

East Herts Council Report

Executive

Date of meeting: 9 July 2024

Report by: Councillor Tim Hoskin –Executive Member for Environmental Sustainability

Report title: Waste, Recycling and Street Cleansing Contract Award

Ward(s) affected: All

Summary – Executive agreed the service design for the new waste, recycling and street cleansing contract on 21 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 Executive 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.

RECOMMENDATIONS FOR EXECUTIVE

- a) That the Executive agrees to North Herts District Council awarding the waste, recycling and street cleansing contract to the preferred bidder, on behalf of East Herts Council, as identified in Appendix 1 Part 2 of this report.
- b) That the Executive 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.
- c) That Executive 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 Executive as per 2.5 and provides clear reasons for the decision.

- d) The Executive agrees to the commencement of a procurement exercise for the provision of a Material Recovery Facility (MRF) and haulage.

1.0 Proposal(s)

- 1.1 That the waste, recycling and street cleansing contract is awarded to the preferred bidder as identified in Appendix 1 Part 2 of this report.
- 1.2 That a new project board is formed to oversee the mobilisation of the waste, recycling and street cleansing contract and the membership shall include the Executive Members responsible for waste and the Executive Members responsible for digital transformation.
- 1.3 That powers be delegated to the Head of Operations and Director of Place in consultation with the mobilisation project board in relation to decisions regarding whether it is necessary to implement the anticipated change for the waste contract in relation to the collection methodology for soft plastics so as not to delay the mobilisation of the contract and service changes.
- 1.4 That the draft statutory guidance along with the governments response to their consultation on the draft guidance be considered and given regard alongside the content of this report in particular Appendix 1 Part 2 and Appendix 9.
- 1.5 That officers proceed with the procurement of a new MRF contract for the haulage, processing and sale of recycling.

2.0 Background

- 2.1. 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.
- 2.2. 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.
- 2.3. 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.
- 2.4. At their respective Executive/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 2.

- 2.5 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, the following decision was taken to introduce three-weekly residual waste collections:-

'j) residual waste collections occurring on a three weekly collection cycle from 2025 be approved. The implementation date confirmation to be delegated to the Director of Place/Head of Operations in consultation with the project board.'

- 2.6 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.
- 2.7 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 three material streams, residual waste, dry mixed recycling (DMR) and fibre (paper and cardboard).
- 2.8 Further dialogue meetings were held with bidders and 183 clarification questions were responded to.
- 2.9 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.
- 2.10 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.
- 2.11 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.

- 2.12 Some elements of the Government's legislative and statutory guidance changes are not aligned with the contract specification and this and Appendix 1 Part 2 and Appendix 8 Part 2 of the report makes recommendations in this regard.
- 2.13 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.
- 2.12 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.
- 2.13 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.
- 2.14 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.

3.0 Reason(s)

Contract Award

- 3.1. The initial evaluation of bids took place during May 2024 in accordance with the evaluation methodology contained in Appendix 3. 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.
- 3.2 Moderation of bids including final clarifications took place and concluded on 18 June 2024.
- 3.3 The final moderated scores are contained in Appendix 1 Part 2.
- 3.4 As one of the bidders is our incumbent provider the bidders have been anonymised.
- 3.5 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.
- 3.6 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.

- 3.7 The remaining bidders all provided sufficient and compliant bids but they did not have the cumulative highest score.
- 3.8 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 1.1 Part 2.

Project Board and Governance Arrangements for Mobilisation

- 3.9 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.
- 3.10 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.
- 3.11 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.
- 3.12 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.
- 3.13 It is therefore proposed that a new joint Project Board be created and Members include for EHC, Cllr Hoskin the Executive Member for Environmental Sustainability and Cllr Joseph Dumont the Executive Member for Corporate Services. For North Herts Cllr Amy Allen the Executive Member for Recycling and Waste Management and Cllr Val Bryant the Executive Member for Community and Partnerships.
- 3.14 The proposed terms of reference for the joint project board are in Appendix 4.
- 3.15 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.

3.16 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 |

- 3.17 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.
- 3.18 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.
- 3.19 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.
- 3.20 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.
- 3.21 The costs associated with the soft plastics anticipated change from the preferred bidder are provided in Appendix 1 Part 2 of this report.
- 3.22 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

- 3.23 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.
- 3.24 The Government's response to the consultation was published on 9 May 2024 and details are provided in Appendix 7.
- 3.25 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.'
- 3.26 It is not clear as to when any 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 to not 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.
- 3.27 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.
- 3.28 The Councils have sought independent legal advice from Sharpe Pritchard regarding our need to give regard to the, as yet unpublished, guidance and this is contained in Appendix 8. This is legally privileged advice and is provided in Part 2.
- 3.29 Taking account of the advice provided, the Executive should consider the following in agreeing to the proposed recommendation which is to have regard for the draft guidance.

- 3.30 The reasoning for the initial three-weekly residual waste service design was discussed at cross party joint member workshops and is detailed in the Executive reports agreed in October 2022.
- 3.31 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 Executive meeting is provided again in Appendix 9.

- 3.32 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.'
- 3.33 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.
- 3.34 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.
- 3.35 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.
- 3.36 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.
- 3.37 Based on the information from final tenders a short financial summary has been provided below. This demonstrates the additional anticipated changes cost 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.

See Appendix 1 Part 2.

- 3.38 The recommendation at c) 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

- 3.39 At this point, the Letchworth Depot assignment has not completed.
- 3.40 Project Board agreed to continue with the procurement in spite of the assignment not being complete. This was in anticipation of the assignment being completed by the time of contract award.
- 3.41 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.
- 3.42 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.
- 3.43 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.
- 3.44 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.
- 3.45 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.
- 3.46 This has been an ongoing project for over 18 months and it is necessary to complete the assignment prior to contract award.

Digital Transformation

- 3.47 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
- 3.48 This functionality is provided as part of our current collection contract by our incumbent waste contract provider.
- 3.49 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.
- 3.50 These bespoke portals are also provided by our incumbent waste contract provider and these contracts will end in May 2025.
- 3.51 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.
- 3.52 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.
- 3.53 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.
- 3.54 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.
- 3.55 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

- 3.56 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.

3.57 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

3.58 A swift decision is needed from EHC transformation team on how work can be facilitated and resourced.

Proposals for North Herts

3.59 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's 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

3.60 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 also been provided at in Appendix 11.

3.61 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.

3.62 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.

3.63 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.

- 3.64 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.
- 3.65 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.
- 3.66 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.
- 3.67 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.
- 3.68 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.
- 3.69 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.
- 3.70 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.
- 3.71 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 setup fee of £5k per Council. It is anticipated this would be procured via a Framework contract.

- 3.72 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.
- 3.73 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.
- 3.74 Another key benefit of the app is it can be fully integrated with the CRM ensuring no data loss between systems.
- 3.75 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.
- 3.76 Residents will have access to a collection day look up solution via each Councils website , but this requires residents to be proactive in checking.
- 3.77 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.'
- 3.78 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

- 3.79 As identified in 3.20 above, 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.
- 3.80 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.
- 3.81 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.
- 3.82 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.

4.0 Alternative Options

- 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 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 continues to be considered as one option to manage the integration of IT systems with the waste management IT system however options in relation to in house resource will also be considered.
- 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.

5.0 Risks

- 5.1 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.
- 5.2 There are risks associated with not awarding a collection contract, as there is insufficient time to reprocur 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.

- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.
- 5.7 There are risks should the Councils not have regard for the draft statutory guidance, without sufficient justification. These risks and legal advice are presented in Appendix 8 Part 2.
- 5.8 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.
- 5.9 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.
- 5.10 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.

6.0 Implications/Consultations

- 6.1 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.
- 6.2 Officers from Hertfordshire County Councils (HCC) Waste Department were previously consulted and are supportive of the councils aims to reduce residual waste.
- 6.3 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.

Community Safety

No

Data Protection

No

Equalities

No

An Equalities Impact Assessment was completed in October 2022 based on the then current proposed service specification for the waste contract from 2025. 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.

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.

Environmental Sustainability

Overall, to date there are forecasted to be positive environmental impacts from changes to the waste contract for East and North Herts. These come, amongst other things, as a result of proposals to reduce frequency of general refuse collections from fortnightly to three weekly, and by providing additional recycling capacity. The carbon impacts of collection rounds and routes are dependent on the methodology of the preferred bidder. These will be reviewed against the baseline during mobilisation. There would be negative environmental implications if the Council did not proceed

with the three weekly cycle service design, with more residual waste being sent for disposal via incineration.

The new collection contract will provide enhanced environmental information in the form of an annual environmental impact review and carbon management plan.

Financial

The Council's budget and Medium Term Financial Plan has had a core assumption that the new contract would be in line with the current budget plus £1.3 million for the implementation of food waste and inflationary pressures. That was on the basis that there was no better information to go on, especially with unknown Government proposals in relation to consistent collections (Simpler Recycling), Deposit Return Scheme and Extended Producer Responsibility.

In addition to the core assumption, a risk was highlighted of higher costs with the contract and the competitive dialogue process was used to mitigate these risks. During Competitive Dialogue significant cost increases materialised and so we put in place measures in the new contract specification that should help reduce costs (e.g. three weekly collections), but the exact financial impact would be unknown until final tender submission and we had worked through, in particular, the detail of the options around the councils financing the vehicle purchases and any new burdens funding from Government.

Details of the financial implications of the preferred bid and three-weekly collections are contained in Appendix 1 Part 2.

The Council has received confirmation of an award of circa £1.5 million of new burdens Capital funding to support the purchase of food waste caddies and bins and food waste vehicles. The ongoing new burdens revenue funding is yet to be confirmed but the outgoing Government had committed to providing additional revenue support. We believe this is likely to be honoured by the incoming Government post General Election.

There are decisions that can be made in relation to waste services that affect the budget position, but do not relate to the contract specification (e.g. levels of fees and charges). These will have to be considered in line with the fees and charges policy and will consider concessionary pricing for those on benefits, paid for by those not on benefits through the charge so there is no subsidy provided through Council Tax funds, in accordance with the fees and charges policy. These proposals will be brought forward as part of the budget.

To deliver a sufficiently detailed communications plan for the service change in August 2025, additional funds will be factored in as part of the budget cycle. Funding is in the budget already to provide the necessary investment in digital improvements to allow self-service on the web site and the bringing in house of direct debit and card payment sign up for garden waste.

Health and Safety

No

Human Resources

The staff resources necessary to deliver the digital transformation for the mobilisation of the waste contract are currently insufficient. This presents a risk to the successful mobilisation of the contract and the ongoing customer service provision to residents.

Human Rights

No

Legal

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.

In addition, external legal support has been provided in relation to the draft statutory guidance for 'Simpler Recycling'. Albeit that the draft guidance is not currently in force, Members are advised to nevertheless have regard to the guidance and reach their decision on the frequency of residual waste collection with it in mind, along with any reasons given for possibly deviating from it. Members should consider the legal advice contained in the Part 2 papers.

The Competitive Dialogue procedure for the procurement of the Waste, Recycling and Street Cleansing contract was approved by the Executive at its meeting of 25th October 2022. With that Competitive Dialogue procedure now nearing its end, the award of the contract is due to go back to the Executive for final approval as a key decision.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix 1 – See Part 2.

Appendix 2 – Aims and Principles of the Shared Service.

Appendix 3 – Evaluation Methodology

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.

Appendix 9 – Reasoning for three-weekly services

Appendix 10 – Waste, Recycling and Street Cleansing Policies 2025

Appendix 11 – Draft Communications Plan

Executive 25th October 2022 –

[Waste Service Design Report.pdf \(eastherts.gov.uk\)](#)

[Decision - Waste Service Contract Design - East Herts District Council](#)

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