

**CABINET
9 JULY 2024**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: WASTE RECYCLING AND STREET CLEANSING CONTRACT AWARD

REPORT OF: SHARED SERVICE MANAGER – WASTE MANAGEMENT

EXECUTIVE MEMBER: CLLR AMY ALLEN, EXECUTIVE MEMBER FOR RECYCLING AND WASTE

COUNCIL PRIORITY: SUSTAINABILITY / A BRIGHTER FUTURE TOGETHER

1. EXECUTIVE SUMMARY

Cabinet agreed the service design for the new waste, recycling and street cleansing contract on 12 December 2023, the aim and principles of the Shared Service, are based around delivering services which are both financially and environmentally sustainable.

Officers have completed a competitive dialogue procurement and are seeking a decision from Cabinet on the award of the contract to the preferred bidder.

In addition officers are seeking agreement to recommendations which affect the service mobilisation and are required for the successful delivery of the new services in 2025.

2. RECOMMENDATIONS

- 2.1. That Cabinet agrees to award the waste, recycling and street cleansing contract to the preferred bidder, as identified in Part 2 of this report.
- 2.2. That Cabinet agrees to the delegation of powers to the Director of Resources and the Director of Place in consultation with the Executive Members for Finance and IT and Recycling and Waste Management to determine whether the Council Capital funds vehicles.
- 2.3. That Cabinet agrees to approve the formation of a joint mobilisation project board to include the Executive Members responsible for digital transformation as well as the Executive Member covering waste, recycling and street cleansing services for both EHC and North Herts to monitor the progress of the mobilisation of the waste, recycling and street cleansing contract.
- 2.4. That Cabinet has regard for the draft statutory guidance in Appendix 6 and taking into account the matters set out in this Part 2 report and any Part 2 clarifications, reconfirms the decision on the 3-weekly collection frequency of residual waste collections made by Cabinet as per 7.5 and provides clear reasons for the decision.

3. REASONS FOR RECOMMENDATIONS

- 3.1. An extensive procurement exercise has been undertaken for waste, recycling and street cleansing services.
- 3.2. The procurement including specification development has been supported by external consultants Eunomia and legal advisors from Sharpe Pritchard.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Not awarding the contract is not considered a viable option. Bidders have committed significant resource in bidding for this contract and may pursue a claim against the Council should the contract not be awarded.
- 4.2. The continuation of the existing project board was considered, however this would have required an amendment to the Collaboration Agreement, which is due to cease at the conclusion of the procurement, whereas the formation of a new project board can be included in the new required Inter Authority Agreement, and this is a simpler process. Membership of the new mobilisation project board will be broadly similar.
- 4.3. There is currently no alternative option to the granting of leases to the preferred bidder for Buntingford Depot and Letchworth Depot. Should the assignment of the Letchworth lease not be completed by 9 July 2025, further legal advice will be sought on the contracting options.
- 4.4. The use of external consultants was considered to manage the integration of IT systems with the waste management IT system however as in house resource is available this was discounted.
- 4.5. The use of the contract 'anticipated change' regarding the provision of fortnightly residual waste collections and fully commingled dry mixed recycling collections was considered, however the reasoning presented in the report identifies that this would be financially disadvantageous for the councils and would limit the council's ability to improve its environmental performance.
- 4.6. The extension of the existing MRF contract was considered but this was deemed to present procurement risks to the authorities due to the existing contract spend and the changes required to fit with the new service design and manage upcoming changes in legislation.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Prior to and during the procurement exercise, there have been workshops with elected members from all political parties and from both Councils. The workshops have shaped the contract design.
- 5.2 Officers from Hertfordshire County Councils (HCC) Waste Department were previously consulted and are supportive of the councils aims to reduce residual waste.

- 5.3 Details contained in this report were presented to the joint waste project board, (which consists of Executive Members and senior officers from both councils) on 21 June 2024.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 28 March 2024.

7. BACKGROUND

- 7.1. East Herts Council (EHC) and North Herts Council (North Herts) entered into a Shared Service arrangement in 2017 and a joint contract was let which commenced in May 2018.

- 7.2. The service comprises a 'client' management structure located at the Buntingford Depot and two operational hubs - one at the Buntingford Depot and one at the Letchworth Depot.

- 7.3. The current service covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1,920 commercial customers as well as street cleansing services across East and North Hertfordshire.

- 7.4. At their respective Executive and Cabinet meetings on 19 April 2022 and 22 March 2022, new aim and principles for the shared service were agreed, focusing on efficient services which are environmentally and financially sustainable. The aim and principles are attached in Appendix 1.

- 7.5. At the respective Executive/Cabinet meetings on 25 October 2022 the service design for the new waste, recycling and street cleansing contract was agreed and minor changes to the specification were delegated to the Service Director of Place for North Herts and Head of Operations for EHC, in consultation with Project Board. At this meeting, a decision was taken to introduce three-weekly residual waste collections:

'(9) That Cabinet approved residual waste collections occurring on a three weekly collection cycle from 2025. The implementation date confirmation to be delegated to the Director of Place/Head of Operations in consultation Project Board. As referenced in 8.11 to 8.46.'

- 7.6. Detailed solutions were received by bidders and in late 2023 it was apparent that the contract would be unaffordable for both Councils based on the original specification.

- 7.7. As a consequence, extensive discussions commenced as part of the competitive dialogue process to find ways to reduce these costs. In December 2023 at Cabinet and Executive meetings it was agreed that the Councils would move to three weekly collections of dry mixed recycling (DMR) and fibre (paper and cardboard) as well as the already agreed residual waste collections.

- 7.8. Further dialogue meetings were held with bidders and 183 clarification questions were responded to.

- 7.9. The Shared Waste Service alongside consultants Eunomia, external legal advisors Sharpe Pritchard and the Stevenage Borough Council procurement team (who manage procurements for EHC) have completed a comprehensive competitive dialogue procurement exercise and final tenders were called for on 28 February 2024.
- 7.10. All three bidders returned final tenders by the deadline of 25 March 2024 and officers and our consultants have now completed the evaluation of their bids and moderation of the scores.
- 7.11. On 21 October 2023, the government issued a consultation on the proposed statutory guidance to support their 'Simpler Recycling' proposals which were developed from the Resources and Waste Strategy 2018. The Government's response to the consultation was published on 9 May 2024.
- 7.12. Some elements of the Government's legislative and statutory guidance changes are not aligned with the contract specification and the part 2 report makes recommendations in this regard.
- 7.13. The project board governing the procurement of the waste, recycling and street cleansing contract was set up to provide oversight for the procurement. Its function therefore ends at contract award.
- 7.14. As part of decisions relating to the waste contract specification, North Herts made the decision to bring the customer service function in the current waste contract in-house and both Councils are committed to delivering digital transformation as part of the mobilisation of the new waste contract.
- 7.15. In 2018 a contract was let for the haulage, processing and sale of recycling via a Materials Recovery Facility (MRF). This contract was for 7 years with the possibility of a 7 year extension.
- 7.16. The changes to collection services in 2025 and anticipated changes in legislation as well as contract spend to date, mean that enacting the extension on the current MRF contract would present risks to the Council.

8. RELEVANT CONSIDERATIONS

Contract Award

- 8.1. The initial evaluation of bids took place during May 2024 in accordance with the evaluation methodology contained in Appendix 2. Quality elements accounted for 45% of the score, financial elements accounted for 45% of the score and the social value elements accounted for 10% of the score.
- 8.2. Moderation of bids including final clarifications took place and concluded on 18 June 2024.
- 8.3. The final moderated scores are contained within the Part 2 Report.
- 8.4. As one of the bidders is our incumbent provider, the bidders have been anonymised.

- 8.5. All bidders provided bids which were acceptable to the Councils, with no bidder being excluded from the procurement as a result of any reason identified in the evaluation methodology. See Appendix 3.
- 8.6. The preferred bidder was successful as their cumulative score was the highest, however they also had the highest score for quality, financial and social value.
- 8.7. The remaining bidders all provided sufficient and compliant bids, but they did not have the cumulative highest score.
- 8.8. Social value was evaluated as 10% of the evaluation criteria and as a consequence the resulting contract bids included a significant social value offering for the contract from all bidders. Details of the preferred bidder social value offer are included in Appendix 3 of the Part 2 report.

Vehicle Purchasing

- 8.9. Bidders were required to provide pricing for two options, one where the contractor would fund the initial vehicles to be used on the contract, and one where those vehicles would be purchased with Council funding. Bidders had said that they thought this would be more cost effective for the Councils, due to our ability to access cheaper capital funding. The Councils will need to decide which option that they wish to proceed with, and the contractor will want to know this by July. In evaluating the price aspect of the bids, the cost of capital was based on the Public Works Loan Board (the default route for Council borrowing) interest rate at the time that we issued the call for final tenders. Interest rates have moved since then and will continue to move slightly. It is therefore proposed that the decision on the vehicle finance option is delegated to the Service Director: Resources and Service Director: Place, in consultation with the Executive Members for Finance and IT and Recycling and Waste Management.

Project Board and Governance Arrangements for Mobilisation

- 8.10. The current joint project board governing the procurement of the waste, recycling and street cleansing contract was set up to provide oversight for the procurement. Its function therefore ends at contract award and the conclusion of the Collaboration Agreement.
- 8.11. Officers have considered options for the subsequent governance of the mobilisation of the contract, including the mobilisation of the new services. Given the significance of the risks attached to the mobilisation of the waste contract and new services, officers consider that governance via a project board is prudent and the formation of a new joint project board can be written into the new Inter Authority Agreement which will be in place to manage the new contract.
- 8.12. As well as the logistics and delivery of services, the mobilisation of the contract has focussed predominantly digital transformation linked to resident engagement and customer service risks associated with the reputation of the Councils which may be impacted by either the mobilisation of the contract or the mobilisation of new services.

- 8.13. The communications plan and digital transformation of the customer service set up will be major elements of the mobilisation plan, with financial risks diminishing, once the contract is awarded. This is due to the amount of communication with residents needed to enact a service change and the potential for high volumes of contacts during that service change.
- 8.14. It is therefore proposed that a new joint Project Board be created and Members include for EHC, Cllr Tim Hoskin the Executive Member for Environmental Sustainability and the Executive Member for Corporate Services. For North Herts, Cllr Amy Allen the Executive Member for Recycling and Waste Management and the Executive Member responsible for digital transformation/communications.
- 8.15. The proposed terms of reference for the joint project board are in Appendix 4.
- 8.16. Details of the current work programme are outlined in Appendix 5, this will be reviewed and updated following contract award to align with and include other work packages identified in the preferred bidder mobilisation plan.
- 8.17. An indicative timetable for mobilisation is as follows:-

Event/Milestone	Estimated Date
Contract Award	9 July 24
End of Standstill	22 July 24
Press communication	After 19 July 24
First Bidder meetings	W/B 22 July 24
Begin Vehicle Procurement	W/B 22 July 24
Finalisation of Contract	August – December 24
Development of IT specifications	August 24
Condition surveys and demobilisation of depots	March 25
Confirmation of final delivery plans & H&S arrangements	April 25
Mobilisation of new contracts	4 May 25
Finalise new collection rounds	June 25
Bin and caddy deliveries	June-July 25
New Services Commence	4 August 25

- 8.18. A number of anticipated changes were built into the contract to allow for the procurement to continue, but also manage any possible changes which may be required as a result of likely known changes.
- 8.19. The anticipated changes can be enacted at any time, however the costs associated with the anticipated changes are non-binding and consequently will provide a truer reflection of costs if taken up early in the mobilisation period.
- 8.20. The Council has begun pre-engagement with Material Recovery Facility (MRF) providers regarding the collection of soft plastics and the changes to the composition of recyclable material requiring processing; as a result of this service change.

- 8.21. At this stage it is unclear whether we will be able to secure a cost effective MRF contract with soft plastics collected loose in the dry mixed recycling (DMR) bin, or whether we will need our collections to follow the collection methodology we are using in our FlexCollect trial and utilise plastic survival bags in the DMR bin.
- 8.22. See Part 2 of this report.
- 8.23. It is key to avoid any further delay to the project during mobilisation. The decision that will need to be taken will be the one that offers the best value for money to the Councils, considering the costs for both waste collection and waste processing.

Draft Statutory Guidance

- 8.24. In October 2023 the government issued a consultation on the proposed statutory guidance to support their 'Simpler Recycling' proposals, which were developed from the Resources and Waste Strategy 2018. Some elements of the draft guidance are not aligned with the service changes due to be implemented in 2025. In particular, in relation to the frequency of residual waste collections. Details of the draft guidance are provided in Appendix 6.
- 8.25. The Government's response to the consultation was published on 9 May 2024 and details are provided in Appendix 7.
- 8.26. Despite 80% of respondents disagreeing with the proposals regarding the frequency of residual waste collections in the government's response it stated:- 'Government expects a minimum service frequency for residual waste collections of at least fortnightly in England. Our statutory guidance will state that local authorities therefore should provide a minimum standard of a fortnightly collection for residual waste (alongside a weekly food waste collection), which means they should not provide a residual waste collection service any less frequently than fortnightly. The government actively encourages councils to collect residual waste more frequently than fortnightly; this minimum standard provides a backstop, not a recommendation. This policy will continue to be kept under review.'
- 8.27. It is not clear when any finalised statutory guidance will be published and the content and timing of any publication will be dependent on the outcome of the July general election. Given that Councils have been waiting since 2018 for clarity on waste and recycling changes resulting from the Resources and Waste Strategy it would be prudent not to delay decision making further in the hope of publication in 2024. Officers therefore recommend a decision is made now based on the position of the government response received to date.
- 8.28. The Environment Act 2021 S.57 amended the Environmental Protection Act 1990. In particular it added a new section 45AZE. This requires an English Waste Collection Authority to have regard to the guidance issued by the Secretary of State.
- 8.29. The Councils have sought independent legal advice from Sharpe Pritchard regarding the, as yet unpublished, guidance. This is legally privileged advice and is provided in Appendix 8 of the Part 2 report.

- 8.30. Taking account of the advice provided, the Cabinet should consider the following in agreeing to the proposed recommendation which is to have regard for the draft guidance.
- 8.31. The reasoning for the initial three-weekly residual waste service design was discussed at cross party joint member workshops and is detailed in the Cabinet reports agreed in October 2022.
- 8.32. The reasoning for the current three-weekly service design may include the following:-
- Financial reasons and the need to provide value for money;
 - That the service design is nearly ready to be implemented and having to redesign the provision of services would cause significant disruption and would be a waste of resources;
 - That, under the Council policies, households that produce 'smelly waste' will have the opportunity for more frequent collections;
 - That the Council had considered options for fortnightly collections and decided that its service design represented a better approach e.g increased recycling.
 - That the Council may amend service provision in the future if issues arise.

The reasoning provided as part of the October 2022 and December 2023 Cabinet and Executive meeting is provided again in Appendix 9.

- 8.33. In the draft guidance the government stated the following:- 'The combination of the backstop on residual collections alongside the new weekly food waste collections will ensure frequent collections of smelly waste, and will stop a trend towards three or four weekly bin collections seen in some local authorities across the UK, particularly in Wales.'
- 8.34. Wales has recently announced that it ranks #2 in the world for recycling based on a study by Eunomia. In the study England came in at #11.
- 8.35. Officers have considered the management of smelly waste and the policies attached at Appendix 10 are designed to support those residents which have large quantities of child or adult nappy waste by continuing to provide fortnightly collections of this waste type.
- 8.36. Communal properties will also continue to receive fortnightly residual waste collections to ensure that any quantity of nappy waste which might be present is being managed and to ensure that the risks of misuse of services such as contamination of recycling bins is minimised.
- 8.37. Officers are aware that weekly food waste and home composting solutions will also support the transition for some residents. As well as other campaigns that the Councils promote via WasteAware such as reusable nappies schemes and the plastic free period campaign.
- 8.38. Based on the information from final tenders a short financial summary has been provided in the Part 2 report which demonstrates the additional anticipated changes costs of not proceeding with the agreed three-weekly collection service. The anticipated cost changes from proceeding with 3-weekly residual waste collection also come from materials processing and are not solely related to waste collection costs.

8.39. The recommendation at 2.3 is therefore that having regard to the statutory guidance, the information contained in this report and as per the Part 2 advice and to take that and any clarifications in the Part 2 element into account.

Letchworth Depot

8.40. At this point, the Letchworth Depot assignment has not completed.

8.41. Project Board agreed to continue with the procurement despite the assignment not being complete. This was in anticipation of the assignment being completed by the time of contract award.

8.42. Without a completed assignment, we will be unable to award the contract, as bidders tendered based on having the depot in Letchworth at contract start.

8.43. We may need to seek further external legal advice as to our options in relation to a depot, as services are unable to operate without one. The time remaining for mobilisation makes it difficult for either the Council or the Preferred Bidder to acquire an alternative depot site and consequently this presents as the biggest risk to the project and continued service delivery.

8.44. Should the assignment not be complete by 9 July 2024, it is proposed that a decision to award is still made but the award notice will be delayed until it is clear on our contractual options.

8.45. Given the critical need for the depot for the services and a lack of suitable alternative locations within the North Herts property portfolio officers consider it necessary to start considering an alternative solution to mitigate the current risk should the assignment not be complete by 9 July 2024.

8.46. Officers wish to reassure Members that it expects the assignment of the Letchworth Lease to complete, final documents are agreed and the signing of documents is expected to be imminent.

8.47. This has been an ongoing project for over 18 months and it is necessary to complete the assignment prior to contract award.

Digital Transformation

8.48. The current waste and street cleansing services currently operate with integrated online forms and functionality for the following service requests:-

- Report a missed collection
- Order a replacement bin/box
- Bin collection day look up

8.49. This functionality is provided as part of our current collection contract by our incumbent waste contract provider.

- 8.50. Each council also has a bespoke portal for managing garden waste collection services including subscribing to the service, ordering bins and taking payments by card or setting up direct debits.
- 8.51. These bespoke portals are also provided by our incumbent waste contract provider and these contracts will end in May 2025.
- 8.52. The Councils have committed to in-house digital transformation to allow greater control for the authorities when managing customer contacts and income for waste, recycling and street cleansing services. This compliments North Herts decision to bring the customer service function in-house.
- 8.53. Work is underway to establish the workload and costs of integrating the Customer Relationship Management System at both Councils with the Waste Management IT System, payment systems and direct debit systems. This is being managed wholly separately for each authority and is being project managed outside of the waste client team, but with input from the team.
- 8.54. The proposals will allow for seamless reporting online, without the need for double handling of contacts and allow for the CRM at each Council to have full reporting capabilities for waste contacts. It is also proposed that the CRM at each Council provides the new platform for the garden waste service and other chargeable services which will require complex integrations to ensure payments for services can be received, managed and reconciled.
- 8.55. The waste team has process mapped current service contacts and these will then be discussed and refined with the preferred bidder, along with further refinement with customer service teams.
- 8.56. The CRM setup and integration work for garden waste must be completed by 1 February 2025 in order to be available for the new garden waste subscription year. All other process integrations are required for contract start at the beginning of May 2025.

Proposals for EHC

- 8.57. EHC has limited in-house capacity to build the CRM forms and develop the API links. A draft project proposal has been put together which includes a number of options which can be considered to deliver the required level of transformation resource. Full costs are still unclear however if we intend for Granicus to develop the initial integrations for the three highest contact issues the cost is estimated to be circa £196k. It would then still be necessary to build the remaining service integrations or resource the customer contact centre sufficiently to call handle all the remaining contacts.
- 8.58. The breakdown of costs is as follows:-
- £32k GovService – Necessary
 - 26K Consultancy – Necessary
 - 137K scoping works and initial build – Possible approach
 - £TBC Integrating for garden waste direct debits – Necessary
- 8.59. A swift decision is needed from EHC transformation team on how work can be facilitated and resourced.

Proposals for North Herts

- 8.60. North Herts has capacity to build the CRM forms in-house and develop the API links to allow for the necessary integration with the waste management IT system, the payment system Windcave and North Herts financial system for direct debits, provided by Technology One. Additional consultancy support will be required to troubleshoot any integration issues found in development and testing and provide specialist technical support to the project. A one-off budget of £20k is built into the waste budget for this work.

Draft Communications Plan

- 8.61. The team have been exploring communication methods for the contract change and new services. Attached in Appendix 11 is a draft communications plan. The final plan will be determined based on the budget allocation which is yet to be agreed. Indicative costs have been provided in Appendix 11.
- 8.62. EHC currently has £30k allocated in the 24/25 budget and £30k allocated in the 25/26 budget for communications. North Herts currently has £30k allocated in the 24/25 budget and £30k allocated in the 25/26 budget for communications. Normal annual spend on basic and necessary communications e.g. stickers, contamination cards and hangers for each council is approximately £8k. This leaves approximately £22k to deliver the service change communication at each authority.
- 8.63. The current communications budget will be insufficient to effectively communicate the service changes and the day changes. A number of approaches are needed to ensure messaging is seen by every household. Although blanket distribution methods will be explored, day changes require targeted communications and therefore at this stage some costs have been based on 2nd class postage by Royal Mail. This is therefore considered to be the worst-case costs.
- 8.64. In addition, the waste team has spoken with a number of other councils which are operating three-weekly collection services to determine the types and level of contacts which can be expected.
- 8.65. One key element of feedback has focused around those residents who miss their collection day. A missed collection, for example if a resident forgot to put their bins out it would mean residents have to wait six weeks between collections and as a missed collection of this nature is not the fault of the contractor the missed collection cannot be logged online and will not be collected. Residents therefore have to manage their own waste until the next collection or consider taking to the Household Waste Recycling Centre.
- 8.66. To prevent unnecessary contacts to the customer service centres and teams, regarding resident fault missed collections, those councils we have spoken to have chosen to take a proactive approach to collection day comms by investing in a mobile app, with the primary function being targeted waste communications to compliment other communication methods.

- 8.67. Service change comms has focused on encouraging residents to sign up to the app and push notification reminders regarding which bins to put out. Feedback from other councils has been that this has significantly reduced contacts via telephone and email.
- 8.68. The app we have explored is by Cloud 9 Technology and Council apps they have produced have been in the Top 10 for downloaded apps in the Apple App Store in the 'reference' category in the last 2 years.
- 8.69. As an example, East Devon District Council have 65,000 residents signed up to receive push notifications. This equates to roughly 60% of the adult population in the area. In an average 14 day period they receive around 120,000 interactions from around 31,500 residents.
- 8.70. Stratford-upon-Avon District Council and Warwick District Council are a shared service operating there- weekly collections and after around 18 months of use they had 30,000 and 29,000 residents signed up for push notifications respectively and the figures continue to grow.
- 8.71. The push notifications can also be used for other targeted communication with the ability to push messages to residents relating to service disruption and breakdowns or other council services such as reminders relating to elections. Push notifications can be targeted by collection round, collection day, ward, street or service.
- 8.72. The waste team have explored the option of this mobile app and the developer is able to offer the councils a discounted rate of 15% off, if both Councils sign up. Costs are based on the population of the districts, and as each authority is operating separate IT systems there would still be two distinctly separate apps, one for each authority. The standard cost of the app is £20k per year per Council, with a set up fee of £5k per Council. It is anticipated this would be procured via a Framework contract.
- 8.73. As well as push notifications and information on waste services the app has a number of other council functions including 'report it' functions and information on planning applications.
- 8.74. The 'report it' function can be set up to mimic the Councils webpage report it function and will offer integrated reporting functions to compliment the Councils website functionality.
- 8.75. Another key benefit of the app is it can be fully integrated with the CRM ensuring no data loss between systems.
- 8.76. The Councils currently have few alternatives to an app which uses push notifications. North Herts currently has around 17,000 sign ups for the email Newsletter, with an average opening rate of 42%. Emails cannot be sent based on specific collection rounds and therefore this is not considered an effective communication solution for collection day information.
- 8.77. Residents will have access to a collection day look up solution via each Councils website, but this requires residents to be proactive in checking.
- 8.78. Amazon's Alexa has a 'bin calendar' skill which can be set up by individual residents, but this also relies on the resident being proactive in setting it up and 'asking Alexa.'

- 8.79. Text messages via GovNotify cost 2.27p each after the free allowance but text alert sign up numbers are limited with only just under 3000 sign ups (which includes staff and Councillors). Text messages cannot be tailored by collection round/day and therefore are also not a suitable alternative to the mobile app but do provide a more immediate communication route than emails.

MRF Contract procurement

- 8.80. As identified in 8.20, the Council is engaging with the market to develop a suitable specification to support our new collection methodology for the haulage, processing and resale of recyclable material.
- 8.81. A short-term contract is not considered favourable as bidders may need to consider investment in their infrastructure to process soft plastics and a longer term contract is therefore likely to provide better value for money.
- 8.82. At this stage the Council is anticipating undertaking a restricted two stage tender process under the existing procurement regime, however as the legislation is changing an alternative procurement approach may be considered if this may present a more favourable approach for the councils.
- 8.83. It is proposed at this stage that this contract be for eight years with the ability for an extension of up to eight years, however we will review this on receipt of the pre-market engagement information.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet has remit under 5.7.11 “To approve those major service developments or reductions which also constitute Key Decisions” and 5.7.15, “To oversee the provision of all the Council’s services other than those functions reserved to the Council,” and 5.7.22 “To accept tenders for individual schemes where the estimated expenditure exceeds the budgetary provision by the limits set out in the Financial Regulations.”
- 9.2 External legal support has been used throughout the procurement to ensure a robust and compliant legal process as well as ensure that the contract terms will be fit for purpose for the life of the contract.
- 9.3 In addition external legal support has been provided in seeking advice in relation to the draft statutory guidance for ‘Simpler Recycling’.
- 9.4 Otherwise, see Appendix 8, Part 2 report.

10. FINANCIAL IMPLICATIONS

- 10.1. Previous reports have highlighted the potential for this contract costing significantly more than the budget that was available. The forecast capital costs of the waste vehicles were included in the 2024/25 budget. Even if the Council does not choose to directly fund the vehicles, then we would still (as we have done during the current contract) capitalise the cost of the vehicles. This uses the allocated capital budget, and reduces the impact on the revenue budget. During the current contract we have chosen to set aside some funding each year towards the purchase of the vehicles for the new contract. This will

not be continued in the new contract period. The impact of the service changes that were agreed in December have meant that all the bidders have reduced their bids from the initial tender prices. Overall this means that the bid prices are much more in line with the revised (revenue and capital) budget available. It is therefore appropriate for a decision to be made to award the contract. Further details are contained within the part 2 report.

- 10.2. There are still elements of the costs that need to be resolved, and there are also variable elements within the contract. Some of these variable elements are linked to property growth (i.e. bin collections and street cleansing) and will therefore be funded by Council Tax base growth. Other variable elements (e.g., fly-tipping) could be an increased cost burden if they are above the forecast levels. The elements that have not yet been fully resolved include the cost of bringing the customer service function in-house (continuing cost) and the initial costs of communications linked to service change (as highlighted in paragraphs 8.65 to 8.84). Updates (and relevant decisions on these) will form part of subsequent reports.
- 10.3. The costs and income associated with a new MRF contract will also affect the overall waste budget. As detailed in paragraph 8.22, there is also a potential impact on this contract in relation to soft plastics. The decisions on this will be based on providing the best value to the Council, but may be an increase compared to current assumptions.
- 10.4. There is expected to be new burdens funding available for food waste collection costs and soft plastics collections. The amount of any funding is unknown. Feedback on the funding awarded for the capital costs of implementing food waste collections (which we were not eligible for as we had already introduced the service) has generally been found by other Councils to be less than the actual costs they have incurred.
- 10.5. The Council can also make decisions on fees and charges, which are not linked directly to service delivery or to the award of the contract.
- 10.6. There are already allocations in the capital budget for new bin purchases (linked to the 3:3:3 collection methodology) and vehicles. These amounts are expected to be sufficient, and it should be possible to reduce the allocation for vehicle purchases.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. There are risks associated with not awarding a collection contract, as there is insufficient time to reprocure and mobilise services before the existing contract comes to an end. In addition bidders make seek a claim against the Council as significant resource has been committed to tendering.
- 11.3. There are risks should the Councils not make the same decisions in relation to the waste service design. The contract has been procured on the basis of one service operated on behalf of both authorities. This has allowed for cross boundary operational efficiencies. A contract award may not be viable if the Councils made unilateral decisions.

- 11.4. In the event that there is a risk of the contract not being awarded as a result of unilateral decision making the Councils would be subject to the conditions of the Collaboration Agreement. Any withdrawal from which incurs a £100k cost to the withdrawing Council. The withdrawing Council are also required to indemnify the remaining Council against any damage(s), expenses, liability or costs incurred by the remaining Council in defending any third party claim made against it, as a direct or indirect result of the other Councils' withdrawal.
- 11.5. There are risks in relation to the assignment of the Letchworth Depots. Without an assignment the contract cannot be awarded. Should the assignment not take place by 9 July 2024, legal opinion on our options will be sought.
- 11.6. There are risks associated with resources and capacity to deliver the mobilisation work programme. This will be the responsibility of the EHC Head of Operations and North Herts Service Director of Place to ensure sufficient consideration of resource needs from across the Councils by the Leadership Teams. In addition, the mobilisation project board will review and monitor the progress of the work programme.
- 11.7. There are risks should the Councils not have regard to the draft statutory guidance, without sufficient justification. These risks and legal advice are presented in Appendix 8 of the Part 2 report.
- 11.8. There are risks around the resource availability and capability to develop online forms and integrate these with payments systems and the waste management IT system provided by the preferred bidder. This risk differs for each authority and is being managed by digital transformation teams. In addition, the progress of this work will be reported to the mobilisation project board.
- 11.9. There are risks around the mobilisation of services and communication with residents being insufficient, this will be mitigated by the ongoing development of a communications plan with the oversight of the mobilisation project board.
- 11.10. There are risks regarding the procurement of the MRF contract and the costs associated with this contract and any necessary anticipated change relating to the collection of soft plastics. A soft market testing exercise is being completed which will inform the procurement specification to ensure that the contract is attractive to the market and ensure that costs to the authorities will be minimised.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. An Equalities Impact Assessment was completed in October 2022 and presented to Cabinet (25 October 2022) based on the then current proposed service specification for the waste contract from 2025. This will be reviewed and updated with the preferred bidder as part of mobilisation. The completed Equalities Impact Assessment can be found at Appendix 11 of the background paper Cabinet Report.

- 12.3. Households producing large quantities of child or adult nappies will be supported by the provision of policies allowing for these properties to remain on fortnightly residual waste collections. See Appendix 10.
- 12.4. Those residents who receive an assisted collection as a consequence of a disability will be supported in their collections and will not need to know which bins require putting out for collection.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. As the recommendations in the report relate to a contract above £50,000, Social Value has been considered throughout the procurement and was evaluated as 10% of the evaluation methodology.
- 13.2. Details of the social value offer from the preferred bidder are in Appendix 3 of the Part 2 report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 Environmental Impact Assessment has been undertaken in December 2023 based on the service design. This report does not change this assessment, however a review will be completed during the mobilisation of the contract as well as a review of the contract anticipated carbon impacts. This is at Appendix 12, Completed Environmental Impact Assessment.
- 14.2 The contract has environmental monitoring measure built in which include an annual review of the Environmental Impact Assessment and a Carbon Management Plan.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 Additional resource requirements have been considered in the October 2022 and December 2023 Cabinet reports and by the Customer Service and Digital Transformation team.

16. APPENDICES

Appendix 1 – Aims and Principles of the Shared Service
Appendix 2 – Evaluation Methodology
Appendix 3 – See Part 2. Preferred Bidder Social Value Offer
Appendix 4 – Terms of Reference – Mobilisation Project Board
Appendix 5 – Mobilisation work programme
Appendix 6 – Draft guidance for ‘Simpler Recycling’
Appendix 7 – Government response to the consultation on the draft guidance.
Appendix 8 – See Part 2. External Legal Advice
Appendix 9 – Reasoning for three-weekly services
Appendix 10 – Waste, Recycling and Street Cleansing Policies 2025
Appendix 11 – Draft Communications Plan
Appendix 12 – Completed Environmental Impact Assessment

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 [Cabinet Papers – 25 October 2022](#)

[Decision - FUTURE SERVICE DESIGN OF WASTE, RECYCLING AND STREET CLEANSING SERVICES | North Herts Council \(north-herts.gov.uk\)](#)

- 18.2 [Cabinet Papers – 12 December 2023](#)

[Decision - WASTE, RECYCLING AND STREET CLEANSING CONTRACT SERVICE DESIGN - PART 1 | North Herts Council \(north-herts.gov.uk\)](#)