in the recycling opportunities. Officers from the Waste team will work with the Communications team and Veolia to ensure that an effective communications campaign is developed that makes use of all relevant media.

Inadequate monitoring and management of contractor performance

Effective contract management is critical to ensuring that a contract delivers what it is intended to and that it provides value for money. Throughout the mobilisation and new service roll-out periods officers will be meeting frequently with Veolia representatives and throughout the duration of the contract quarterly waste contract board meetings will be held. At these meetings performance data will be presented and discussed ensuring that senior officers and members are fully aware of and involved in the management of the contract. The contract also includes a comprehensive performance management regime.

Inadequate staffing resource to support the contract delivery

It is important that the waste and recycling team and customer services teams are adequately resourced to support the new contract. Learning from previous contract changes in 2012 and 2019 is clear that additional resource is required. As set out in the finance section, a budget will therefore be created to support the provision of this additional resource to ensure a smooth contract rollout and adequate monitoring of contract delivery.

Financial risks

Key financial risks are set out elsewhere in this report.

Variables

There are small number of variables affecting the final contract price:

Household numbers – these are adjusted based on actual property numbers each month and the contract is designed to accommodate this.

Qualifying changes in law – the contract sets out some areas of the contract where a change in law could lead to a financial implication for the contractor. These include:

Deposit Return Scheme for drink containers, due to be implemented in 2027, that could take a large portion of good quality plastic out of the kerbside recycling. The impact of this is that the value of the recycling collected could reduce.

Emissions Trading Scheme that will be extended to include waste incineration from January 2028. Any contamination for the recycling collected that goes on to be incinerated will incur a cost based on the greenhouse gas emissions.

The actual financial impact of these future changes is very difficult to predict and will be negotiated at the time in accordance with the provisions laid out in the contract.

EQUALITY IMPLICATIONS

An equality impact assessment has been undertaken. This has not raised any concerns that require further action.

SOCIAL VALUE CONSIDERATIONS

The social value proposed by Veolia meets the requirements of the specification and the national Themes, Outcomes and Measure ('TOMs') method of classifying and evaluating Social Value.

Social Value commitments will form part of the Contract following this procurement exercise and Veolia have confirmed in their tender that they will fulfil the Social Value commitments and will be reporting on progress throughout the contract term.

IMPLICATIONS RELATED TO DEVOLUTION AND/OR LOCAL GOVERNMENT REORGANISATION

Local Government Reorganisation will change the local government landscape significantly.

Essex is in the government's Devolution Priority Programme and as such the vesting date for a new Unitary Authority could be as soon as April 2028. Whilst a large amount of detail is yet to be determined and finalised it is known that existing contracts will transfer automatically to the new authority and there is a requirement through the government's criteria to achieve efficiencies in service delivery. Currently, although numbers of unitary authorities in Greater Essex are uncertain, due to their proximity and geography (which is a key criteria in the Government's invitation to submit proposals) it seems likely that Tendring will form a unitary authority along with Colchester City Council and Braintree District Council (possibly with others).

Waste and recycling collection and street cleaning services are undertaken by in house services at both these authorities currently. Naturally, the new authority will want to consider how these services are delivered across the new larger district. Having one area serviced by a contracted-out service and two areas by different in-house services will require an analysis as to what the best solution for the new district as a whole is.

Further information is set out in the Legal Requirements and Financial Implications sections of this report.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

The waste services are the largest contributor to the Councils carbon emissions from fleet vehicles that are included as Scope 3 emissions in the Councils emissions reporting.

Whilst bidders were not asked to place a huge emphasis on carbon emission reduction in their bids due to the financial implications of doing so, Veolia have included some measures that seek to reduce emissions where reasonably possible including a small number of electric fleet vehicles.

Overall, the fact that residents will be able to recycle more will be beneficial to the environment and reduce wider emissions.

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

Readers are referred to the reports presented to Cabinet on 26 July 2024 and 23 May 2025. Those reports set out a comprehensive background to the procurement exercise that has been undertaken, including the decisions taken around the service specification and contract length in light of LGR.

For ease, the core specification principles agreed in May 2025 and upon which the final service specification was based, are set out below:

Table 6 – Revised Core specification principles (from May 2025 Cabinet report)

General principles applicable to both aspects of the service

- One single contract for both street cleaning and waste & recycling collection services
- Performance standards / performance management framework built-in with ability to hold contractor to account
- Council to provide customer contact centre and handle all queries / complaints
- Option for TDC to be provided with access to live vehicle data in order to facilitate more effective performance monitoring
- Three year initial contract term with an optional two year extension period
- Annual formal review mechanism built in to more readily facilitate changes / efficiency improvements. Quarterly performance review meetings via a Waste Contract Board
- Contractor to fund the up-front purchase of the vehicle fleet.
- Chargeable bulky item collection service to be included, administered by the contractor
- Fowler Road depot made available to the contractor on a lease at no charge, as currently
- Inclusion of container delivery teams specific to garden waste service and container delivery

Waste & Recycling Collection service

- Fortnightly residual waste collection from wheeled bins (weekly for those on black sack service)
- Recycling collection to be compliant with Environment Act 2021 requirements – twin stream alternate weekly with containers including glass one week and fibres (paper and cardboard) the other. Boxes to be used for presentation of the material.
- Weekly food waste collection for all residents including flats and rural/restricted properties
- Chargeable garden waste collection service available to all residents as part of the core contract with no change to collection frequency or subscription costs.
- Contractor to take 100% of the risk on the dry recyclable material value

Street cleaning service

- Frequency based service with set cleaning and bin emptying schedules.
- Option for provision of a mobile response team
- Inclusion of “new beaches” at Holland on sea into the contract
- Additional seafront blue bins above current numbers to support frequency based service during summer period
- Summer period for cleaning and bin service to be expanded to March to end September in each year of the contract

The tender received meets the requirements of the specification.

The specification included an option for the Council to have the use of a mobile crew that can deal with ad hoc work such as fly tipping clearance and litter picking. This option will be taken up and the mobile crew will be used predominantly by the Housing service and funded from the HRA.

PREVIOUS RELEVANT DECISIONS

Cabinet, 26 July 2024 – decision to commence procurement exercise with various delegations to portfolio holders and Corporate Director for Operations & Delivery

Waste and recycling collection and street sweeping procurement - decision on short extension to existing contracts

8 October 2024 - Assets & Community Safety Portfolio Holder, Environment & ICT Portfolio Holder, Leader of the Council and Corporate Finance & Governance Portfolio Holder –

That the Leader of the Council, the Portfolio Holder for Environment and the Portfolio Holder for Assets, having consulted with the Corporate Director (Operations & Delivery), the Section 151 officer and the Monitoring Officer:-

- 1. Authorises the extension of the current contracts with Veolia ES (UK) Ltd for Street Cleaning and Waste and Recycling Collection on the same terms as existing and such that they both expire on 31 March 2026; and*
- 2. Authorises the Corporate Director for Operations & Delivery in consultation with the Head of Legal Services to make the contract extensions.*

Waste and recycling collection and street sweeping procurement – decision on specification, topics or dialogue and tender evaluation criteria.

8 October 2024 - Assets & Community Safety Portfolio Holder, Environment & ICT Portfolio Holder, Leader of the Council and Corporate Finance & Governance Portfolio Holder-

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 respective meetings held on 1st October 2024 and set out in the slides in Appendix A to the report;*
- 2. approve the aspects of the specification about which dialogue will be held with bidders, as set out in the report; and*
- 3. approve the tender evaluation criteria, as set out in Appendix B to the report.*

Approval of the Social value Themes, Outcomes and Measures to be used for the waste contract procurement

8 October 2024 - Assets & Community Safety Portfolio Holder, Leader of the Council and Corporate Finance & Governance Portfolio Holder -

The Leader of the Council, acting on behalf of the Portfolio Holder for Assets who was unavailable due to a family bereavement, agrees the Social Value Themes, Outcomes and Measures (TOMs) appended to this decision against which the social value aspects of the waste contract tender submissions will be considered.

Cabinet, 23 May 2025 – Update on the waste and recycling and street sweeping contract procurement.

14 August 2025 - Corporate Director – Operations & Delivery - To approve the detail of the service specification and other related documentation associated with the Invitation to Submit Final Tenders stage of the waste contract procurement.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

None

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