

Joint Waste Contract

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| Portfolio: | Leader/ Community (non-executive function) |
| Ward(s) Affected: | All |

Purpose: To consider the recommendations the Executive will be asked to make in respect of the agreement of a Joint Waste Contract. These recommendations relate to additions to the capital programme for 2017/18 and 2018/19, amendments to the Council's Constitution, and the appointment of the Council's representative to the Joint Waste Collection Services Committee.

1. Background

- 1.1. The Executive, at its meeting on 9 November 2016, will be asked to consider awarding a Joint Waste Contract.
- 1.2. The report to the Executive, which is attached at Annex A, provides detailed information on the Joint Waste Contract proposals.

2. Capital Finance Implications

- 2.1. In the process of developing the contract, it became clear that, if the Joint Waste Authority was to purchase the vehicles required to deliver the services, this would enable a further saving on the contract costs charged by the Contractor. Accordingly, the participating authorities agreed that the Contractor would procure and buy the vehicles, taking full responsibility for their specification and fitness for purpose, and then the Authority would buy the vehicles from the Contractor, funding the capital expenditure either from reserves or from Prudential Borrowing. The authority or authorities who made available the capital for the benefit of all the Partner Authorities would receive a mark-up of 2.5% over their borrowing rate and the funding costs would be apportioned in accordance with the Partnership Share.
- 2.2. Accordingly, bidders were required to submit a schedule of the vehicles that they proposed to use and their estimated useful life that would be purchased by them and in turn purchased by the Authorities, and this forms part of the evaluation of the notional contract cost.
- 2.3. In addition, bidders were asked to set out which vehicles would be used in which authority area and this has formed the basis of the investment required from each Partner Authority. Vehicles will be owned by individual authorities but leased back to the contractor. The contractor has guaranteed the life of each vehicle and would be required to cover the remaining term of the lease should a vehicle require replacement before its book life is complete. Should the contract be terminated, any residual value would pass back to the individual authority together with any unamortised debt.

3. S151 Officer Comments

- 3.1. The decision around the financing of vehicles was purely based on the result of discussions with contractors who made it clear that not only was their cost of capital higher but also they would recharge additional costs on to the cost of vehicles. Hence it makes commercial sense for Councils to fund the vehicles themselves.

4. Governance Issues

- 4.1. The Second Inter Authority Agreement, which the Executive will be asked to adopt at its meeting on 9 November 2016, sets out how liabilities, rights, duties, undertakings and responsibilities arising from or out of the Joint Contract will be shared and managed between the authorities and also provides the terms governing the Partner Authorities' joint working arrangements throughout the term (including any extension) of the Joint Contract.
- 4.2. The Second IAA outlines the governance arrangements to oversee the Joint Contract and how decisions in relation to the Joint Contract and the services delivered by the contractor will be made by elected Members and officers. It also establishes new Terms of Reference for the Joint Waste Collection Services Committee (JWCSC) to oversee the implementation and evolution of the contract over its lifetime.
- 4.3. The revised governance arrangements include retaining some decisions for Executive or Council, as well as delegating some decisions formerly exercised by the Executive to the JWCSC. Any consequential amendments to the Scheme of Delegation of Functions to Officers will also need to be considered.
- 4.4. The Council is therefore asked to authorise the Executive Head of Corporate to make all consequential changes to the Constitution. It is also asked to appoint the Community Portfolio Holder as the Council's representative on the JWCSC.

5. Proposal

- 5.1. It is proposed that the Council agrees that funding of £3.2m to be included in the capital programme for 2017/18 and 2018/19 to provide capital funding for vehicle purchase, to be funded by borrowing.
- 5.2. It is also proposed that the Executive Head of Corporate be authorised to make any required changes to the Constitution arising from the Executive's decision to agree a Joint Waste Contract and a second Inter Authority Agreement.
- 5.3. The Council is also asked to appoint a member to the Joint Waste Collection Services Committee.

6. Resource Implications

- 6.1. The Council is asked to include £3.2m in the capital programme in 2017/18 and 2018/19 in order to fund the vehicle purchase. This will be funded by borrowing.
- 6.2. Further details on the Joint Waste Contract's resource implications can be found in the exempt papers included in the report to the Executive.

7. Recommendation

7.1. The Council is advised to RESOLVE

- (i) to note the decisions of the Executive made on 9 November 2016 relating to the award of the Joint Waste Collection and Street Cleansing Contract, the entering into of the Inter Authority Agreement and the lease of part of Doman Road;
- (ii) that funding of £3.2m to be included in the capital programme for 2017/18 and 2018/19 to provide capital funding for vehicle purchase funded by borrowing;
- (iii) that the Executive Head of Corporate be authorised to update the Constitution with any required changes in light of agreeing the Second Inter Authority Agreement; and
- (iv) that the Community Portfolio Holder (and an appropriate named deputy) be appointed as the Council's representative on the Joint Waste Collection Services Committee.

Annexes: Report to Executive - Joint Waste Contract - Award of Contract -
Second Inter Authority Agreement

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