



**Report Reference Number: E/21/47**

---

**To:** Executive  
**Date:** 3 March 2022  
**Ward(s) Affected:** All  
**Author:** Keith Cadman, Head of Commissioning, Contracts and Procurement and Aimi Brookes, Contracts Team Leader  
**Lead Executive Member:** Cllr Tim Grogan, Lead Member for Health and Culture  
**Lead Officer:** Suzan Harrington, Director of Corporate Services and Commissioning

---

## **Title: Environmental Services Contract Succession Strategy**

### **Summary:**

This report summarises the business case for the contract succession strategy for Selby District Council whilst recognising future impacts of Local Government Re-Organisation and the Governments Waste and Resources Strategy 2018.

The current Environmental Services contract was procured in 2008 and commenced October 2009 for an initial period of 7.5 years. After taking up the 7-year extension the contract is due to expire on 31<sup>st</sup> March 2024. The recognised timescale for any re-procurement is a minimum of two years with additional time for commissioning and market testing to inform the business case and options appraisal.

### **Recommendations:**

To commence the procurement of a replacement Environmental Services Contract in April 2022 on a similar service scope basis.

The project plan to include key decision points of April 2023 and August 2023 for a contract award decision to allow for alignment of Selby services with the new North Yorkshire Council's new operating model and mobilisation plan.

### **Reasons for recommendations**

The majority of services provided under the current contract are statutory services and as such Selby District Council requires an approved robust contract succession plan for service continuity after contract expiry. The contract succession plan also

needs the flexibility to be aligned with any future decisions of the new North Yorkshire Council in the future.

## **1. Introduction and Background**

- 1.1 The current contract has been extended for the maximum period allowed within the contract documents and within procurement legislation and expires on 31<sup>st</sup> March 2024. Procurement best practice dictates that any procurement of a major service contract should take about two years to complete and is proportionate to the value and nature of the service. The procurement period should include a mobilisation period of sufficient duration for any incoming contractor to secure depots, vehicles, plant, IT systems and the transfer of staff. For an Environmental services contract the mobilisation period is ideally 10 to 12 months.
- 1.2 A soft market testing exercise was undertaken between October and December 2021 to seek the markets views on a number of matters regarding contract scope, duration, waste strategy (R&WS) and Local Government Re-organisation (LGR). A good positive response was received from the marketplace with support for the project plan timescales and mobilisation period allowed for. Some participants advised that due to the Council owning the refuse fleet a shorter mobilisation period of 6 months could be achieved.

### **Report**

- 1.3 The business case for a contract succession strategy would normally be straightforward in so much as it would take account of current performance, market interest and packaging together with any known need for change of scope or service specification.
- 1.4 Generally, if a service is outsourced and performance is good, as is the case with the current contract, the conclusion would be to re-procure including any minor service changes required.
- 1.5 The business case for Selby is not so clear cut and has had to recognise LGR timelines together with anticipated implications of the R&WS on future service provision. Currently no decisions have been made regarding the future operating model for this service for North Yorkshire or future changes to service provision arising from the R&WS.
- 1.6 The premise of the business case and conclusion is to ensure Selby has a robust and legal plan in place to ensure continued service provision beyond 31<sup>st</sup> March 2024. Whilst Selby District Council will cease to exist after 31<sup>st</sup> March 2023, the contract will be novated to North Yorkshire Council and

continue to run for a further 12 months. The contract succession strategy must base the plan on what is known when taking the decision whilst allowing for alterations to the strategy as future decisions are made by North Yorkshire Council.

- 1.7 The work required by LGR to integrate services is gathering pace but is at early stages of plan development and has only just identified sub workstreams and officers leading and supporting those workstreams. Whilst it is anticipated work to develop the case for new operating models for service provision will be developed this year, the new service model will require a detailed mobilisation plan for delivering the model and integrating services. From the LGR workshops so far it is clear that no significant service changes are to be made prior to vesting day and any staff and service integration / re-organisation will be after April 2023. This service is a frontline statutory service that impacts on households weekly and therefore any changes must be managed to minimise impact on residents. As such it is anticipated any mobilisation plans for integration and standardisation will take several years to complete.
- 1.8 The new service model will require political approval including policy rationalisation as well as investment in plant and infrastructure to achieve a standard integrated service. Currently the milestone for agreeing the new operating model for this service is 31<sup>st</sup> December 2022. In addition, the implications of the R&WS will become clearer and have to be included in any mobilisation plans for this service which will impact the whole of North Yorkshire service provision for waste.
- 1.9 The soft market testing exercise tested out the markets view on a larger contract for North Yorkshire as well as knowledge of the R&WS and whilst as expected there is market interest in a larger tender package, all respondents advised any implementation of a larger package would be done on a phased basis over a number of years based on current collection geography. Such a tender to allow for a phased service take on would be complex to achieve and require ongoing negotiation for each service transfer and therefore be resource intensive over a long period. The tender would also require the gathering of large amounts of detailed information for the tender documents which is required for LGR but not within such tight timescales as the Selby tender project plan.
- 1.10 Whilst tenders for a first service transfer are attractive to the marketplace due to the market ability to make efficiencies and therefore maximise profits whilst offering some savings to the contracting authority, the authority will not usually gain all the efficiencies achieved. In addition, where significant changes are planned within the tender documents each change will require negotiation and

agreement of contractual variations. This reduces the flexibility and ability to make major service changes by the contracting authority and therefore a wider tender package could not be recommended at this time and has therefore not been included as a future service option for appraisal.

1.11 Five contract succession options have been appraised within the business case as summarised below;

- A. Cease all Services
- B. Extend Current Contract for a year (to allow for LGR decision on new service)
- C. Bring in-house – current Selby District Service
- D. Re-Package and tender
- E. Re-Tender current service scope

All above options have been appraised with options A and B discounted as not being lawful. Whilst the three remaining options have been fully appraised, option E provides the most benefits whilst also providing the flexibility not to progress to contract award should a decision by North Yorkshire Council regarding the new operating model be made prior to the key dates of contract award. Option C if implemented does not allow for future decision-making changes for a new operating model and may not align to the implementation timetable for a new operating model. It must be reiterated that any work undertaken to develop the tender documents will be required to inform the LGR sub workstream which all districts will be required to undertake for TUPE of staff, asset transfer, plant and vehicle data, policies, performance etc etc etc. Therefore, embarking on a procurement exercise will not incur abortive costs.

1.12 Summarised below is the current timeline for the recommended contract succession strategy with key stages highlighted at which point the recommended strategy could be changed with the final date for decisions regarding the new operating model being August 2023.

- Jan 2022 – Task and Finish Group business case review
- **Mar 2022 – Executive approve preferred option (10/03/22)**
- April 2022 – Award contracts for technical and legal support if decision is to re-procure.
- April 2022 – Sept 2022 – Prepare tender documents
- **Sept 2022 – Issue tender documents**
- December 2022 – Tender return
- **March 2023 – Complete tender evaluation**
- March 2023 – April 2023 – Finalise contracts for signature
- **April or August 2023 – Award Contract**
- April or August 2023 – March 2024 – Mobilisation of new service

## **2. Alternative Options Considered**

The contract succession options are contained within the business case at appendix A.

## **3. Implications**

### **3.1 Legal Implications**

3.1.1 A bid for funding of legal and technical support has been submitted as part of the 2022/2023 budget setting process.

### **3.2 Financial Implications**

3.2.1 A bid for funding of legal and technical support has been submitted as part of the 2022/2023 budget setting process.

### **3.3 Policy and Risk Implications**

The development of a robust contract succession strategy will ensure service provision is maintained and any associated risks are managed. Any contract succession plan will be aligned to all relevant Council policies and new operating model arising from LGR.

### **3.4 Corporate Plan Implications**

By developing a contract succession strategy and appraising the options the Council is 'delivering great value' and ensuring a statutory service is maintained to all residents.

### **3.5 Resource Implications**

Implementing any contract succession strategy will require significant forward planning, staffing resources, legal and technical support to manage the change in 2022/23 and 2023/24, although it is anticipated that workloads can be scheduled around the programme of work.

### **3.6 Other Implications**

Local Government Re-organisation and Waste Strategy 2018 will be fully considered within the business case and options appraisal for submission to Executive in March 2022.

### **3.7 Equalities Impact Assessment**

None directly from this report.

#### **4. Conclusion**

- 4.1 Commencing a re-procurement exercise will provide Selby with a robust contract succession plan should the implementation of the new operating model for waste services arising from LGR not align with a service transfer date of 31<sup>st</sup> March 2024. This option provides a robust plan B to maintain this statutory service beyond contract expiry.

#### **5. Background Documents**

None

#### **6. Appendices**

A. Business Case

#### ***Contact Officer:***

Keith Cadman  
Head of Commissioning, Contracts and Procurement  
[kcadman@selby.gov.uk](mailto:kcadman@selby.gov.uk)  
01757292252