

Meeting: Cabinet
Date: 14th March 2024
Classification: Part 1 (with Part 2 Confidential Appendices)
Key Decision: No
Title of Report: **Waste Collection Contract Procurement update**

Executive Directors: Joe Chesterton (Finance & Resources) and Alan Richards (Environment & Place)
Report Authors: Andrew Barnes (Head of Internal Audit) and Jo Gay (Head of Environment)
Executive Councillors: Cllr Tony Cox (Leader, Cabinet Member for SEND) and Cllr Meg Davidson (Deputy Leader, Cabinet Member for Environment)

1. Executive Summary

1.1. This report provides an update on the progress of the procurement of the new waste collection contract and clarity about the oversight role of Cabinet up to now and for the remainder of the process. This joint report has therefore been prepared to give this clarity, to provide assurance to Cabinet and to confirm the next steps to enable officers to proceed with the final stage of the procurement.

2. Recommendations

2.1 It is recommended that Cabinet:

- a) **notes the internal audit and external legal assurance provided in respect of the procurement process;**
- b) **notes the service parameters that have been developed through extensive dialogue with bidders during the ongoing competitive dialogue process and incorporated into the service specification as set out in Appendix 1;**
- c) **agrees the updated service parameters as set out in paragraph 6.4;**
- d) **notes the findings of internal audit on the decision making process as set out in Part 2 (Confidential) Appendix 3;**

- e) notes that approval for the programme has been provided, but through a different decision-making route than that originally planned as set out in the 14th June 2022 Cabinet report;
- f) notes that the procurement process will proceed to its conclusion in accordance with the procurement process that is already in place as set out in Table 1 in section 6 of this report;
- g) requires the Executive Director for Environment and Place to make future recommendations to the Leader, Cabinet Member for SEND and Deputy Leader, Cabinet Member for Environment to agree any final terms, conditions, service delivery principles, service specifications and other commercial and operational matters as required to conclude the procurement process;
- h) receives a further cabinet report in due course to agree the award of the contract;
- i) agrees that a further report on the whole procurement process is prepared following the conclusion of the procurement.

3. Background

- 3.1. Southend-on-Sea City Council (“the Council”) has a contract in place for Waste Collection, Street Cleansing, Toilet Cleaning, Winter Maintenance, Gulley Cleansing and other services. The original contract commenced on 5th October 2015 and was due to expire on 4th October 2031 with a break clause allowing the Council to terminate the contract earlier on 4th October 2023. The contract was varied by the Council in 2018, as approved by cabinet on 13th February 2018, to change the expiry date to 4th October 2023. As the contract had expired the Council and Veolia have negotiated an extension of the current contract until 4th April 2025, to align with the commencement of the new contract on 5th April 2025. This extension was approved at Cabinet on 18th September 2023.
- 3.2. The Council has been working to update the waste collection contractual arrangements since the Cabinet decision on 13th February 2018. On 14th June 2022, Cabinet further considered the future of the Waste Collection, Street Cleansing, Toilet Cleaning, Winter Maintenance, Gulley Cleansing and other services, deciding to tender for a new service and initially asking Bidders to submit detailed solutions for an ‘as is’ service and an alternative approach as recommended by the bidder to better achieve the Council’s stated and approved objectives of:
 - Recognise the declaration by the Council of a Climate Emergency in 2019 and the need to significantly reduce residual waste.
 - Comply with the Environment Act 2021 and its promulgated requirements for recycling (likely to be 65% by 2035) and other environmental matters and adaptability to further changes in legislation.
 - Satisfy the financial imperatives for the Council to ensure value for money principles are adhered to.
 - Follow the principles of the Waste Hierarchy.

- Maximise the use of zero or low emission plant and fleet in the operation of the services. Provide the best customer and digital experience for residents.
- Consider the inclusion of a Commercial waste offering.

3.3. In the 14th June 2022 Cabinet report the Council undertook to confirm to bidders, following the initial stage, which option it would select to proceed with to the final stage of the procurement (either the 'as is' approach or an alternative solution from the bidders).

4. Procurement

4.1. Internal Audit has monitored the waste contract procurement in an 'advice and support' capacity since November 2022 and has been providing feedback on various elements of the technical procurement process since that time. As a result, Internal Audit is satisfied that the procurement process to date has been operated in a manner compliant with the Public Contract Regulations governing it. The Council's procurement team has also confirmed that it is satisfied that the procurement has operated in a compliant manner.

4.2. The Council has also taken external legal advice, a summary of which is contained in **Part 2 (Confidential) Appendix 2** attached to this report.

5. The decision-making process to date

5.1. The timeline for the decisions taken by the Council to date is outlined in the table below:

13th February 2018	Contract varied to change the expiry date to 4 th October 2023.
22nd February 2022	Cabinet resolved (amongst other things): 1) That a Recycling, Waste and Cleansing contract be procured for a period to be determined via the competitive dialogue process 2) That the findings of the early market engagement exercise be used to inform the draft contract specification/requirements which will then be submitted to Cabinet for review/approval.
14th June 2022	Following reporting back from the work undertaken as requested above, Cabinet resolved: 1) that the competitive dialogue process to be used for instructing bidders to submit two priced (outline) proposals at the end of Stage 1 of the process, be approved. One option being a mandated full weekly collection service and the second being an option proposed by the bidder that they might feel better achieves the Council's stated aims and objectives

- 2) that a further report to the Cabinet comes forward at the appropriate time to select the service parameters (based on the results of the stage 1 submissions) for the second and final stage of the procurement process, resulting in each bidder being required to submit only one detailed, priced bid for final evaluation/award.

9th March 2023

Procurement launched later than originally planned (as the original timetable underestimated the time required to engage technical and legal support and the time required to prepare the specification and other documents required for the procurement) through publication of FTS (in full) Contract Notice to obtain expressions of interest to participate in the competitive dialogue process and obtain Suppliers Questionnaires from potential suppliers.

22nd April 2023

Confirmed that four bidders responded to the initial questionnaire.

5th May 2023

Invitation to Participate in Dialogue (ITPD) tender specification issued to the four bidders who responded to the initial questionnaire.

Within the tender specification bidders are invited to develop two solutions. **Option 1** is based on the existing weekly collection of recyclables and residual waste in sacks and a box. **Option 2** should identify the cost efficiencies and improved performance that moving to an alternate weekly wheeled bin collection service could offer.

4th September 2023

In an Executive Briefing (private, informal cabinet) meeting of the Cabinet members were presented with the collated results of the first stage of the competitive dialogue process for a discussion on which collection method the Council wanted to adopt ('as is' or alternative solution from the bidders).

It was clear by this stage that the new waste contract would cost significantly more per year than the current contract, whatever solution was chosen, but with the 'as is' solution the most expensive of the two options resulting in a significant financial difference between the two options. A less significant level of price increase would only be achieved by moving to alternate weekly collections with wheeled bins. Both options assumed weekly food waste collection.

The new contract would also be expected to generate income to the Council from Garden Waste and Bulky Waste. Internal Audit have reconciled the initial indicative Stage 1 figures provided to Executive Briefing back to the pricing schedules provided by the bidders.

The Cabinet report scheduled to obtain agreement and a decision to proceed to the next phase of the procurement through further competitive dialogue, with a refined (but still not final) specification was deferred as it was agreed that the relevant decisions required would be included as part of the Cabinet report on 31st October dealing with the tough decisions required for setting the 2024/25 and beyond budget.

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| 31st October 2023 | Cabinet decision on proposals for the 2024/25 budget included the decision to proceed with alternate weekly recycling and waste collection as part of the ongoing Waste procurement. Cabinet resolved that authority be delegated to the relevant Executive Director to take all necessary action to realise savings, income generation and cost avoidance measures related to those decisions. |
| 2nd November 2023 | Policy & Resources Scrutiny Committee resolves to note the decisions of Cabinet in respect of the budget update and the delegations to Executive Directors. |
| 8th December 2023 | Final tender documentation and the invitation to participate in dialogue published to the remaining bidders. |
| 11th January 2024 | Cabinet agreed to let the Toilet Cleaning and Light Maintenance contract to SEPS so that it would not form part of the remainder of the main procurement. |
| 30th January 2024 | Cabinet agreed the Wheeled Bin Suitability Criteria Policy. |

5.2. Therefore, approval has been provided, but through a different decision-making route than that originally planned as set out in the 14th June 2022 Cabinet report. (See also confidential appendix 3).

6. Additional items requiring decision at this point

Table 1 Timeline for the remainder of the procurement process.

Activity	Indicative dates
Close Dialogue and call Final Solution	Week commencing 25 th March 2024
Invitation to Submit Final Tender (ISFT) returned	Week commencing 22 nd April 2024
Final Tender clarifications, evaluation and moderation	29 th April to 17 th June 2024
Contract Award	Week commencing 16 th September 2024

- 6.1. After more than 60 hours of competitive dialogue from May 2023 to March 2024 which has generated more than 300 individual points of clarification from bidders, the competitive dialogue process is nearing completion.
- 6.2. The Waste Steering Board, will continue to be the governance vehicle through which the waste collection procurement team will escalate items for steer, determination and or escalation to Cabinet Members and / or Cabinet. The Waste Steering Board membership has recently been extended to include the shadow councillor from the largest opposition party.
- 6.3. Cabinet has agreed to the Wheeled Bin Suitability Criteria Policy which is the main document against which the suitability of properties will be assessed. This was agreed at Cabinet on 11th January 2024. (Minute 88 refers)
- 6.4. Additional elements relating to the procurement which have been the subject of considerable dialogue with bidders through the process and where an oversight position and input from Members is helpful and / or necessary to share with the bidders as required, in preparation for the final stage of the procurement are listed below:
 - To continue with a twin stream collection service for recyclable materials and to instruct bidders to submit final tenders based on a twin stream collection service for recyclable materials. To adopt the approaches and principles set out in table 1 of Appendix 1 relating to the new Waste Collection Contract Specification noting that these could be adjusted by agreement between the Council and the contractor as appropriate.
 - To adopt a free, bookable Textiles and Small Waste Electrical and Electronic Equipment (WEEE) service whereby Householders can book a collection free of charge either online or over the phone. The frequency to be no less than monthly.
 - In addition to periodic home delivery, to provide free compostable food waste liners and white textile sacks only, from designated community collection points (i.e. libraries) and to reduce the number of white textiles sacks that can be collected at any one time from these collection points. This will encourage food waste recycling and reduce instances of other sacks being used for other purposes.

- To establish a mechanism to manage and record who and how many sacks are collected from Libraries.
- To continue to sell garden waste sacks from both Libraries and outlets.
- To consider current Clinical Waste collection arrangements and provides a view on the removal of collection charges from April 2025.
- To provide a view on the temporary suspension of clinical waste collection charges (with the support of the Public Health Team) between April 2024 and March 2025.
- To note that the suspension of clinical waste collection charges, if agreed, may expand customer numbers and the quantity of clinical waste collected, increasing the overall waste contract budget.
- To allow a maximum 4-week suspension of the garden waste service over the Christmas period (mid-December to mid-January) each year.

7. The decision-making process going forward

- 7.1. Following this report to Cabinet, the further decision point that Members will be engaged in as we move to conclude the procurement is in July 2024 when a cabinet paper will be brought forward recommending the award of the contract.
- 7.2. Recommendation 2.1 (g) above provides a solution for Cabinet members to be involved in any interim decisions required through a specific delegation to them.

8. Reasons for Decisions

- 8.1. The rationale for each of the recommendations related to Waste Collection Contract Specification have been set out **Appendix 1**. Each recommendation is underpinned by the objectives of the procurement that were agreed by Cabinet on 14th June 2022 as set out at para 3.2 above. Each of the recommendations presented have been discussed with and considered by the cabinet member through the Waste Steering Board and have been subject to wider debate via the pre-scrutiny processes.

9. Other Options

- 9.1. The Council's current Waste Collection contract has already expired and the extension to that contract expires on 4th April 2025, with the new contract starting on 5th April 2025. The Council needs to confirm a new contract arrangement that is financially viable and optimises the delivery of the environmental objectives that the Council has set, and the requirements that will be made of it by the changing legislative requirements of this activity, within the required timeframe.
- 9.2. The alternative options are detailed in the **Part 2 (Confidential) Appendix 2** but have not been recommended for the reasons stated in that appendix.

10. Financial Implications

- 10.1. The significant costs associated with the procurement process (both internally and externally) have been previously highlighted and approved by Council, but it is worth reminding Members that any costs incurred are one-off costs and are to be funded by the Council's Waste Management Reserve.

11. Legal Implications

- 11.1. The procurement process has followed a competitive dialogue process in line with the Council's procurement processes. The Council's Legal team and specialist external legal and procurement support has been utilised throughout the process.
- 11.2. See also **Part 2 (Confidential) Appendix 2**.

12. Policy Context

- 12.1. The policy and legislative context for the waste collection procurement includes, Environment Act 2021, Public Contracts Regulations 2015, The Council's Corporate Plan,

13. Carbon Impact

- 13.1. Decisions to be taken in respect of the waste collection contract must consider the agreed procurement objectives which seek to maximise carbon mitigation and minimise any detrimental impact on the environment;
- Recognising the declaration made by the Council of a Climate Emergency in 2019 and the need to reduce residual waste.
 - Complying with the Environment Act 2021 and its promulgated requirements for recycling (likely to be 65% by 2035) and other environmental matters and adaptability to further changes in legislation
 - Follow the principles of the Waste Hierarchy.
 - Maximise the use of zero or low emission plant and fleet in the operation of the services.

14. Equalities

- 14.1. An equalities impact assessment has been carried out on both alternate weekly collections and the wheeled bin criteria as part of the February 2024 budget cabinet papers.

15. Consultation

- 15.1. Consultation has taken place with key internal and external stakeholders of the waste collection contract procurement process.

16. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	7 March 2024
Monitoring Officer	Susan Zeiss	7 March 2024
Executive Director	Alan Richards	7 March 2024
Relevant Cabinet Member	Cllr Tony Cox – Leader Cllr Meg Davidson – Cabinet Member for Environment	8 March 2024

17. Appendices

Appendix 1: Service Parameters (developed through competitive dialogue with the bidders)

Part 2 (Confidential) Appendix 2: Summary of external legal advice

Part 2 (Confidential) Appendix 3: Internal Audit findings

Appendix 1 - Service Parameters (developed through competitive dialogue with the bidders)

Twin Stream Recycling

Following the announcement by Government on Simpler Recycling on 21st October 2023 which allowed the possibility of adopting a fully comingled recycling service, Council officers have engaged with Bidders, through the dialogue process, to explore whether the council could introduce a co-mingled recycling service to reduce the number of wheeled bins required per household. However, through dialogue this has established that a twin stream recycling service is likely to have an overall lower cost, improve the quality of recyclable materials and reduce risk through the life of the contract particularly if the Government's Simpler Recycling proposals to collect plastic film become a requirement. Bidders have recommended a twin stream recycling service, since their stage 1 submission and continue to recommend this as the best solution for Southend-on-Sea City Council.

A twin-stream service is likely to have more longevity, with capacity to include more materials in the future in relation to upcoming legislation and access to funding streams. However, the Simpler Recycling proposals and other waste related initiatives such as Extended Producer Responsibility (EPR) and Deposit Return Schemes have not been finalised.

Under a twin-stream recycling service, residents will have three wheeled bins, one for residual waste, the second for paper/card and the third for plastics, glass, and cans (containers). Residents in Southend are already used to presenting their waste in twin-streams so this represents minimal change for residents compared to a co-mingled approach.

Cont below...

Waste Collection principles and approaches

The waste collections principles and approaches are a set of operational standards which the contractor will be required to adhere to.

Table 1: Waste Collection Principles and Approaches

Approach/ Principle	Current	Proposed
Missed bin collection - Whole or part missed roads	Collect as soon as possible	Collect within 24 hours
Missed bin collection - justified / non-justified	Collect all reported missed collections	Collect only missed collections that are justified (Contract must evidence unjustified reports)
Missed bin collection - time restriction to report	Can be reported at any time after collection	Must be reported within 2 days
Missed bin collection - rectification period	Within 4 hours	Half a day
Contamination - bins for refuse option	No requirement to collect contaminated recycling presented at the kerbside, communication process in place	Strategy to be updated to apply to bins and process strengthened
Contamination - sacks for refuse option	No requirement to collect contaminated recycling presented at the kerbside, communication process in place	Strategy to be updated to apply to bins and process strengthened
Residual sack restriction	No Policy currently in place	Restriction of 3 branded sacks per household
Bins for refuse - 'No side waste' and 'Lids down'	Not currently applicable	No side waste (residual) to be collected and lids must be down on
Bins for refuse - Replacement of lost, stolen or damaged bins	Free of charge for sacks and boxes	Free of charge for all containers
Bins for refuse - Large households of 6 or more, families with 2 or more children in nappies/ medical need or extenuating circumstances	No Policy currently in place	Households meeting the criteria will be eligible for a large or additional bin and must recycle all that is possible.

Free bookable Textiles and Small Waste Electrical and Electronic Equipment Service

Currently textiles and small WEEE are collected in small cages under the Refuse Collection Vehicle (RCV). This is inefficient and leads to high numbers of complaints. A move to a free bookable service is expected to improve the customer service experience, reduce complaints, and support increased recycling and diversion of these materials from the waste stream. A dedicated service also means that the contract has

greater flexibility to meet future EPR legislation including access to potential funding for provision of small WEEE service. It also has the capacity to add further materials including batteries, coffee pods and paint for example.

Provision of Branded Sacks to properties retaining a residual waste sacks collection

To restrict the volume of residual waste a household can place out, encourage increased recycling, and meet the objectives of the Council, it is proposed that households remaining on a residual sack service are provided free of charge branded or coloured sacks for their residual waste.

Provision of sacks from Libraries and outlets

Most households will receive a wheeled bin for the collection of their recycling material. Therefore, they will no longer require a regular delivery of pink recycling sacks. Households that are eligible (i.e. properties remaining on a sack service) will continue to receive a regular delivery of sacks to their property every 6 months. They will also be eligible to order pink recycling sacks free of charge either online or over the phone at any time.

All households will continue to receive a regular delivery of white textiles sacks and food waste liners and in addition request additional sacks online or over the phone at any time.

Currently all households can collect pink recycling sacks, white textiles sacks and food waste liners from Libraries. Households are also able to purchase garden waste sacks from Libraries and commercial Outlets.

Cont below...

Clinical Waste Service

Previously, the NHS covered the cost of sharps disposal. This changes in August 2023 and as a result responsibility for sharps collection and disposal is now a requirement for waste authorities. Presently residents are asked to pay a fee for the collection of clinical waste, specifically sharps (needles) within a sealed sharps container. The fee does not include the disposal cost. Current clinical waste collection charges are shown below:

- sharps/syringe box - £2.25 (supply to customer)
- tiger sacks (roll of 50) - £14.00
- collection (per visit) - £6.25

Example

A 5 litre bin will cost £2.25. Once full it can be booked in with Veolia for collection, which will cost £6.25. If a new bin is needed this will cost £2.25.] Frequency of need for a new bin is dependent on the medical condition.

Monies collected are retained by the council's waste contractor and assists the offsetting of the cost of delivering the service to customers. Currently Southend has approximately 230 clinical collections annually with around two tons of clinical waste (including wastes and sharps from public toilets) collected.

A review of district councils in Essex has indicated that none currently charge for the collection of clinical waste. The Waste Delivery Group estimate that each council is paying between £20,000 to £55,000 each year for the collection and disposal of clinical waste within their district.

The disparity in charges across the county was first raised by the council's Health and Wellbeing Board (Healthwatch Southend). Working in partnership with the Public Health Team, funding has been made available to waive clinical waste collection charges from April 2024 to March 2025.

From April 2025 a new waste collection contract will be in place, and now is an appropriate point to seek a Cabinet view on the approach taken by Southend Council. The Waste Delivery Group note that any permanent suspension of clinical waste collection charges may encourage an increase in customers and, with the specific disposal requirements for this waste stream, may increase the overall costs of the new waste contract.

Garden waste suspension during winter

This proposal maximises value for money to the Council and supports resourcing pressures over the Christmas period, when the demand for the garden waste service is at its lowest and the pressure on other waste streams is at its greatest. The Council will retain the income for garden waste.

Definitions

Clinical Waste – waste which is generated by healthcare related activities provided by a healthcare provider eg GP, dentist pharmacy or hospital or administered at an individual's residence. Clinical Waste is an umbrella term of anatomical, cytotoxic infection pharmaceutical, and sharps.

Co-mingled recycling - a system where all paper, card, plastic, metals, can and other recyclables are collected in the same container. Materials will be mixed and are usually moved onwards for sorting at a single re-processor, often, at least initially, through a material recovery facility (MRF). Materials then go onwards once sorted to separate re-processors.

Sharps – hypodermic needles, syringes, scalpels and lancets are examples of 'sharps' as they have the potential to be contaminated by infectious bodily fluids, (blood, bile, faeces, phlegm and urine), or medicines

Twin-Stream recycling – where residents are provided with two recycling containers and are asked to place different materials in each, typically paper/card (i.e. fibre-based material) in one and plastics, glass, and cans (i.e. container and '3 dimensional' items) in the other. The materials are kept separate, for example, by using a collection vehicle with two compartments or using a one compartment vehicle to collect each material on an alternate weekly basis. The materials may go onwards to separate re-processors. This is the current recycling service offered to residents in Southend-on-Sea,