

**STRONGER COMMUNITIES AND NEIGHBOURHOOD SERVICES SCRUTINY
BOARD - 16 June 2020**

STRONGER COMMUNITIES & NEIGHBOURHOOD SERVICES SCRUTINY BOARD

16 JUNE 2020

(VIRTUAL MEETING)

MINUTES

Present: Councillor R Grinsell (Chairman); Councillors S Ashraf MBE, J Butler, C Buxton-Sait, J Fairburn, P Hogarth MBE, Mrs A Mackenzie, M Parker and M Wilson.

Apologies:

Alan Brown (Assistant Director – Highways & Environment).

Report authors/witnesses in attendance:

Mrs Alison McGrory (Assistant Director – Communities & Partnerships).

Kalen Wood (Head of Service - Waste & Recycling).

Chris Barr (Head of Service - Public Realm).

External Witnesses in attendance:

None.

Cabinet Members in attendance by invitation:

Councillor K Hawkins – Cabinet Member (Environment & Highways).

Councillor Mrs A Rolf – Cabinet Member (Stronger & Safer Communities).

Other Elected Members in attendance by invitation:

None.

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. QUESTIONS AND DEPUTATIONS

There were no questions or deputations.

3. MINUTES AND OUTCOMES FROM PREVIOUS MEETINGS

The Minutes of the last meeting held on 16 January 2020, was submitted for review and approval. In addition, and following the cancellation of the Board's meeting on 16 March 2020, the written outcomes from two matters considered by the Board was also submitted for information.

RESOLVED

That the Minutes from 16 January and the schedule of written outcomes from 16 March be agreed as a correct record.

(It was recorded that Councillor Fairburn abstained from the above resolution).

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4. STRATEGIC ENVIRONMENT CONTRACT PROCUREMENT STRATEGY

In attendance: Kalen Wood (Head of Service - Waste & Recycling) and Chris Barr (Head of Service - Public Realm).

The Board was invited to scrutinise the Council's proposed approach to procuring a new Strategic Environment Contract. Once published, the Procurement Strategy would be fixed for the duration of the procurement process.

The report explained that the current contract was being delivered by Amey and the current term would come to an end on 31 March 2022. Previously, in October 2019, Cabinet had considered options for the future provision of services provided through the new contract. Those options were either to retender the contract or to establish a Local Authority Company. Cabinet selected the option to retender the contract and had now directed Officers to start the procurement process to deliver a new Strategic Environment Contract to begin on 01 April 2022.

The Board was appraised of the project management and governance structure that had been put in place to oversee the delivery phase. The report also highlighted that technical Consultants had been appointed to support the delivery of the new contract.

Prior to starting the tendering process, Officers explained that it had been considered essential to understand what was required from the procurement process and to convey that criteria to prospective bidders. That approach would determine the level of interest in the tender and would also influence the detailed content of the specification and final contract.

To provide direction for the tender and give information to prospective bidders, a proposed Procurement Strategy had been developed which covered the following key areas:

- The procurement procedure - the Competitive Dialogue Procedure was the preferred procurement procedure for the contract. Most local authorities procuring complex contracts of a similar nature used the Competitive Dialogue process.
- Contract nature - the current Strategic Environment Contract was an integrated contract where all of the different service elements were provided by one contractor. It was proposed that the same approach was retained for the new 2022 Strategic Environment Contract.
- Contract length - it was proposed that the contract was let for an initial term of 10 years with the potential to extend for a further extension of up to 10 years.
- Contract award criteria - the award of the contract would be based on the "Most Economically Advantageous Tender" with the high level scores being split between both price and quality.
- Approach to de-selecting bidders - at each stage of the procurement process the Council could choose to take through a maximum number of bidders. To increase the chance of a robust level of competition throughout the process, it was proposed that three bidders were taken through the whole procurement process.
- Key areas of service design - all of the services that were currently delivered would continue into the new 2022 contract. It was also intended to include forestry services because the nature of that service fitted well within the Strategic Environment Contract portfolio.
- Contractual risk - bidders would take on risk although that would be priced for accordingly within the new contract. The contract dialogue

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sessions would identify which of the potential bidders would be in the best position to take on certain contractual risks.

- Key strategic performance indicators - the new contract would include a set of key performance indicators which would focus on the strategic aspects of the service and would be an effective means of measuring performance and driving continual service improvements.

In support of the above approach, Officers explained that two soft market-testing days had recently been carried out where potential bidders had been invited to give their opinion on the proposed procurement strategy.

Having considered the report and presentation, the Board made the following observations:

- The Board considered that the positive work that the Council's current contract partner, Amey, had undertaken to date should not go unrecognised. The Board also envisaged that Amey's high standards of service delivery would continue until the end of the current contract period.
- The importance of the Strategic Environment Contract was acknowledged as its day to day provisions affected everyone who lived and visited Solihull.
- The Board considered that it was important that the operational staff who currently delivered the day to day services were afforded some form of protection during the transition into the new contract arrangements. Members sought clarification that the usual TUPE regulations would apply and it was confirmed that this was the case. Officers highlighted that a six-month period of mobilisation would occur prior to April 2022 and an element of that would include staff transition.
- Members also sought assurances that business continuity plans were in place to ensure a seamless transition into the new contract arrangements, especially if something unforeseen occurred with the existing contract partner before April 2022. Officers explained that those measures were already in place as that scenario could potentially occur at any point during the life of the contract. Reassurances were given that there were several options available to Officers to ensure that service delivery was maintained and any risk managed accordingly.
- A Member enquired if the new contract could place a requirement to use electric vehicles given their perceived environmental benefits over hybrid vehicles. In response, Officers acknowledged the importance of the green agenda and alternative vehicles. They gave reassurances that this would be considered and evaluated as part of the quality element of the new contract procurement.
- Members welcomed the fact that 60% of the tender evaluation for the new contract would be biased towards quality. The Board sought further information as to what would be measured as part of that element of the new tender. Officers confirmed that in addition to the green and carbon agendas, other considerations such as corporate social responsibility would also be evaluated.
- The Board sought further information as to how the new contract arrangements would fit in with the scenario of a new household waste recycling centre to replace the existing facility at Bickenhill. In addition, how would the new contract fit in with proposals for a joint recycling facility with neighbouring local authorities? Officers advised that the

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contractual risk around recycling would be maintained by the Council and not the contract partner. The collection and transfer of recycled material to an agreed location was also considered to be an operational matter. The Competitive Dialogue Procedure would also allow for early discussions relating to the provision of a new household waste recycling centre.

- The Board sought reassurances that the proposed contract period of ten years would not expose the Council to any unnecessary risk if the new contractor was to under-perform in any way. Officers were also asked if elected Members would have a role in influencing the setting of the key performance indicators for the new contract. Officers advised that the contract performance would be monitored throughout the contract term and any under-performance would be picked up as part of the contract monitoring processes. In terms of KPI's, the new contract would utilise financial penalties and the proposed performance measures would again be discussed with prospective bidders during the Competitive Dialogue Procedure. Officers advised that the KPI preferences could subsequently be considered by this Scrutiny Board at a later date.
- With regard to the forestry integration element of the new contract, the Board sought reassurances that such specialised works would not limit the field of prospective bidders. Officers advised that many of the prospective bidders would not be specialists in all components of the new contract and it was expected that those key elements would be sub-contracted out and appointed by the new primary contractor.
- The Board also sought additional information regarding the general provision and ownership of the contract vehicle fleet. Officers advised that there were a number of fleet options available; the Council could purchase the existing fleet from the current contractor and utilise those vehicles for the first two years of the new contract. New vehicles could be supplied by either the Council or the new contractor. Fleet discussions would take place as part of the Competitive Dialogue Procedure to ascertain the most economically and environmentally advantageous position for the Council.
- In terms of the suggested approach to de-selecting bidders, the Board sought reassurances that the proposal would not dilute the competitiveness of the procurement process at the early stages of the tender process. Officers reassured the Board that the proposed procurement strategy had been written with Consultant partners and the suggested model would ensure the risk of potential bidders dropping out was minimised as the various stages of the competitive tender process moved forward. The soft-market testing that had also taken place had reaffirmed that the proposed procurement process was practical and achievable and taking three prospective bidders through the whole procedure would give robust competition.
- Aside from the procurement strategy itself, a Member asked if the specification of the new contract would make provision for the collection of e.g. food waste before there was a legal requirement to do so. Officers advised that prospective bidders would be invited to consider two service delivery scenarios; the first being Option A – the current waste and recycling collection service being maintained; and Option B – the incorporation of potential new services such as the collection of food waste and other recyclables for example.

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- Finally, the Board also questioned whether there would be any input needed from the Scrutiny Board or elected Members during the final stages of the procurement process. The Cabinet Member for Environment & Highways confirmed that the Strategic Environment Contract Board would be provided with regular updates regarding the procurement and selection process and that there was cross-party elected Member representation on that Board.

RESOLVED

That subject to the comments and views recorded in the preamble above, the Board made the following unanimous **RECOMMENDATIONS** to the **Cabinet Portfolio Holder for Environment & Highways**:

- (i) That the proposed Procurement Strategy for the 2022 Strategic Environment Contract be supported; and
- (ii) That the draft Strategic Environment Contract Key Performance Indicators be submitted to this Scrutiny Board for consideration at a future meeting.

(The meeting closed at 6.55 pm)