



AGENDA

MEETING VENUE:

**Norfolk & Dereham Rooms,
The Conference Suite,
Elizabeth House, Dereham**

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Date: Wednesday, 27 November 2019

Dear Sir/Madam,

Members of the Council are hereby summoned to a **Special Meeting** of the **District Council** which will be held at **2.00 pm** on **Friday, 6th December, 2019** in the **Norfolk & Dereham Rooms, The Conference Suite, Elizabeth House, Dereham**

Yours faithfully

Anna Graves
Chief Executive

The Democratic Services Officer to call the roll of Members

Members of the Council requiring further information, or with specific questions, are asked to raise these with the appropriate officer at least two working days before the meeting. If the information requested is available, this will be provided, and reported to Council.

THIS MEETING WILL BE RECORDED BY THE COUNCIL

Mobile phones and other equipment may also be used to audio record, film, tweet or blog from this meeting by an individual Council Member or a member of the public. No part of the meeting room is exempt from public filming etc unless the meeting resolves to go into private session. However, the use of images or recordings arising from this is not under the Council's control.

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| | <u>Page(s)</u> <u>herewith</u> |
|--|-----------------------------------|
| <p>1. <u>APOLOGIES</u> To receive apologies for absence.</p> | |
| <p>2. <u>DECLARATION OF INTERESTS</u> The duties to register, disclose and not to participate for the entire consideration of the matter, in respect of any matter in which a Member has a disclosable pecuniary interest are set out in Chapter 7 of the Localism Act 2011. Members are also required to withdraw from the meeting room as stated in the Standing Orders of this Council.</p> | |
| <p>3. <u>WASTE AND RELATED SERVICES CONTRACT</u> Report of the Executive Member for Contracts & Assets, Councillor Paul Hewett.</p> | 4 - 12 |
| <p>4. <u>EXCLUSION OF PRESS AND PUBLIC</u> To consider passing the following resolution: “That under Section 100(A)(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Schedule 12A to the Act.” PART B – ITEM FROM WHICH THE PRESS AND THE PUBLIC ARE EXCLUDED</p> | |
| <p>5. <u>WASTE AND RELATED SERVICES CONTRACT APPENDICES A & B</u></p> | 13 - 17 |

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Paul Hewett, Executive Member for Contracts & Assets

To: Overview & Scrutiny Commission: 6 December 2019
Cabinet: 6 December 2019
Council: 6 December 2019

Author: Riana Rudland, Breckland Place Manager

Subject: Waste and Related Services Contract

Purpose: To approve the contract award for the Waste and Related Services Contract

Recommendations to CABINET:

- 1) That the most economically advantageous tender for the contract for the provision of waste and related services submitted by Bidder B is accepted, subject to formal contract and satisfactory conclusion of the statutory standstill time and that the Director of Place is authorised to complete and enter into the Contract.
- 2) That Cabinet delegate authority to the Director of Place in consultation with Executive Member for Contracts & Assets, to determine when and whether to implement provisional items (clinical waste collection and garden waste for disposal).
- 3) That Cabinet do not approve the implementation of a food waste collection from the service commencement date, and retain the option to implement in the future following periodic reviews.
- 4) That Cabinet support the recruitment of a 2 year fixed term trade waste officer funded from income derived from the delivery of the commercial waste service.

Recommend to FULL COUNCIL:

- 5) That Council release up to £5,000,000 approved capital budget for the purchase of vehicles and equipment.
- 6) That Council note the budget implications as set out in Appendix B, and make the necessary adjustments to the Council budget, including those derived from the Cabinet decision at recommendation 3 above.

1.0 BACKGROUND

- 1.1 The Council currently has a contract with Serco for the provision of waste and recycling collection services, street cleansing and grounds maintenance service, due to end 31st March 2021.
- 1.2 On 5th September 2017, Cabinet approved proposals to procure the waste and related services contract jointly with North Norfolk District Council and West Norfolk and Kings Lynn Borough Council, with the aim of achieving better value for money and improved competition.

- 1.3 An Inter Authority Agreement (IAA) was signed by the three Councils in January 2019, committing the Councils to the procurement process. Failure to appoint a compliant bid would breach the IAA.
- 1.4 The waste and related services contract consists of one contract for all three Authorities, aligning the specification and requirements, but retaining and ensuring all local authority needs are met.
- 1.5 The specification for the contract is output based, and includes specific quality standards that the Contractor will be required to achieve, in terms of industry recognised accreditations.
- 1.6 Officers have worked closely to ensure that the specification requirements do not diminish the standard below a level that would be acceptable to any one Council, and in some areas, service standards have been increased.
- 1.7 **Procurement Process**
- The Authorities have commissioned support from external providers in relation to specialist legal advice, procurement advice and have worked extensively with a specialist waste consultancy service, in the development of the required documents, and throughout the procurement process.
- 1.8 Competitive Procedure with Negotiation (CPN) was used, as the requirements of the contract were clearly defined from the outset, and it allowed the Authorities to award the contract to a supplier once all proposals had been evaluated, but offered the flexibility to enter into negotiations if necessary.
- 1.9 The first stage of the CPN invited Tenderers to submit an initial tender. In theory, it was possible at this stage for the Councils to make an award decision, but they were not able to do this as from the two bids received, neither bid was compliant, failing to fully meet the requirements, so the procurement progressed to CPN stage two, where both bidders were invited to participate in three rounds of negotiation with the Authorities.
- 1.10 The negotiation meetings enabled the strengthening of areas where improvements in proposals were identified, and allowed for financial aspects of the bid to be more competitive. The process gave the Authorities the opportunity to optimise its requirements in light of the discussions with bidders.
- 1.11 Bidders submitted their final tenders based on the initial tenders they submitted and reflecting the negotiated position reached with the Authorities at the end of the negotiation stage.
- 1.12 Final tender responses comprised:
- Part 1 – all tender responses except vehicle pricing
 - Part 2 – vehicle pricing only
- 1.13 This two staged submission was required as bidders made Authorities aware that vehicle suppliers were only able to commit to/offer vehicle pricing for a period of 30 days. Creating a two staged submission process provided bidders with sufficient time to obtain and submit final tenders on the basis of vehicle pricing, which ensured the prices provided represented the latest market position, and provided the greatest level of price certainty through mobilisation.

1.14 Final bids submitted were assessed according to published criteria, with scores being weighted to reflect a 50 to 50 cost to quality ratio.

| | | |
|------------------------------|---------|---|
| 50% | Cost | Total Contract Cost |
| | | Contractor Risk Position |
| 50% | Quality | Mobilisation |
| | | Contract Management |
| | | Health & Safety |
| | | Customer Care |
| | | Depot Management |
| | | Plant & Resourcing |
| | | Maintenance Plan |
| | | Household Recyclables Collection Service |
| | | Household Residual Waste Collection Service |
| | | Other Household Collection Services |
| | | Commercial Waste Collection Service |
| | | Street Cleansing Services |
| Grounds Maintenance Services | | |

1.15 Vehicles will be financed and owned by the Authorities respectively, utilising the bidding power of the contractor to secure best value.

1.16 All bids assessed are to provide services that retain core elements of the current service provision.

1.17 **Included within the contract are the following services:**

1.18 **Waste collection services;** alternate weekly collection of residual and mixed dry recyclables, using similar containers and methodology, other non domestic waste and recycling collection, household bulky waste collections and other ancillary services.

1.19 **Cleansing services;** mechanical and manual cleansing, market towns, beach cleansing, designated roads, removal of fly-tipped materials, seasonal leaf management, litter and dog bin management, car park cleansing, dead animal removal, special event cleansing and other ancillary services.

1.20 **Grounds maintenance services;** grass cutting and maintenance, horticultural features, weed treatment and vegetation control, arboriculture management, and other ancillary services.

1.21 Bidders' proposals to work with organisations from the third sector in service delivery were assessed as part of the quality assessment.

1.22 Bidders were asked to propose their modern ICT solutions that would allow collection of comprehensive service performance data, with communication in near real time between front line service provision in the field and customer interface, and interaction between Council systems and the contractor's management system.

1.23 Bidders proposals for customer contact centre and use of technology to benefit customers.

1.24 Bidder proposals for better access to management data, allows contractors to regularly review operations to ensure that optimum use is made of vehicles and human resources, which helps to minimise carbon impact and costs, resulting in more competitive tenders.

- 1.25 Pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) ('TUPE'), and subject to approval in accordance with the recommendations within this report, the staff will transfer from the existing to the selected bidder, when they commence provision of the waste and related services contract. No staff will transfer from or into the Authorities, and therefore the obligations imposed by these Regulations will fall upon the existing contractor as the 'Transferor Employers' and the selected bidder as the 'Transferee Employer'
- 1.26 **Costed Options/Provisional Items**
- 1.27 Most of the items within the specification of the works are included as core items of the contract, in that they have to be delivered by the contractor. Some items in the specification have been included as provisional items. Provisional items are those which the Authorities can choose to implement at the start of the contract or during the lifetime of the contract.
- 1.28 By including these items in this way, it allows bidders to provide a price for this element of the service, which the authorities can use to determine whether they wish to implement the service or not.
- 1.29 The inclusion of costed options as provisional items within the contract protects the Authorities from the potential of having to go through a re-procurement exercise which is required by the Procurement Regulations in the event that the contract requirements change significantly.
- 1.30 Except for those provisional items within the contract that allow a mechanism for the expansion/contraction of the services, the three main costed options are as follows:
- 1.31 Household Food Waste Collection
- 1.32 There is currently no statutory requirement to collect food waste from households. Some authorities make a separate collection for food waste, as this diverts a relative heavy element of the residual waste stream from landfill. There is an additional cost associated with food waste collections, as these are typically undertaken weekly and require additional capacity either on the collections vehicles providing other collections, or through additional fleet provision.
- 1.33 Composition analysis indicated that around one third of the weight of a residual waste bin is made up of food waste. Removing this element of the residual waste stream would reduce the amount of waste sent for disposal and reduce associated greenhouse gas emissions.
- 1.34 Balanced against this would be the need to undertake a separate weekly collection with associated vehicle movements. There are limited disposal points and so transport of material to treatment facilities is likely to require significant journeys.
- 1.35 The details of cost of providing a food waste collection service are provided in the exempt appendix to this report. This is a net cost as removing food waste from this stream will reduce the resources needed to deliver the Household Residual Collection service.
- 1.36 If implemented, there would be a one off cost for the provision and distribution of receptacles and a capital sum required for the provision of additional collection vehicles which would be required for the first year after implementation.

- 1.37 The Council receives recycling credits from Norfolk County Council, as Waste Disposal Authority for material which is diverted from landfill. Recycling credits would apply to food waste collections. These credits would reduce the overall cost of providing the service.
- 1.38 In October 2018, the Norfolk Waste Partnership considered a report which looked at future funding models for recycling credits produced by Eunomia, a consultancy firm specialising in Environmental issues such as waste and recycling. In this report, Eunomia modelled the introduction of food waste collections and proposed a number of alternative models for the payment of credits in respect of these collections. This included specific figures for Breckland Council. By extrapolating these figures against those provided by the bidders, it is possible to estimate the net cost of delivering food waste collections. It should be noted that the figures used in the Eunomia report assume a certain level of participation by residents, and experience in other local authorities is that participation usually tails off and requires ongoing campaigns to maintain.
- 1.39 Including household food waste as a costed option within the contract allows for an informed decision based on actual cost to be made about whether to include this service within the contract from day one.
- 1.40 The estimated net cost figures using the Eunomia modelling update with Bidder B pricing is included in the exempt Proforma B.
- 1.41 The Government produced a Resources and Waste Strategy and consulted on a number of measures designed to reduce the amount of waste being disposed of, including the introduction of mandatory food waste collections for all England by 2023.
- 1.42 Whilst it is far from clear whether the Government will do so, in the event that the collection of household food waste is mandated in 2023, it has been indicated that this will be accompanied by new burdens funding. It is not clear if this funding will be available to authorities who had introduced this service prior to the requirement being imposed.
- 1.43 If the service is not included from day one of the contract, and household food waste collection is mandated by Government from 2023, the authorities will have a clear understanding of the service design and cost of delivering that service element.
- 1.44 The Council is supporting a number of initiatives, including community fridges and signing the Courtauld Commitment, to promote the reduction in food wastage to residents and businesses, which reflects the waste hierarchy approach.
- 1.45 The Officer recommendation is that, based on the additional financial burden placed on the Council, food waste collections are not implemented at the service commencement date. But that Cabinet retain the option to implement at a later date following periodic reviews.
- 1.46 Clinical Waste Collection
- 1.47 Household clinical waste refers to two types of clinical waste:
- Group A – All human tissue including blood soiled surgical dressings, swabs, and other soiled waste from treatment areas,
 - Group B – Used hypodermic needles.
- 1.48 Historically, the NHS has made arrangements through dispensing surgeries for patients to return sharps boxes to them. The responsibility for the collection of household clinical waste lies with the local collection authority. The NHS is withdrawing this pharmacy based

facility, and it will be for the local authorities to arrange collection from households in the future.

- 1.49 Recognising this issue, the Norfolk Waste Partnership has been undertaking a procurement exercise in order to create a clinical waste collection framework which authorities can choose to enter or not.
- 1.50 At the time of this procurement, it was not certain what would be included within this clinical framework and whether to enter the framework, whether all services had to be taken, or if it was possible to select some services.
- 1.51 To preserve the Authority's position to be able to secure best value for the services, the clinical waste elements of the contract were made a provisional item.
- 1.52 Treatment of Garden Waste
- 1.53 The green waste collected from the Councils garden waste subscription services is sent for composting at a composting facility.
- 1.54 There are a number of sites across Norfolk which provide composting treatment facilities, and bidders have been asked to include a provisional cost for the treatment of the collected green waste.
- 1.55 The authorities are paid recycling credits by Norfolk County Council as Disposal Authority, on the waste collected through the garden waste services. As part of their budget savings exercises, the County Council have identified the recycling credits on garden waste as being an area which Councils charge for and therefore may be appropriate to apply a different model than the existing credits system.
- 1.56 One option being considered is a model where the Disposal Authority makes arrangements to process material collected by Collection Authorities. The Disposal Authority pays the gate fee to process the material, and the Collection Authorities are obliged to use the arrangements, with no requirement for recycling credits to be paid to the Collection Authorities.
- 1.57 The inclusion of the treatment of garden waste as a provisional item only allows the Authority's flexibility should this model be the one chosen by the Disposal Authority.
- 1.58 In determining when and whether to implement the 2 provisional items above, the Director of Place will give regard to whether, at that time, this approach represents best value for the Council and in accordance with the Contract.
- 1.60 **Trade Waste Officer**
- 1.61 The contract includes the introduction of a trade waste and recycling collection service for Breckland Council from service commencement.
- 1.62 North Norfolk and West Norfolk and Kings Lynn already operate established trade waste collection services, but this is not a service Breckland has previously offered.
- 1.63 A business case was undertaken by SLR, specialist waste consultants, to understand the viability of a trade waste collection in Breckland. The report identified that there is good potential for the Council to implement a surplus generating trade waste collection business within Breckland, subject to service configuration and local demand.

1.64 In line with the business case recommendation, Officers intend to appoint a Trade Waste Officer on a 2 year fixed term contract by exercising their delegated authority, to oversee the administration and promotion of the service and to ensure the service is effectively implemented.

2.0 **OPTIONS**

2.1 Approve the recommendation to award the contract for the provision of waste and related services to Bidder B as the most economically advantageous bid, subject to formal contract and satisfactory conclusion of the statutory standstill time.

2.2 Approve the recommendation to award the contract for the provision of waste and related services to Bidder B as the most economically advantageous bid and implement costed food waste option.

2.3 Approve the recommendation to award the contract for the provision of waste and related services to Bidder B as the most economically advantageous bid and do not implement the costed food waste option.

2.4 Do nothing – this option would result in a breach of the IAA. Furthermore, it would result in BDC having to commence its own procurement for a new service provider, before the current contract expires.

3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 Bidder B offers the most economically and advantageous tender.

3.2 Award of this contract will ensure the Council continues to meet its statutory duty.

3.3 Award of this contract allows for compliance with the IAA.

3.4 Breckland's current contract expires in April 2021, and therefore procurement needs to be completed ahead of this date to allow for mobilisation.

3.5 Award of this contract provides for delivery of all core waste and related services at the same or enhanced levels as currently provided.

3.6 Award of this contract allows the 3 Authorities to benefit from efficiencies of scale working with other Councils.

3.7 Details regarding the outcome of the assessment of the bids is set out in confidential Appendix A.

4.0 **EXPECTED BENEFITS**

4.1 A new modern, up to date contract, utilising new technology and deriving benefits from cross border working.

4.2 The introduction of a trade waste collection will offer a competitively priced, and enhanced recycling service to local businesses, and has the potential to generate income for the Council.

4.3 Additional benefits set out in confidential Appendix A.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Carbon Footprint / Environmental Issues

- 5.1.1 Where possible, in the design of the specification of works, sustainability has been incorporated as a requirement of the contract.
- 5.1.2 In respect of the tender submissions, bidders have been encouraged to incorporate design solutions which reflect best practice in terms of environmental impact.

5.2 Constitution & Legal

- 5.2.1 Approving the successful tender and entering into the contract is an Executive function. Any necessary budget allocation and the approval of a temporary post on the Council's establishment are non-executive functions.
- 5.2.2 There is a risk of legal challenge to the award from either an unsuccessful bidder, or a bidder who chose not to participate in the process. A successful procurement challenge could have significant financial implications for the authorities. Officers have sought advice from external technical and legal advisors specialising in the field, to ensure the contract process has been compliant at all stages with the Public Contract Procurement Regulations 2015, and the principles of fair procurement set out in the EU Directive.
- 5.2.3 A specialist procurement company has been handling the issue of documentation and the receipt of bidders' submissions. This reduces the risk of error and the risk of challenge to any part of the contract process.

5.3 Contracts

- 5.3.1 The award of this contract will ensure the Council's statutory duties are met.

5.4 Corporate Priorities

- 5.4.1 Your Place
- 5.4.2 Our Council

5.5 Data Protection

- 5.5.1 Provision is included within the contract for safe storage and use of personal data in accordance with legislation.

5.6 Equality and Diversity / Human Rights

- 5.6.1 There is not expected to be any impact on equalities and diversity from the award of this contract. The equalities policies and practices of the preferred contractor will be reviewed as part of the standard contract monitoring.

- 5.6.2 The provision of services such as assisted collections will continue to be provided as they are under the existing contract.
- 5.6.3 IT proposals are to take into consideration enhanced choice, efficiency and effectiveness in customer interactions.
- 5.7 **Financial**
- 5.7.1 Proforma B attached in Appendix B
- 5.8 **Health & Wellbeing**
- 5.8.1 No adverse impact has been identified, with the provision of services such as assisted collections continuing as now.
- 5.8.2 Digital proposals are to take into consideration enhanced choice, efficiency and effectiveness in customer interactions.
- 5.9 **Reputation**
- 5.9.1 Mobilisation of a contract of this scale is complex and there is a risk of some disruption at commencement of the service, but this will be mitigated with careful planning through the mobilisation stage, and close working with the new contractor.
- 5.10 **Risk Management**
- 5.10.1 A mobilisation plan has been developed and resources allocated to relevant tasks across all three Authorities.
- 5.10.2 Sufficient resources must be allocated during contract mobilisation, both to configure authorities systems to maximise service benefits and ensure a smooth transition, and to effectively communicate with residents and businesses to maximise awareness of change.
- 5.10.3 There was a possibility that either bidder might not bid or non compliant bids might have been received. By undertaking three rounds of negotiating with the bidders and removing the areas of significant risk perceived by the bidders, the risk of this has been lessened.
- 6.0 **WARDS/COMMUNITIES AFFECTED**
- 6.1 All

Background papers:-

Lead Contact Officer

Name and Post: Riana Rudland (Breckland Place Manager)
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Key Decision: Yes
Exempt Decision: Yes

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Details of evaluation and preferred bidder
 Appendix B Financial Proforma B

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 5

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