
TITLE: Waste Contract Extension

Committee: Regulatory & Support Services Committee

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[P25]

1.0 ISSUE

1.1 Extension of the Council's waste collection and street cleaning contract.

2.0 RECOMMENDATION(S)

2.1 That Members agree a 3 year contract extension to cover the period from 1st April 2015 to 31st March 2018.

3.0 BACKGROUND/OPTIONS

3.1 Veolia Environmental Services were awarded a contract to provide waste collection and cleansing services for East Cambridgeshire from 1st April 2008.

3.2 The initial contract term of 7 years runs to 31st March 2015, and is extendable for up to 4 further years until 31st March 2019.

3.3 In preparation for the end of this contract, the Community & Environment Sub-Committee agreed to undertake a review of options at its meeting of 13th September 2011.

3.4 The review was carried out by a Service Review Group composed of Members & Officers during 2011 and 2012. It considered recycling performance & costs of different types of services. Different ways of providing services were also considered, with costs provided by Veolia and 3 neighbouring authorities that expressed interest in running services on East Cambridgeshire's behalf. All options suggested a significant additional cost, with the cheapest being in the region of £800,000 more per year than current contract costs.

3.5 Early in 2012 DCLG announced its £250 million 'Supporting Weekly Collections Fund'. Councils were able to bid for grants to either return to weekly refuse collections, or where as in East Cambridgeshire refuse collections were already weekly, bid to improve recycling services.

3.6 On 17 July 2012, the Community & Environment Committee agreed submission of a final bid to the DCLG fund for the amount of £4,993,512. Funds were to be used for the conversion of both recycling and garden & food waste services to wheeled bins.

- 3.7 In October of 2012 it was announced that East Cambridgeshire's funding bid had been successful, and service changes were implemented across the District between September & November of 2013. Veolia supported the service change proposal, assisted with the implementation of changes and runs the new services.
- 3.8 Discussions have recently taken place regarding options for extending Veolia's contract beyond the initial 7 year period ending 31st March 2015. Veolia have agreed to extend the contract for an initial period of 3 years to 31st March 2018, with costs based on the current contract price and inflationary increase mechanism. Although not willing to commit to the final extension year at this time, Veolia have agreed to further discussions closer to the time.
- 3.9 East Cambridgeshire is currently working with the other Cambridgeshire councils to identify an optimum service design that could if implemented lead to opportunities for joint working resulting in financial savings.

4.0 ARGUMENTS/CONCLUSIONS

- 4.1 All of the options considered by the Service Review Group suggested a significant additional cost to the Council above existing contract costs, with the cheapest option being in the region of £800,000 per year more expensive. On this basis extension of the current contract would achieve a significant financial saving for the period of the extension.
- 4.2 The Council is obligated to retaining weekly refuse collections until November 2017. Changing contract before this time would either commit the Council to retaining existing services for the duration of the new contract period or substantial costs for changing services within the contract period.
- 4.3 The outcomes of work with other Cambridgeshire authorities will not be known in time for Veolia's initial contract break point in March 2015. It is suggested that extension of Veolia's contract would allow time for this work to be completed, giving East Cambridgeshire the opportunity to participate in future joint working opportunities.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 It is anticipated that extension of Veolia's contract would save the Council in the order of £800,000 per year, or £2.4 million over the three year extension period compared to the costs of procuring a new service at this time.
- 5.2 Equality Impact Assessment (INRA) not required

6.0 APPENDICES

- 6.1 None

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
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