

## **NORTH SOMERSET COUNCIL DECISION**



**DECISION OF:** THE DIRECTOR OF ENVIRONMENT, ASSETS AND TRANSPORT SERVICES

**IN CONSULTATION WITH:** SECTION 151 OFFICER AND HEAD OF STRATEGIC PROCUREMENT

**DECISION NO:** 25/26 EAT 343

**SUBJECT:** EXTENSION OF THE CONTRACT WITH NSEC FROM 24 MARCH 2024 UNTIL 31 MARCH 2027

**KEY DECISION:** Yes

### **REASON:**

The original contract with the North Somerset Environment Company (NSEC) includes provision for extensions to the contract term via a Directors Decision (DDN). This extension exceeds the costs approved in the original commissioning plan.

### **BACKGROUND:**

The Council has a statutory duty to provide recycling and waste collection services and Household Waste Recycling Centres (HWRC's) to residents. This is achieved through a contract with NSEC, a Local Authority Trading Company (LATCo) wholly owned by North Somerset Council (NSC). The contract commenced on 27 March 2021, for an initial term of 3 years.

The whole contract term allowed for within the Agreement is for a period of up to 17 years and not beyond 26 March 2038. The initial 3-year contract term, may be extended by a further period or periods of up to seven years.

In partnership with NSC, NSEC have delivered a number of successful projects including: 3-weekly waste collections, charging for garden waste, rationalisation of garden waste rounds, trials of alternative recycling collection systems and, more recently, the introduction of a booking system at Weston HWRC.

The Council continues to need a recycling and waste service delivered either by NSEC or via another contractor. NSEC can be appointed by extension of the current contract or by a direct award of a new replacement contract – see analysis below. Appointment of a different contractor would require a full procurement process compliant with current procurement law.

### **DECISION(S):**

To approve a retrospective decision to extend the North Somerset Environment Company (NSEC) contract from 24 March 2024 up to 26 February 2026, and

To approve the extension of the North Somerset Environment Company (NSEC) contract from 27 February 2026 up to 31 March 2027.

### **REASONS:**

This is the first LATCO arrangement that NSC has had, and the short-term extensions of the contract will give the services time to fully assess the contract before renewing it.

Having a short-term contract extension until March 2027 will allow the Client team, Finance, and Legal to review the current contract extensively and to ensure that the new contract from April 2027 is fit for purpose and providing Best Value. It will allow time for the review of the existing contract arrangements and changes required to align it to:

- Corporate objectives in terms of budgeting and financial performance
- Climate, recycling and waste strategy targets
- Government legislation known and pending, including Extended Producer Responsibility (EPR), Deposit Return Scheme (DRS) and the Emissions Trading Scheme (ETS)
- Changes identified during the first contract

Preparatory work in this intervening period will:

- Give more time to evaluate and agree the savings, opportunities and review the KPIs
- Allow time for analysis and, where necessary, implement changes identified in the best value data
- Embed budget saving challenges
- Allows NSEC the opportunity to bid for the street cleansing contract (from April 2027) to maximise efficiencies within this and their other NSC contracts.
- Allows time to determine whether an extension or new contract is most appropriate
- A best value exercise to review the current contract is being conducted with an external consultancy, and recommendations will be incorporated into the contract from April 2027 onwards

### **OPTIONS CONSIDERED:**

Begin a new contract from 27 March 2026 for up to five years. However, the timescales are very tight, and this option doesn't allow for the review of the contract and any subsequent updates which are required to ensure best value and efficiencies are achieved through the longer-term contract extension/new contract.

Significant changes to the Agreement and Specification beyond this initial extension period may be significant to the extent that a further longer-term extension is not appropriate and a new direct award of contract under the "Teckal" provisions, now included in the Procurement Act 2023 (PA23), is the preferred option.

### **FINANCIAL IMPLICATIONS:**

The contract value for 2026/2027 will remain within the existing terms and conditions for the term of this extension.

#### **Costs**

The estimated contract cost for 2026/27 is £13,041,882, this value will be confirmed in March once February indexes are released which dictates the rate of inflation for the contract.

It is not proposed to make any significant changes to the contract payment mechanism in the extension year however it should be noted that NSEC have made contractual losses in four of the 5 years it has been delivering the Waste Collection contract.

On this basis, a detailed finance review and value for money exercise needs to be completed prior to any further contract extensions are agreed for beyond April 2027.

## **Funding**

The contract is funded by existing revenue budget within the Environment, Assets & Transport directorate on cost centre DSW120.

## **LEGAL POWERS AND IMPLICATIONS**

Award of contract under vertical arrangements (Teckal) where the authority has whole ownership of a subsidiary is permissible under procurement statute and North Somerset Council's Contract Standing Orders.

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

The recycling and waste contract provides regular carbon monitoring updates and has made positive contributions towards reducing carbon through the introduction of 3-weekly waste collection, rationalisation of collection rounds (to ensure they are concentrated in one area each day), new more efficient collection vehicles, and vehicle telematics which show driver performance for fuel usage. The extension will continue to monitor carbon and seek new initiatives to make further reductions.

## **CONSULTATION**

- An officer working group has been formed including Director of Environment, Assets and Transport Services, Head of Environmental Services, Finance Business Partner, Assistant Director (Governance and Monitoring Officer) and representatives from the Procurement team.
- A councillor working group has been set up with Cabinet Member for Environment and Planning, Cabinet Member for Sustainable Places and Service Transformation and Chair of Corporate Assets, Transport and Environment Policy and Scrutiny Committee. They meet fortnightly and are used as a sounding board and look at improvements, efficiencies, contract term and areas to be tested for best value.
- An action plan has been developed. The Chief Executive has been briefed and reviewed the action plan.
- A joint workshop with NSC and NSEC was held on 10 November to explore options and saving opportunities
- An all-Member Waste Scrutiny session took place on 2 December 2025

## **WARD MEMBER ENGAGEMENT**

All Member Scrutiny session on 2 December 2025 and the councillor working group.

## **PROCUREMENT**

If this is a procurement over £5000 has the mandatory pre-procurement engagement form been sent to procurement? Yes

## **RISK MANAGEMENT**

A RAID log is established and monitored for the NSEC contract renewal project.

## **EQUALITY IMPLICATIONS**

Have you undertaken an Equality Impact Assessment? No

The equalities impact of the recommendations in this report is minimal. The proposal does not include any proposed changes to the specification for the waste service and the service that residents will receive will be similar with some customer satisfaction improvements that could benefit all residents.

**CORPORATE IMPLICATIONS**

[Click here to enter Corporate Implications]

**APPENDICES**

[Waste Scrutiny 2 Dec 2025.pptx](#) [not for publication, some confidential content]

**BACKGROUND PAPERS**

[Click here to enter Background Papers]

**SIGNATORIES:**

**DECISION MAKER(S):**

Signed:  Director of Environment, Assets and Transport Services

Date: 6 March 2026

**In consultation with:**

Signed:  S151 Officer

Date: 6 March 2026

Signed:  Head of Strategic Procurement

Date: 6 March 2026