

Annex A

Potential Expansion of the Joint Waste Collection Contract

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Executive Summary

This report to the Joint Committee seeks approval to proceed with the potential admission of Tandridge District Council into the existing joint waste collection arrangements of Elmbridge Borough Council, Mole Valley District Council, Surrey Heath Borough Council and Woking Borough Council (the Partner Authorities). In the context of this request, the report describes the background to the joint arrangements, the process undertaken so far and the steps to be taken next.

Background

At the beginning of 2017, the Partner Authorities entered into a Joint Contract for waste collection and street cleaning services (the Joint Contract) with Amey LG Limited (Amey). This means that the Partner Authorities are jointly and severally liable to Amey under the Joint Contract.

In addition to the Joint Contract, the Partner Authorities also agreed to enter into an Inter Authority Agreement (IAA), which sets out how liabilities, rights, duties, undertakings and responsibilities arising from or out of the Joint Contract will be shared and managed between them. It also provides the terms governing the Partner Authorities' joint working arrangements.

The Joint Contract was procured so as to enable all other Surrey district and borough councils to have the opportunity to join during the life of the contract should they so wish and there is a mechanism set out in the Joint Contract that governs how this happens. The IAA makes clear that the decision to admit a new authority rests with the existing Partner Authorities and should only occur where it is lawful to do so, there is a positive benefit to the Partner Authorities as a result of this, and the new joiner contributes towards the costs of the initial procurement, mobilisation and set up of the Joint Contract through a joining fee or other benefit.

Whilst the Joint Contract has been designed to provide each of the Partner Authorities with the same service specification, it makes some allowance for local choice and flexibility. For instance, each of the Partner Authorities may choose to buy some instead of all of the services included within the specification to suit its own requirements and circumstances. Furthermore, the specification for street cleaning enables each Partner Authority to tailor the quality of the street cleaning services in its area to reflect its needs and constraints.

Tandridge District Council

Tandridge District Council (Tandridge) has expressed interest in becoming a party to the Joint Contract and has followed the relevant "extension of agreement" mechanism at Clause 4 of the Joint Contract, the steps of which are briefly summarised as follows:

- 1) Amey is served with an initial notice which includes relevant background information about the potential new joiner
- 2) Amey responds with an initial response, including outline plans and an impact statement setting out any ways in which existing services to the Partner Authorities will require

adjustment, an indication of costs to the new joiner, and Amey's fixed one-off fee for preparing a full response should this be required

- 3) The potential new joiner may then provide further "Services Information", expanding on information previously provided in its initial notice
- 4) Amey must then provide a full response based on its initial response, but augmented, confirmed and comprising of an offer capable of acceptance to be incorporated into a formal agreement
- 5) Within 6 months of receipt of Amey's full response, the Partner Authorities are required to either notify Amey that the new joiner wishes to proceed, in which case all parties and the new joiner shall execute the IAA and the Joining Agreement; or reject Amey's response and pay the "Full Response Fee".

Amey have now prepared a full "Stage 3" report in relation to the potential admission of Tandridge into the Joint Contract, which includes how the additional service will be delivered and the cost of delivering it. The report is subject to Amey Group Board approval in January 2018,

Tandridge District Council's Committee will consider the Stage 3 report on 15 January 2018 *[it was confirmed in the meeting that the Committee meeting had been moved to 31 January and the recommendation would subsequently be considered by Full Council]* and resolve whether to request admission by the Partner Authorities to the Joint Contract or whether to procure a standalone contract of their own.

Legal advice confirms that it is lawful to admit Tandridge to the Joint Contract.

The geographical distance between Tandridge and the existing partnership area means that there would be no immediate contract savings for the existing Partner Authorities. However, there are medium term opportunities resulting in admitting a new member, including reducing contract costs, developing new services, reducing client overheads, as well as the strategic benefit of taking a further step towards creating a single waste entity to deliver all of Surrey's waste services.

Most importantly, the Partner Authorities will be no worse off as a result of Tandridge joining – any increase in the blended rates in the Joint Contract payable by the Partner Authorities would be offset by direct payments made by Tandridge to the Partner Authorities. The mechanism for this principle would be similar to the guarantee in the first IAA signed in 2014 (Clause 7.4) that the initial Partner Authorities would save a set amount per year by reference to a base date. There will be a review of the unit costs in December 2018 based on actual costs and any changes would have to be mutually agreed (this is noted by Amey in the Impact Statement). The precise mechanism adopted and the way in which it is operated can be agreed between the Partner Authorities.

Joining Process

- Joint Committee makes a recommendation to the Partner Authorities
- Tandridge decide whether to request admission
- Partner Authorities decide whether to admit them
- Joining the Joint Contract: all existing parties to the Joint Contract and Tandridge execute the Joining Agreement (incorporating the "Service Provider Full Response" provided by Amey and the "Services Information" provided by Tandridge) within 30 days unless a later date is agreed between them
- Joining the IAA: all the existing Partner Authorities and Tandridge enter a Deed of Admission in a form set out in Schedule 5 of the IAA

Recommendation

The Joint Committee is asked to consider the case for extending the partnership and recommending to the Partner Authorities that should Tandridge District Council's Stage 3 price demonstrate good value and it requests admission to the Joint Contract, this request be approved.

Next steps

Each Partner Authority will need to seek its relevant approvals (by Executive or Council decision) before executing the Joining Agreement and Deed of Admission.