



Report Reference Number: E/22/17

To: Executive
Date: 1 September 2022
Status: Key Decision
Ward(s) Affected: All
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Title: Environmental Services Contract Succession Strategy

Summary:

This report summarises the business case for new operating model for waste services for North Yorkshire and the contract succession strategy for Selby District Council as a key decision in delivering the new model.

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 31st March 2024. Contract expiry is 12 months after vesting day for North Yorkshire but a decision regarding a contract succession is required a minimum of 18 months prior to contract expiry. The contract includes a contract notice period of 18 months to allow a smooth exit plan and mobilisation plan for the new provider. Therefore, a contract termination notice could be served in October 2022 and instigate exit planning and mobilisation planning to ensure a smooth service transfer.

Recommendation:

To not re-procure a replacement contract for Selby and serve any necessary contract notices in accordance with contractual terms to ensure a smooth service transfer to North Yorkshire from 1 April 2024.

Reasons for recommendation:

The majority of services provided under the current contract are statutory services and as such Selby District Council (North Yorkshire Council) requires an approved robust

contract succession plan that supports the business case for a new operating model for waste services for North Yorkshire.

1. Introduction and Background

- 1.1 A business case for a new operating model for waste services for north Yorkshire has been developed to inform the contract succession plans for Selby. The business case has reviewed current service provision, impacts arising from the Resources and Waste strategy (R&WS) and integration of current services into a single model.
- 1.2 There are currently 7 waste collection authorities (WCA's) in North Yorkshire and 6 provide waste collection directly with Selby providing the service under a contract with Urbaser.
- 1.3 The impacts on collection from the R&WS whilst not published are anticipated to have a major impact on collection services over the next 5 to 10 years. A single service model for waste collection will provide the best platform to manage and implement change, deliver service efficiencies and provide the basis for service consistency for all residents across North Yorkshire.

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- 1.4 Local government reorganisation will bring together 7 waste collection services that all provide collections differently. Integrating and rationalising services to achieve service consistency will take time to achieve.
- 1.5 A key milestone in integrating services into a single model for North Yorkshire is having an approved contract succession plan for the Selby contract that expires at the end of March 2024.
- 1.6 The decision on the contract succession for Selby requires a business case and preferred operating model for waste for North Yorkshire to inform the Selby decision.
- 1.7 The business case for the new operating model for waste attached at Appendix A sets out the issues and considerations to inform the options appraisal for the new service delivery model. Three headline options have been appraised as listed below.
 - As is no change
 - Direct provision single countywide service
 - Teckal company countywide service
- 1.8 A key factor in undertaking the options appraisal has been the timescales required to deliver each option and Selby contract expiry date plus associated service transfer timescales. To manage a smooth transfer of service from Selby's contractor to a new service model will take about 18 months and the contract terms provide for serving any relevant notices regarding contract termination 18 months prior to contract expiry. This requires a decision to

approve the new service model prior to end of September 2022 allowing a contract notice to be served in October 2022.

- 1.9 Extensive work has been undertaken to deliver LGR and integrate waste services that have looked at all aspects of current waste services to plan for service change and integration. Whilst there are no major service changes planned prior to vesting day work is ongoing in the development of integration plans for the service post vesting day.
- 1.10 The development of the business case for a single service model for waste is a key milestone in the integration planning. Political approval of the preferred service model in September 2022 allows sufficient time to manage the service transfer from Selby's contractor into the new model upon contract expiry. Integration and rationalisation of the 6 in house services will also commence after vesting day and allow for a seamless transfer of Selby services on 1 April 2024.
- 1.11 Three service model options have been appraised within the business case as summarised in para 1.7 above. Whilst the option of remaining as is with no change has been appraised this can be discounted as this does not provide a single service model. The option of transferring services into a TECKAL company (Yorwaste) has been appraised but the timescales for achieving such a service transfer are the biggest argument against this model. This leaves the model of Direct provision single countywide service as overwhelmingly the best option from an operational perspective.
- 1.12 A financial appraisal comparing the Selby contracted service with in-house direct provision has concluded that such a transfer would be cost neutral to North Yorkshire.

2. Alternative Options Considered

The Business Case for a new operating model for waste for North Yorkshire at Appendix A considers alternative options.

3. Implications

3.1 Legal Implications

- 3.1.1 A contracting authority can choose to provide services directly that have previously been contracted out if it decides this is the best option for service provision to the taxpayer.

3.2 Financial Implications

- 3.2.1 The financial evaluation contained within the business case at Appendix A has concluded that transferring services at contract expiry into North Yorkshire will be cost neutral.

3.3 Policy and Risk Implications

The business case for a new operating model for waste for North Yorkshire has concluded the best option is a single service delivered in house. The preferred option has considered the risks as part of the appraisal and therefore informs the contract succession decision for the Selby contract.

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 the service transfer will form part of the service integration planning for North Yorkshire and is a key element of delivery plans for achieving a single service model. Resources to effect a smooth service transfer will form part of the ongoing service transformation for North Yorkshire.

3.6 Other Implications

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

3.7 Equalities Impact Assessment

None directly from this report.

4. Conclusion

- 4.1 Not re-procuring the Selby contract and transferring the service to North Yorkshire provides a robust contract succession plan for Selby that supports the delivery of a new operating model for waste services for North Yorkshire.

5. Background Documents

None.

6. Appendices

Appendix A - Business Case

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