



Memorandum of Agreement for the Delivery of the Waste and Street Cleansing Services for East Cambridgeshire District Council by the East Cambridgeshire Trading Company

Effective of 1 April 2018 to 31 March 2025

Document Change Control

The following is the document control for the revisions to this document.

Version Number	Date of Issue	Author (s)	Brief Description of Change
0.1	12/05/17	Alistair Merrick	First Draft
0.2	07/06/17	Alistair Merrick	Second Draft
0.21	13/07/17	Andrew Uprichard	Tracked Change Amendments
0.3	18/07/2017	Alistair Merrick	Review of Track Changes and Third Draft
0.4	08/11/2017	Alistair Merrick	Review of Stretch Targets
0.41	03/01/2018	Alistair Merrick	Update of Service Specification for Street Cleansing. Insertion of Trading Company Service Delivery Proposals. Insertion of the Final Base Case. Update of Support Service Agreements
0.42	10/01/2018	Jo Brooks/Alistair Merrick	Review of Track Changes

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Section 1: Purpose of Agreement

- 1.1 East Cambridgeshire District Council (“the Council”) and East Cambridgeshire Trading Company Limited (“the Company”) have set out how they intend to work collaboratively and the principles which underpin their relationship in the Memorandum of Understanding dated [X March 2018].
- 1.2 This Memorandum of Agreement (MOA) sets out the terms by which the Council and the Company shall work together to deliver waste services (collections, recycling and waste minimisation) and street cleansing services in East Cambridgeshire.

Section 2: Interpretation

- 2.1 The definitions and rules of interpretation in this clause apply in this MOA:

Annual Management Fee: in the first Year a fee of £2,429,907 and in each subsequent Year the amount determined by the Annual Review.

Annual Review: an annual review of the amount to be paid by the Council to the Company under the MOA in the same manner that it applies to its own revenue budgets. The amount determined by the Council shall be notified to the Company by 31st December in each Year and shall take effect from the commencement of the next following Year. Provided always that the Annual Review shall ensure that the Rate of Return is protected and included in the Annual Management Fee for each Year.

Change in Law: means the coming into effect after the 1st April 2018 of any legislation or guidance with which the Company is bound to comply, or applicable judgment of a relevant court of law which creates or changes a binding precedent, and which adversely affects the costs of the delivery of the Services.

Method Statement: the basis on which the Company shall deliver the Services to meet the requirements of the Service Development Plan and achieve the Performance Stretch Targets.

Partnership Protocol: the partnership management protocol for the management operation and delivery of the Services set out in Schedule 5.

Performance Stretch Targets: the key performance indicators and their achievement targets for the Services set out in Schedule 1. Performance Stretch Targets for the last two years of this MOA shall be agreed by the Council and Company by 31 December 2022.

Rate of Return: The Annual Management Fee shall include at 2.5% of the operating and direct overhead costs detailed in the Final Business Case (Schedule 6) for the delivery of the Services as the Company’s profit element for delivering the services.

Risk Allocation Matrix: the asset, employee, service delivery, service transfer, property and commercial trading risks and their respective allocations between the Council and Company to bear under this MOA as set out in Schedule 4.

Service Development Plan: a plan for the delivery of the Services in the next Year to be agreed by the parties by 28th February in the preceding Year.

Services: the services to be carried out by the Company to meet the requirements of the Service Specifications.

Service Specifications: the service specifications for the waste service and the street cleansing service set out in Schedules 2 and 3 respectively.

Support Services: the services provided by the Council in accordance with Schedule 8 of this MOA.

Year: a period of 12 calendar months commencing on 1st April and finishing on the next following 31st March or such other period as the Council and the Company may from time to time determine.

- 2.2 The headings to the clauses are for convenience only and have no legal effect;
- 2.3 References to statutory provisions shall be construed as including references to the corresponding provisions of any earlier statute (whether repealed or not), and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- 2.4 References to clauses and the Schedules are references to clauses of and the Schedules to this MOA; and the Schedules shall form part of this MOA and shall be interpreted and construed as though they were set out in this MOA.

Section 3: Roles and Responsibilities

- 3.1 The Council shall provide the policy framework and strategic direction for the delivery of the Services within the Service Specifications. The Company shall work towards delivering against the Service Development Plan. If no Service Development Plan is agreed for any Year, the Company shall work towards the Performance Stretch Targets.
- 3.2 The Company shall deliver the Services within the Annual Management Fee in accordance with the Method Statement and against the Risk Allocation Matrix.
- 3.3 To ensure that partnership working between the Council and the Company drives the delivery of the Services both parties shall comply with the Partnership Protocol.

Section 4: Payment for the Services

- 4.1 The Annual Management Fee shall be paid in 12 equal monthly payments and based on open book accounting. The Council and Company shall undertake a quarterly adjustment of payments to take account of any over or underpayments to the Company or any annual deductions for non-achievement of the relevant Performance Stretch Targets for that Year that have resulted from a direct consequence of the actions or non-actions of the Company.

- 4.2 The Council can make payment deductions of up to £12,000 in aggregate to the Annual Management Fee in the first quarter of the following Year for non-achievement of the Performance Stretch Targets for the previous Year. This shall be based on the evidenced non-achievement of Performance Stretch Targets that have resulted from a direct consequence of the actions or non-actions of the Company. The Council shall only be able to make a payment deduction of £1,000 for each of the 12 Performance Stretch Targets not achieved in the relevant Year.
- 4.3 The Annual Management Fee shall be subject to the Annual Review; and this shall take account of any increases or decreases in support services costs
- 4.4 Surpluses over the Rate of Return and any efficiencies delivered by the Company in relation to the Services in each Year shall be held in a separate Investment Fund created by the Company. Use of the funds in the Investment Fund must be agreed by the Leader of the Council, the Chair of the Company Board and the Chief Executive/Managing Director and then reported to the relevant Council Committee and the Company's Board.

Section 5: Changes in the Services

- 5.1 Any change in the scope of the Services initiated by the Council during the period of the MOA shall be at the Council's risk. The Council shall only make such changes after prior consultation with the Company. All such changes shall take effect from the commencement of the next following Year and the Council shall ensure that any additional costs incurred because of the change shall be included in the Annual Review.
- 5.2 Any change in the scope of the Services initiated by the Company during the period of the MOA shall be at the Company's risk. The Council shall only make such changes after prior consultation with [and the approval of] the Council. [All such changes shall take effect from the commencement of the next following Year and] the Company shall ensure that any efficiency savings are retained in the Investment Fund.
- 5.3 Any Change in Law shall be considered carefully by the Council and the Company and dealt with as follows:
 - 5.3.1 where the Change in Law is of general application to all operators in the waste and street cleaning industries or applies to the Company by being an employer then the Company shall bear all the costs of such;
 - 5.3.2 where the Change in Law relates to [any other matter not falling within 5.3.1 above] then the Council shall adjust the Annual Management Fee accordingly [at the next Annual Review].

Section 6: Duration of the Agreement

- 6.1 The Company shall provide the Services for the Council from 1 April 2017 to 31 March 2025 and may be varied at any time by written agreement of both parties.
- 6.2 The Council and Company shall each have the right to terminate the MOA by giving 12 months' notice in writing. The party giving notice shall meet any costs incurred by the termination if they cannot be absorbed within the Annual Management Fee or from the Investment Fund during the notice period.

Section 7: Contacts & Dispute Resolution

- 7.1 The Council and the Company shall establish the following as their respective key contacts for all matters relating to the MOA:

For the Council: XXXXXXXXXX;

For the Company: XXXXXXXXX.

Each party shall be entitled to change the identity of their key contact as they wish but shall inform the other promptly in writing when they do so.

- 7.2 All disputes arising under the MOA shall in the first instance be dealt with in accordance with the terms of the Partnership Protocol.
- 7.3 In the event of a dispute between the Council and the Company not being resolved under the terms of the Partnership Protocol, the Leader of the Council shall be the final decision maker on the dispute following consultation with the Chief Executive of the Council and of the Chair of the Board of the Company. The decision of the Leader shall be binding on both the Council and Company.

Signatures of Council and Company Authorised Representatives

Postholder, XXXXXXXXXX (for and on behalf of the Council)

Date

Postholder, XXXXXXXXXX (for and on behalf of the Company)

Date

Schedule 1: Performance Stretch Targets for the Waste and Street Cleansing Services

Street Cleansing - Key Performance Indicators	2018/19	2019/20	2020/21	2021/22	2022/23
Street cleansing works to standard.	70%	74%	80%	85%	90%
NI195 results for street cleansing, (graded A-B).	80%	85%	90%	92%	94%
Street cleansing service requests resolved in 5 working days, (excludes service requests for trunk routes)	80%	82%	86%	88%	90%
Removal of offensive graffiti within 24 hours of being reported.	95%	96%	97%	98%	98%
Removal of non-offensive graffiti within 48 hours of being reported.	90%	92%	93%	94%	95%
Removal of hazardous fly-tipping within the timeframe agreed with Environmental Health.	95%	96%	97%	98%	98%
Removal of non-hazardous fly-tipping within 48 hours of being reported for clearance.	85%	86%	87%	90%	92%
Residents satisfied with street cleansing services.	60%	64%	68%	72%	75%
Waste – Key Performance Indicators	2018/19	2019/20	2020/21	2021/22	2022/23
Household waste sent to landfill, (base 43%).	43%	42%	41%	40%	39%
Missed collections recovered within one working day.	90%	93%	96%	97%	99%
Collection services completed first time to standard, (confirmed by work in progress inspections).	85%	86%	88%	89%	90%
Delivery of new and replacement wheel bins within 10 working days.	85%	87%	89%	92%	95%
Household waste recycled/composted, (base 57%).	57%	58%	59%	59%	60%
Residents satisfied with waste collection services.	80%	83%	86%	88%	90%

Schedule 2: Service Specification for the Waste Service - appended as a separate document to the MOA.

Schedule 3: Service Specification for the Street Cleansing Service – appended as a separate document to the MOA.

Schedule 4: Risk Allocation Matrix – East Cambridgeshire District Council Waste & Street Cleansing Services

The Risk Allocation Matrix relates to the waste and cleansing services, (the 'Services') to be provided by the East Cambridgeshire Trading Company, ('the Company'), working in partnership with East Cambridgeshire District Council, (the 'Council'). The range of risks identified in delivering the services have been categorised as follows:

- Asset risks;
- Employee risks;
- General service delivery risks;
- Commercial/financial risks;
- Service transfer risks;
- Property risks; and
- Commercial trading risks.

The risks have been allocated in accordance with best practice for such partnerships.

Section 1: Asset Risks

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
The condition and suitability of the initial assets for the provision of the service	a) The initial assets shall compromise a range of assets including vehicles, plant, ICT and other property currently used by Veolia (the Contractor) to carry out the Services.	√			
	b) The initial assets are shall be owned by the Council or leased or hired to the Council on leased terms.	√			
	c) The Council shall make available the initial assets on a commercial basis that includes an annual fee for the use of the initial assets and the terms by which they are to be serviced and maintained by the Company.		√		
	d) The Council shall have the right to inspect the initial assets over the life of the Memorandum of Agreement (MOA) to ensure they are being properly maintained. Any remedial works required arising from such inspections shall be carried out at the cost of the Company.		√		
	e) The Company may continue to use the Council's assets or provide substitute assets if they offer better value for money; but the Company cannot commit the Council to contractual liabilities beyond the term of the MOA without the formal agreement in writing of the Council.		√		

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	f) The Council shall carry out a full due diligence of the initial asset to determine their suitability, condition and serviceability, including their replacement timeframes.	√			
	g) Following the due diligence of the initial assets the Company shall then take the risk of the suitability and fitness for purpose of the assets. The Company shall have no claim against the Council in relation to the assets and any performance failures by the Company in the use of the assets.		√		
	h) The Company shall also indemnify the Council against any claims by third parties resulting from the Company's use of the assets.		√		
Company Assets	The Company shall use the Council's assets in the provision of the Services entirely at the Company's risk and shall indemnify the Council against any loss it suffers from the Council's use of the Company's assets.		√		
ICT Assets	a) The Council shall take all the risk in the procurement, suitability and use of ICT assets to deliver the Services; including software.	√			
	b) The Company shall have the responsibility for the integrity of such software and the security of the data contained in it.		√		
	c) The Company shall ensure the Council has appropriate access to any such software used by the Company to deliver the Services.		√		

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Need for reinvestment to fulfil the services	The reinvestment/refreshment costs for any classes of assets to provide the Services shall be the Council's risk.	√			
Servicing and maintenance costs for assets	The Company shall meet all costs for the servicing and maintenance of all classes of assets.		√		This shall also apply if the Council undertakes the servicing and maintenance directly.
Losses arising from damage/theft of assets	Any losses arising from damage or theft to assets shall be a Company risk.		√		
Reinstatement of the assets & contingency arrangements	The Company shall carry the risk of reinstating the assets to the extent necessary to provide appropriate contingency arrangements in the event the Services are disrupted.		√		
Assets on expiry or early termination of the MOA.	a) The Company shall carry the risk of transferring those items comprising the initial assets and/or the Company assets (that the Council may require ensuring continuity of service) to the Council on expiry or early termination of the MOA. This shall extend to include all those Company assets and ICT assets that are necessary for the Council to continue to provide a 'seamless' service.		√		
	b) Any equipment provided free of charge to the Company at the commencement of the MOA shall be returned in the same or better condition at the end of the MOA.		√		
	c) Surveys of assets on expiry/termination shall be at the cost of the Council but any remedial works required from the failure of the Company to properly service and maintain assets shall be at the cost of the Company.			√	

Section 2: Employee Risks

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Risk of Contractor employee transfer	All current Contractor staff shall transfer to the Company pursuant to TUPE. The Company shall take the risk of all liabilities and risks associated with the TUPE transfer.		√		
Pay and conditions of transferring employees	The risk in pay and conditions of the transferring employees, (Inc. any increases that arise prior to the date of transfer) shall be a Company risk.		√		
Employee termination costs	Where there is a risk of employee termination costs (after the transfer of responsibility for the services), this shall be a Company risk.		√		
Equal Pay Claims	a) The Council shall meet the cost of any successful Equal Pay claims if the comparator is a Council employee(s).	√			
	b) The Company shall meet the cost of any successful Equal Pay claim if the comparator is a Company employee(s).		√		
Company employees	The Company shall take the risk of all employee/pension obligations and liabilities associated with all employees the Company employs directly following commencement of the Services.		√		
Pension arrangements	a) The Company shall be responsible for the management of the pensions of any transferring employee.		√		
	b) In respect of any transferring employee that are members of the Local Government Pension Scheme at the point of transfer this shall be via a closed LGPS Scheme. The Company shall be		√		

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	required before the services commencement date to enter an Admissions Agreement in relation to the closed LGPS Scheme and supported by a bond from an independent surety at the risk and cost of the Company.				
	c) For transferring employees not in the LGP scheme at the point of transfer, the Company shall be required to ensure alternative pension arrangements are in place.		√		
	d) The Company shall take the risk of all pension fund shortfalls following employee transfer.		√		
Health & Safety	The Company shall be responsible for all health and safety requirements and obligations in respect of the delivery of the Services.		√		

Section 3: General Service Delivery Risks

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Scope of Services	The scope of Services to delivered is set out in the Service Specifications for waste and street cleansing and these can only be amended with the endorsement of the Chair of Regulatory and Support Services (or equivalent) for general operational matters and the Regulatory and Support Services Committee for matters of policy relating to the delivery of the Services.	√			
Change in the scope of Services initiated by the Council	Any change in the scope of Services initiated by the Council during the period of the MOA shall be at the Council's risk, with the Council meeting any additional costs incurred because of the change.	√			
Change in the scope of Services initiated by the Company	Any change in the scope of Services initiated by the Company during the period of the MOA shall be at the Company's risk, with any efficiency savings being retained in the Investment Fund, (see Finance Risk Section).		√		
Change in the scope of Services required due to a Qualifying Change in Law	A shared risk with a Qualifying Change in Law being defined to exclude any Change in Law that is of general application to all operators in the waste and street cleaning industries or to the Company by being an employer.			√	This means that Changes in Law relating to environmental legislation and regulations, and employment law shall be pass through costs to the Council.

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Failure to meet the Performance Standards under the Performance Framework	Any un-remedied failure of the Company to meet the Performance Standards under the Performance Monitoring Framework shall recorded and reported to Company Board and Chair of Regulatory and Support Services on a quarterly basis.		√		
Failure to make the Services available in accordance with the scope set out in the service specifications for waste and street cleansing	a) The Company shall be responsible for all costs and consequences arising from any failure to ensure the Services are available in accordance with the scope set out in the Service Specifications for waste and street cleaning, except where specific Compensation Events and Relief Events have been formally agreed with the Council.		√		
	b) The Company shall also be liable for any losses to any third parties resulting from any failure to make available the Services in accordance with the scope set out in the Service Specifications.		√		
Ineffective or inaccurate performance monitoring	a) The Company shall actively monitor performance of service delivery on the ground in accordance with the performance framework.		√		
	b) The Council shall maintain oversight on the performance monitoring carried out. If the Council discovers that performance monitoring has been carried out ineffectively or inaccurately the Company shall be directed to carryout remedial action.	√			
	c) The Company shall be liable for any costs associated with repeating the performance monitoring.		√		

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Corrective action procedure	a) The Council shall notify the Company of a failure to act where the Council reasonably believes the Company's performance falls below the standards required in the Service Specifications.	√			
	b) The Company shall remedy any performance failures within the corrective periods set in the Service Specifications or as agreed in writing with the Council.		√		
Supervening Events	a) The Company shall use its reasonable endeavours to mitigate the impact of Compensation Events, Relief Events, and Force Majeure Events before incurring additional costs in delivering the Services that shall be agreed with the Council in writing before being incurred.		√		
	b) The Council shall meet the costs agreed in writing for the Company to mitigate the impact of Compensation Events, Relief Events, and Force Majeure Events continue to deliver the Services.	√			
Third Party Claims	All third-party claims arising out of the performance or non-performance of the Services shall be at the Company's risk.		√		
Obtaining all necessary consent	The Company shall carry the risk of obtaining consents/permits that are sufficient for the Company's intended use of any premises to provide the service.		√		
Compliance with law, regulations and Council policy	The Company shall take the risk of complying fully with all applicable laws, regulations and Council policy in the delivery of the Services.		√		

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Benchmarking of the Services	The Company shall support the Council in any benchmarking arrangements put in place by the Council by providing data for benchmarking purpose and implementing the findings of any such exercises.			√	
Insurance	<p>The Company shall put in place insurance cover for the following risks:</p> <ul style="list-style-type: none"> • Property Damage; • Loss of Revenue; • Motor Vehicle; • Public Liability - £10 million indemnity limit; • Professional indemnity of not less than £10 million. • Employee liability of not less than £10 million. 		√		The levels of insurance cover need to be confirmed in relation to the current insurance cover the Company has?
Insurance Premiums	The insurance premiums in respect of the Services shall be a Company risk, subject to an appropriate insurance premium sharing risk.			√	This allows the Company to benefit from obtaining insurance cover through the Council's existing insurance provision to gain efficiencies of scale?

Section 4: Commercial & Financial Risks

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Risk of cost over-runs	a) The Company shall receive an Annual Management Fee, paid in twelve equal monthly payments for performing the Services in accordance with the MOA.	√			
	b) The Annual Management Fee shall be based on the Final Business Case (Schedule 7 of the MOA) prepared by the Company for the delivery of the Services, broken down by collection stream and cleansing service. This Final Business Case shall show overhead costs and profit separately.	√			
	c) The Company shall prepare the Final Business Case against this Risk Allocation Matrix. The Annual Management Fee resulting shall be based on the equivalent Council budget for the Services. For the avoidance of doubt, any shortfall in the Annual Management Fee, assumed third party income, (e.g. from bulky collections, trade waste collections, etc.), assumed efficiency savings, and/or any proposed investments in the provision of the Services by the Company shall be a Company Risk.		√		
	d) The Annual Management Fee shall not be adjusted except in the following specific circumstances: <ul style="list-style-type: none"> The Annual Revenue Estimate Increases of the Council, (e.g. for inflation); 	√			The base figure of properties needs to be agreed to include project housing development in the next 5 years compared to the capacity on the rounds.

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	<ul style="list-style-type: none"> • The addition or omission of Services, e.g. through a change initiated by the Council. • A 10% expansion in the number of households in the District above an agreed base figure of 40,000 properties. 				
Profit for the Company	The Annual Management Fee shall include at 2.8% of the operating and direct overhead costs detailed in the Final Business Case for the delivery of the Services (Schedule 7 of the MOA) as the Company's profit element for delivering the Services			√	
Inflation	a) The Annual Management Fee shall be adjusted annually for inflation by the Annual Revenue Estimate Increase that the Council applies to its own budgets.	√			This shall keep in line the budget of the Council for the Services with the Annual Management Fee paid to the Company. The Annual Revenue Estimate Increase is the increases that the Council applies to its various budget headings.
	b) The Company shall revise the Final Business Case by 31 December each year to confirm the inflation and profit increases to the Annual Management Fee to be paid by the Council.		√		
In-year real cost increases over the Annual Revenue Estimate Increase	The Company shall bare the risk for all in-year cost increases over the Annual Revenue Estimate Increase applied to the Annual Management Fee.		√		

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Third party income	a) The Company shall be expected to generate third party income through the sale of Services to the commercial sector, (e.g. offering a trade waste service) or other local authorities. However, the Company shall ensure that the priority of the Services is not compromised and shall assume the risk of any performance failures and any third-party performance failures.		√		Provided that no such income shall exceed 19% of the Company's income in any Year.
	b) The income generated through the sale of the Services to third parties shall be retained in the Company.		√		
Transfer of the MOA for the Services to a third party	The Company cannot novate the MOA for the Services to a third party. Any future service delivery arrangements for the Services is solely a matter for the Council to determine.	√			This reflects current arrangements when Full Council determined at a strategic level the future service delivery arrangements to be through the Company.
Termination of the MOA	Each of the Council and Company shall have the right to terminate the MOA by giving 12 months' notice in writing. The party giving notice shall meet any costs incurred by the termination if they cannot be absorbed within the Annual Management Fee or from the Investment Fund during the 12 months' notice period.			√	
Taxation assumptions	Taxation assumptions and all changes in taxation shall be a Company risk.		√		
Change in the rate of VAT	The Council and Company shall each take the risk of any increase in the rate of VAT, in relation to any VAT for which they are respectively liable.			√	

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Other changes in VAT	The Company shall take the risk on any changes in rules governing VAT and its applicability to the Company, in which there shall be no adjustment in the Annual Management Fee.		√		
Open book accounting & partnership	The Partnership Protocol (Schedule 5 of the MOA) shall require the Council and Company to work collaboratively and to have an open relationship, including the Company being subject to an 'open book' regime in relation for accounting records for the Services.			√	
The Investment Fund	Surpluses over the agreed profit for the Company to take from the Annual Management Fee and any efficiencies delivered by the Company in relation to the Services shall be held in a separate Investment Fund created by the Company. Use of the funds in the Investment Fund must be agreed by the Leader of the Council, the Chair of the Company Board and the Chief Executive/Managing Director and then reported to the relevant Council Committee and Company Board.			√	

Section 5: Service Contract Transfer Risk

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Retained Contracts	The Council shall retain the risk of the existing contracts for waste disposal and processing of recyclates.	√			
Responsibility for transfer of Transferring Contracts	The Council as part of the termination of the current Contract shall take the risk of effective transfer of any existing sub-contracts with third parties still required to deliver the Services.	√			
Subcontractors	The Company shall take all risk of proper performance by its sub-contractors and payment obligations in relation to them; including those sub-contractors retained from the previous Contract.		√		

Section 6: Property Risk

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Authority depot site	a) The Council shall make available to the Company for the delivery of the Service under a Licence to Occupy for an agreed Annual Licence Fee.	√			
	b) The Annual Licence Fee shall include an apportionment of utilities costs based on the space that the Company is licenced to occupy.		√		
	c) The Council shall retain the risk of repairing the exterior and structural repairs for the structure of the depot.	√			
	d) The Company shall have the risk of response repairs and cyclical maintenance for areas of the depot that it has occupancy rights under the Licence.		√		
Adjoining land	The Company shall use reasonable efforts and bare the risks of not to do anything that may cause a nuisance, damage or contamination or interfere with the rights of third parties or the Council where they have land adjoining the depot or any other site occupied by the Company.		√		This is necessary because the Services include for the transportation and temporary storage of waste that could leach out from points of storage at the depot site.
Site condition	The Company shall have the risk for site conditions, specific in relation to contamination for areas of the depot that the Company is licenced to occupy.		√		This is necessary because the Services include for the transportation and temporary storage of waste that could leach out from points of storage at the depot site.

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Access to media services, (for utility connections)	Access to any media services shall be a Company risk save to the extent that such access involves satisfaction of conditions that can only be discharged by the Council as the landowner of the depot.		√		
Availability and capacity of utilities	Availability and capacity of utilities required for the depot site shall be a Council risk, subject to the Company using all reasonable endeavours to assist the Council to discharge this condition.	√			

Section 7: Commercial Trading Risk

Risk	Description	Risk Allocation			Comments
		Council	Company	Shared	
Scope of trading and commercial risk taken in bidding for work	a) The extent to which costs are incurred in bidding for work with third parties shall be at the risk of the Company because the profits or losses from such activities shall be retained in the Company.		√		
	b) The extent to which trading income is included in the annual revision of the Business Case for the Services to deliver efficiencies shall be at the risk of the Company.		√		
Investment in service reconfiguration or service improvements	The Council shall fund an investment required to reconfigure the collection services or scope of street cleansing services	√			
Choosing the right commercial opportunity	It is solely the risk of the Company, through its Board to select the right commercial opportunities through a sound business planning approach.		√		

Schedule 5: Partnership Management Protocol

1. MANAGING PERFORMANCE

- 1.1 The East Cambridge Trading Company ('the Company') over an agreed period shall have responsibility for developing an integrated workflow system/financial management/performance management system with an appropriate asset management database that shall also interface with the Council's Customer Relationship System.
- 1.2 Production of Monthly Performance Reports shall be a key service requirement for the Company.
- 1.3 The workflow system shall be directly linked to the Council's CRM system to allow access for key managers of the Council.
- 1.4 The Partnership Management Group (PMG) shall review the Monthly Performance Reports and confirm actions for inclusion in the annually drafted Service Development Plans or for immediate remedial action.
- 1.5 Weekly operational review meetings shall be conducted by the Company with the Company managers and supervisors to ensure that work instructions are carried through and that remedial action is taken.
- 1.6 The Company's Operations Manager and Supervisors' roles shall be based on the following requirements:
 - They ensure all works completed are to the agreed standards.
 - Daily worksheets are issued that are monitored daily in terms of quantitative and qualitative performance.
 - They ensure current works are carried out to the correct quality and industry standards.
 - Health and Safety guidelines are met and exceeded where possible.
 - Teams remain effective and productive.
 - Identify problems and possible service failures before they occur.
 - Performance monitoring against the Service Development Plans and Performance Stretch Targets.
- 1.7 Performance targets shall be set by work area for work to be completed within a work cycle and work completed to set standards.
- 1.8 Work teams and individuals shall be constructively challenged if work targets and standards are not being met, non-performance shall not be accepted and actively managed.
- 1.9 Customers satisfaction shall be measured by work area against set performance targets which shall be part of the performance management process.

- 1.10 A third party from the Council but with no direct management responsibility for the Services shall carryout independent audits of the performance management arrangements monthly.
- 1.11 Performance shall be annually benchmarked against an agreed suite Performance Stretch Targets, Schedule 1.
- 1.12 Customer satisfaction shall be measured through quarterly liaison meetings with City, Town and Parish Council and annual satisfaction surveys for the Services.
- 1.13 It is a requirement for the Company to ensure representation at the structure of formalised community meetings supported by the Council.

2. MANAGEMENT OF THE SERVICE

- 2.1 The Council shall have the right to ask for the removal of a manager from the management arrangements if non-performance or insufficient commitment can be clearly evidenced.

2.2 Roles and Responsibilities:

Council Management	Roles and Responsibilities
<ul style="list-style-type: none"> • Director - Operations • Waste Minimisation Officer • Assistant Waste Minimisation Officer 	<p>Policy and strategy development for the waste and street scene services; and oversight of service delivery to include:</p> <ul style="list-style-type: none"> (i) Development of policies for the waste and street services against which the services are to be delivered. (ii) Development of strategies for the realisation of the agreed policies for the waste and street services. (iii) Leading consultation in respect to the development of policies and strategies for waste and street scene, with the Company providing support when requested. (iv) Development and review of the Memorandum of Agreement against which the Company is to deliver the Services, including reporting to Full Council as required. (v) Development of the service specifications, (Inc. availability criteria and performance standards) against which the service is to be delivered. (vi) Agreeing the Annual Management Fee for the delivery of the Services. (vii) Agreeing the Annual Service Development Plans for the Services to be developed by 31 December each year by the Company. (viii) Through the Partnership Management Group oversight of the delivery of the Services, including ensuring remedial actions are carried through by the Company.

The Company – Management & Staff	Roles & Responsibilities
<ul style="list-style-type: none"> • Director - Operations • Operations Manager – Waste & Street Cleansing • Supervisors – Waste & Street Cleansing • Administrators – Waste & Street Cleansing 	<p>Operational and financial management of the Services to include:</p> <ul style="list-style-type: none"> (i) Day to organisation and delivery of the service. (ii) Realignment of resources and work programmes. (iii) Proposals for improvement and/or variations to the service. (iv) Management of frontline disciplinary and grievance matters. (v) Management of attendance of frontline staff. (vi) Provision of information to the PMG (including quality information). (vii) Financial control of budgets and monitoring of income targets. (viii) Collation of waste disposal statistics to comply with statutory requirements.

Council & The Company Management – Partnership Management Group	Shared Roles and Responsibilities
<ul style="list-style-type: none"> • Director of Operations • Operations Manager – Waste & Street Cleansing • Waste Minimisation Officer 	<p>The strategic management of the Services and operational overview of service delivery to include:</p> <ul style="list-style-type: none"> (i) Monthly monitoring, review and planning of future service delivery. (ii) Review of performance information and financial outturns against the annual budget envelop. (iii) Significant revision of resource deployment and work programmes that do not involve amendment of specified standards or frequencies. (iv) Monitoring performance against the Annual Service Development Plans and to set further challenges for the Company's management team. (v) Agreeing work programmes. (vi) Monitoring of Cambridge County Council waste disposal arrangements in respect to their potential impact on collection services. (vii) Conducting negotiations with Cambridge County Council in respect to the existing disposal contracts and other service provided to support the waste and street cleansing services. (viii) Negotiation of the annual Service Level Agreements for support services.

3. CORPORATE GOVERNANCE

- 3.1 Based on the roles and responsibilities set out in Section 2 above detailed below are the governance arrangements for the development and delivery of the waste and street cleansing services.

Full Council

Regulatory & Support Service Committee: Development and oversight of policies, strategies and service plans for the waste & street cleansing services.

Director - Operations – the Corporate Client: Development of policies, strategies and service plans for the waste and street cleansing services; setting of the annual budget envelop for the services; and oversight of the delivery of the waste and street cleansing services.

Partnership Management Group: Shared performance review of the services; agreeing significant revision of resource deployment; agreeing shared work programmes; and planning of future service delivery.

East Cambridgeshire Trading Company, (Director - Operations): Operational and financial management of the waste and street cleansing services, with full responsibility for service delivery within the set Annual Management Fee.

4. ACHIEVEMENT OF AUTHORITY OBJECTIVES

- 4.1 Initial Annual Service Development Plans shall be structured to deliver Council's objectives and prepared to an agreed format.

5. STAFF TRAINING AND DEVELOPMENT

- 5.1. All staff shall undergo an induction session on the transfer into the Company's employment and all new starters with the Company thereafter.
- 5.2. All staff in their first year under the new service delivery arrangements shall undertake two staff appraisals and annually thereafter, with an individual training plan being derived from the annually conducted appraisals.

6. LIVERY AND LOGO'S

- 6.1 The Council and the Company shall have equal representation/acknowledgement in the branding/livery of vehicles and uniforms.

7. THE WORK VALUES FOR SERVICE MANAGEMENT

7.1 The following work values shall be adopted the Company:

- Positive Outlook.
- Leadership and Involvement.
- Honesty and Openness.
- Staff Development.
- Respect in a caring environment.

7.2 The Company shall adopt a formalised process for focusing and controlling meetings against the work values. The purpose being to:

- Improve behaviour.
- Improve individual performance.
- Support teamwork.
- Remove obstacles to productivity.

7.3 All staff shall have Key Result Areas set for them which shall not only direct their on-going work but also as the basis of staff development and linked to the training matrix and individual objectives setting for staff.

7.4 A staff attitude survey shall be done annually across all Council and Company staff working in the Services to an agreed format.

7.5 The Company shall actively address under performance through corrective action involving training, development and if necessary, incapability proceedings.

8. PRODUCTIVITY LEVELS

8.1 Productivity levels are the responsibility and risk of the company to ensure delivery to agreed standards and to achieve set performance targets.

9. TRADE UNION INVOLVEMENT WITH THE SERVICES

9.1 The work values for the service shall be extended to the on-going working relationship with trade unions.

9.2 A written facilities agreement shall be negotiated with trade unions that gives full recognition and includes:

- A structure for meetings with trade unions.

- A structure for workforce meetings.
- The procedures and protocol for shop stewards undertaking their duties.
- The legal responsibilities of being a Safety Steward shall be rigorously enforced and involve monthly safety meetings.

10. HEALTH AND SAFETY ROLES AND RESPONSIBILITIES

- 10.1 Health and safety liabilities are the responsibility of the Company. The Council shall actively monitor the performance of the Company in discharging these management roles and responsibilities.
- 10.2 The Company shall adopt the following KPI's for health and safety against which the performance of the Company shall be monitored.
- Number of RIDDOR incidents;
 - Number of days lost due to a health and safety incident.

11. FINANCIAL ARRANGEMENTS

- 11.1 Monthly 'open book' statement based on an agreed proforma shall be produced monthly to be reviewed by the PMG.

12. VEHICLES, PLANT AND EQUIPMENT

- 12.1. Vehicles, plant and equipment shall be either:
- a) Provided and maintained through the company at its' own cost
 - b) Provided through the Council and be subject to fleet hire charges being at market rates and on market conditions for the repayment of any debt for the vehicles provided.
- 12.2 The Company shall carry out training in the use of all plant, equipment and vehicles at the start of the new service delivery arrangements and periodically thereafter.
- 12.3. Vehicles, plant and equipment shall be subject to on-going risk assessments to ensure the most appropriate vehicles, plant and equipment are being used.

13. DEPOT FACILITIES

- 13.1. The Portly Hill depot facility shall be used by the Company and provided by the Council at an agreed rate that reflects market conditions.

14. SUPPORT SERVICES PROVIDED BY THE COUNCIL

14.1 The Council shall provide the following support services to the Company during the Contract:

- ICT;
- Finance (including Audit);
- Payroll;
- Corporate Human Resources;
- Operational Human Resources;
- Management Support Services.

14.2 All Support Services Service Level Agreements shall be subject to annual review by the Council and Company in terms of the value for money that they deliver.

Schedule 6: Trading Company's Service Delivery Proposals – appended as a separate document to the MOA.

Schedule 7: Final Base Case (Version 2 – 1 December 2017)

1. Introduction:

1.2 The Base Case is provided in the following tables (attached):

- **Table 1 – Revised Base Case 2018/19:** Cost Comparison to the ECDC Cost Summary presented to the Trading Company Board on 10 January 2017 and the Original Base Case prepared by the Waste Consultant with revisions to reflect the progression of the project for the insourcing of the waste and street cleansing services and clarification of costs, including a 1.2% pay award to the Veolia in October 2017.
- **Table 2 – Revised Base Case 2019/20:** Cost Comparison to the ECDC Cost Summary and the Revised Base Case (Table 1) to include for employer pension increases in 2019/20 of 1% and debt costs for the replacement of the two Polybody collection vehicles.
- **Table 3 – Revised Base Case 2020/21:** Cost Comparison to the ECDC Cost Summary and the Revised Base Case (Table 1) to include for debt costs for ten 26 tonne replacement refuse collection vehicles.
- **Appendix 1:** Includes the detailed costings by service stream that build up to the Revised Base Case, (Table 1).

2. Explanatory Notes:

2.2 Detailed below are notes that clarify the amendments made to the Original Base Case to make it directly comparable to the ECDC Cost Summary and to include for new costs that have emerged and to clarify costs omitted from the ECDC Cost Summary.

- **Note 1:** The Revised Base Case includes for a 1.2% pay award for Veolia staff from October 2017 and a 1% increase in the employer's pension contribution from 2018/19 for the People's Pension.
- **Note 2:** The ECDC Cost Summary omitted annual vehicle costs of £96,432 for the following vehicles used for waste collections: a 7.5 tonne caged vehicle used for bulky collections; a 3.5 tonne box van used for clinical waste collections; and an 18 tonne refuse collection vehicle. These have been retained in the Revised Base Case.
- **Note 3:** Debt costs for refuse collection vehicles have been removed from the Revised Base Case to allow direct comparison to the ECDC Cost Summary that did not include them.
- **Note 4:** The ECDC Cost Summary included £152k for container replacements that has been reduced based on actual profile of replacement containers confirmed by the Waste Team Leader.

- **Note 5:** No allocation was made for Personal Protective Clothing (PPE) in the ECDC Cost Summary.
- **Note 6:** The ECDC Cost Summary did not include for a detailed breakdown of non-staffing costs for street cleansing making comparison difficult but the Revised Base Case does include a profile of the non-staffing costs for the service.
- **Note 7:** The costs for Direct Overheads have been pre-determined by ECDC Finance.
- **Note 8:** The operational and direct overhead costs in the Revised Base Case after the inclusion of clarified and omitted costs from the ECDC Cost Summary (as detailed in Notes 1 to 7 above) confirm a cost variation between the ECDC Cost Summary and Revised Base Case of £4,577.
- **Note 9:** The costs for Indirect Overheads have been pre-determined by ECDC Finance.
- **Note 10:** Profit is stated as 2.5% in the ECDC Costs Summary, but it reflects 2.8% of operational costs and direct overheads and this has been reflected in the Revised Business Case.
- **Note 11:** The costs for material processing have been pre-determined by ECDC Finance.
- **Note 12:** The costs for Recycling Credits have been pre-determined by ECDC Finance.
- **Note 13:** The profit and indirect overhead costs included in the Revised Base Case to be paid to ECDC bring the overall costs for the delivery of the waste and street cleansing service back within the current budget provision of £2.402 million.
- **Note 14:** The inclusion of a further 1% increase in employer pension contributions for the People's Pension in 2019/20.
- **Note 15:** The inclusion of debt repayment costs for two Polybody collection vehicles.
- **Note 16:** The inclusion of debt repayment costs for ten refuse collection vehicles to replace vehicles original purchased by an external grant for maintaining weekly collections.

Table 1: Revised Base Case 2018/19 v2 (1 December 2019)

Costs	ECDC Cost Summary	Base Case February 2017	Variance	Revised Base Case (24 Nov 2017)	Variance	Notes
Staffing - Refuse Collections		395,249		403,549		See Note 1.
Staffing - Recycling Collections		239,572		244,603		See Note 1.
Staffing - Garden Waste Collections		260,738		266,213		See Note 1.
Total Waste Collections Staffing Costs	955,784	895,559	60,225	914,366	41,418	
Total Street Cleansing Staffing Costs	293,447	308,849	(15,402)	315,335	(21,888)	See Note 1.
Vehicles - Refuse Collections		427,181		427,181		See Note 2.
Vehicles - Recycling Collections		299,845		165,063		See Note 3.
Vehicles - Garden Waste Collections		206,228		165,063		See Note 3.
Total Waste Collection Vehicle Costs	640,949	933,254	(292,305)	757,307	(116,358)	
Refuse sacks - Refuse Collections		75,026		75,026		See Note 4.
Replacement Bins - Recycling Collections		10,010		10,010		See Note 4.
Replacement Bins - Garden Waste Collections		10,010		10,010		See Note 4.
Total Sack & Bin Replacement Costs	152,156	95,046	57,110	95,046	57,110	

Costs	ECDC Cost Summary	Base Case February 2017	Variance	Revised Base Case (24 Nov 2017)	Variance	Notes
PPE - Refuse Collections		7,600		7,600		
PPE - Recycling Collections		5,200		5,200		

PPE - Garden Waste Collections		5,600		5,600		
Total Waste Collection PPE Costs	0	18,400	(18,400)	18,400	(18,400)	See Note 5.
Vehicles - Street Cleansing		185,129		185,129		
Equipment - Street Cleansing		32,600		32,600		
Waste Disposal		0		10,000		
Total Street Cleansing Non-Staffing Costs	299,001	217,729	81,272	227,729	71,272	See Note 6.
Management and Administration Costs	162,014	183,840	(21,826)	183,840	(21,826)	
Depot Costs	18,500	18,500	0	18,500	0	
Direct Overhead Costs - Refuse Collection		20,000		20,000		
Direct Overhead Costs - Recycling Collection		10,000		10,000		
Direct Overhead Costs - Garden Waste Collection		10,000		10,000		
Direct Overhead Costs - Street Cleansing		10,000		10,000		
Direct Overhead Costs	50,000	50,000	0	50,000	0	See Note 7.
Sub Total - Operational & Overhead Costs	2,571,851	2,721,177	(149,326)	2,580,523	(8,672)	See Note 8.

Costs	ECDC Cost Summary	Base Case February 2017	Variance	Revised Base Case (24 Nov 2017)	Variance	Notes
Indirect Overhead Costs - Refuse Collection		16,000		16,000		
Indirect Overhead Costs - Recycling Collection		8,000		8,000		

Indirect Overhead Costs - Garden Waste Collection		8,000		8,000		
Indirect Overhead Costs - Street Cleansing		8,000		8,000		
Indirect Overhead Costs	40,000	40,000	0	40,000	0	See Note 9.
Profit at 2.8% - Refuse Collection		25,150		28,168		
Profit at 2.8% - Recycling Collection		11,758		13,169		
Profit at 2.8% - Garden Waste Collection		12,297		13,773		
Profit at 2.8% - Street Cleansing Collection		14,176		16,157		
Total Profit	73,810	63,381	(10,429)	71,267	2,543	See Note 10.
Total Service Costs	2,685,661	2,824,558	(159,755)	2,691,790	(6,129)	
Material Processing Costs	97,236	97,236	0	97,236	0	See Note 11.
Recycling Credits	(359,119)	(359,119)	0	(359,119)	0	See Note 12.
Net Service Costs	2,423,778	2,562,675	138,897	2,429,907	6,129	See Note 13.

Table 2: Revised Base Case 2019/20 v2 (1 December 2017)

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2019/20	Variance	Notes
Staffing - Refuse Collections		403,549		407,584		
Staffing - Recycling Collections		244,604		247,050		
Staffing - Garden Waste Collections		266,213		268,875		
Total Waste Collections Staffing Costs	955,784	914,366	41,418	923,510	32,274	Note 14.
Total Street Cleansing Staffing Costs	293,447	315,680	(22,233)	318,837	(25,390)	Note 14.
Vehicles - Refuse Collections		427,181		427,181		
Vehicles - Recycling Collections		165,063		171,463		Note 15.
Vehicles - Garden Waste Collections		165,063		171,463		Note 15.
Total Waste Collection Vehicle Costs	640,949	757,307	(116,358)	770,107	(129,158)	
Refuse sacks - Refuse Collections		75,026		75,026		
Replacement Bins - Recycling Collections		10,010		10,010		
Replacement Bins - Garden Waste Collections		10,010		10,010		
Total Sack & Bin Replacement Costs	152,156	95,046	57,110	95,046	57,110	

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2019/20	Variance	Notes
PPE - Refuse Collections		7,600		7,600		
PPE - Recycling Collections		5,200		5,200		

PPE - Garden Waste Collections		5,600		5,600		
Total Waste Collection PPE Costs	0	18,400	(18,400)	18,400	(18,400)	
Vehicles - Street Cleansing		185,129		185,129		
Equipment - Street Cleansing		32,600		32,600		
Waste Disposal		10,000		10,000		
Total Street Cleansing Non-Staffing Costs	299,001	227,729	71,272	227,729	71,272	
Management and Administration Costs	162,014	183,840	(21,826)	158,669	3,345	
Depot Costs	18,500	18,500	0	18,500	0	
Direct Overhead Costs - Refuse Collection		20,000		20,000		
Direct Overhead Costs - Recycling Collection		10,000		10,000		
Direct Overhead Costs - Garden Waste Collection		10,000		10,000		
Direct Overhead Costs - Street Cleansing		10,000		10,000		
Direct Overhead Costs	50,000	50,000	0	50,000	0	
Sub Total - Operational & Overhead Costs	2,571,851	2,580,868	(9,017)	2,580,798	(8,947)	

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2019/20	Variance	Notes
Indirect Overhead Costs - Refuse Collection		16,000		16,000		
Indirect Overhead Costs - Recycling Collection		8,000		8,000		
Indirect Overhead Costs - Garden Waste Collection		8,000		8,000		
Indirect Overhead Costs - Street Cleansing		8,000		8,000		
Indirect Overhead Costs	40,000	40,000	0	40,000	0	
Profit at 2.8% - Refuse Collection		28,168		28,168		
Profit at 2.8% - Recycling Collection		13,169		13,169		
Profit at 2.8% - Garden Waste Collection		13,773		13,773		
Profit at 2.8% - Street Cleansing Collection		16,157		16,157		
Total Profit	73,810	71,267	(2,543)	71,267	2,543	
Total Service Costs	2,685,661	2,692,135	(11,560)	2,692,065	(6,404)	
Material Processing Costs	97,236	97,236	0	97,236	0	
Recycling Credits	(359,119)	(359,119)	0	(359,119)	0	
Net Service Costs	2,423,778	2,430,252	6,474	2,430,182	6,404	

Table 3: Revised Base Case 2020/21 v2 (1 December 2017)

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2020/21	Variance	Notes
Staffing - Refuse Collections		399,201		407,584		
Staffing - Recycling Collections		241,968		247,050		
Staffing - Garden Waste Collections		263,345		268,875		
Total Waste Collections Staffing Costs	955,784	904,514	51,270	923,509	32,275	
Total Street Cleansing Staffing Costs	293,447	311,937	(18,490)	318,510	(25,063)	
Vehicles - Refuse Collections		427,181		427,181		
Vehicles - Recycling Collections		165,063		287,463		Note 16.
Vehicles - Garden Waste Collections		165,063		287,463		Note 16.
Total Waste Collection Vehicle Costs	640,949	757,307	(116,358)	1,002,107	(361,158)	
Refuse sacks - Refuse Collections		75,026		75,026		
Replacement Bins - Recycling Collections		10,010		10,010		
Replacement Bins - Garden Waste Collections		10,010		10,010		
Total Sack & Bin Replacement Costs	152,156	95,046	57,110	95,046	57,110	

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2020/21	Variance	Notes
PPE - Refuse Collections		7,600		7,600		
PPE - Recycling Collections		5,200		5,200		
PPE - Garden Waste Collections		5,600		5,600		
Total Waste Collection PPE Costs	0	18,400	(18,400)	18,400	(18,400)	
Vehicles - Street Cleansing		185,129		185,129		
Equipment - Street Cleansing		32,600		32,600		
Waste Disposal		10,000		10,000		
Total Street Cleansing Non-Staffing Costs	299,001	227,729	71,272	227,729	71,272	
Management and Administration Costs	162,014	183,840	(21,826)	158,669	3,345	
Depot Costs	18,500	18,500	0	18,500	0	
Direct Overhead Costs - Refuse Collection		20,000		20,000		
Direct Overhead Costs - Recycling Collection		10,000		10,000		
Direct Overhead Costs - Garden Waste Collection		10,000		10,000		
Direct Overhead Costs - Street Cleansing		10,000		10,000		
Direct Overhead Costs	50,000	50,000	0	50,000	0	
Sub Total - Operational & Overhead Costs	2,571,851	2,567,273	4,578	2,812,470	(240,619)	

Costs	ECDC Cost Summary	Revised Base Case (24 Nov 2017)	Variance	Revised Base Case for 2020/21	Variance	Notes
Indirect Overhead Costs - Refuse Collection		16,000		16,000		
Indirect Overhead Costs - Recycling Collection		8,000		8,000		
Indirect Overhead Costs - Garden Waste Collection		8,000		8,000		
Indirect Overhead Costs - Street Cleansing		8,000		8,000		
Indirect Overhead Costs	40,000	40,000	0	40,000	0	
Profit at 2.8% - Refuse Collection		28,168		28,168		
Profit at 2.8% - Recycling Collection		13,169		13,169		
Profit at 2.8% - Garden Waste Collection		13,773		13,773		
Profit at 2.8% - Street Cleansing Collection		16,157		16,157		
Total Profit	73,810	71,267	(2,543)	71,267	(2,543)	
Total Service Costs	2,685,661	2,678,540	2,035	2,923,737	(238,076)	
Material Processing Costs	97,236	97,236	0	97,236	0	
Recycling Credits	(359,119)	(359,119)	0	(359,119)	0	
Net Service Costs	2,423,778	2,416,657	(7,121)	2,661,854	238,076	

3. Summary

- 3.1 Table 1, the Revised Base Case for 2018/19 confirms the profit and indirect overhead costs included in the Revised Base Case to be paid to ECDC bring the overall costs for the delivery of the waste and street cleansing service back within the current budget provision of £2.402 million. The Revised Base Case also includes the following additional resources to the ECDC Cost Summary:
- a. The pay award to Veolia staff paid from October 2017.
 - b. The additional employer pension contributions of 1% required for the People's Pension in 2018/19.
 - c. Three additional vehicles to support bulky and clinical waste collections and collections from unadopted and difficult to reach properties.
 - d. PPE for all frontline staff.
 - e. 60 frontline staff for waste collections and street cleansing and an allowance of agency staffing to cover sickness absence. This exceeds the 56 staff currently being deployed by Veolia to enhance the current standards of service delivery.
 - f. Profits re-aligned at 2.8% of operational costs and direct overheads.
- 3.2 Appendix 1 contains the cost build by service stream that underpins the Revised Base Case for 2018/19.
- 3.3 Table 2, the Revised Base Case for 2019/20 confirms the profit and indirect overhead costs included in the Revised Base Case to be paid to ECDC bring the overall costs for the delivery of the waste and street cleansing service back within the current budget provision of £2.402 million. The Revised Base Case also includes the following additional resources to the ECDC Cost Summary.
- a. The additional employer pension contributions of 1% required for the People's Pension in 2019/20.
 - b. Debt repayments for two Polybody collection vehicles.
- 3.4 Table 3, the Revised Base Case for 2020/21 confirms the impact of the inclusion of the debt costs for replacing the ten refuse collection vehicles that were funded externally based on retaining weekly domestic waste collections. This will result in service costs circa £245k above the ECDC Cost Summary. However, if the proposals to reconfigure collection rounds are implemented in 2019/20 this may well off-set these additional costs if the reconfiguration is fully carried through.

Appendix 1: Resource Models by Service Stream

Resource Model for Refuse Collections (26 November 2017)

Staffing	Number	Unit Cost (£)	Total Cost (£)
Driver/Loaders	9	21,166	190,494
Loaders	10	17,212	172,120
Overtime/Agency Staffing Allowance @ 9%			32,635
Sub Total – Staffing			395,249
Vehicles	Number	Unit Cost (£)	Total Cost (£)
26 Tonne RCV with tail lift	6	51,140	306,840
3.5 Tonne Caged Vehicle - Fortnightly Fen Run	1	17,487	17,487
18 Tonne RCV with tail lift - collection of Council municipal waste	2	45,377	90,754
3.5 Tonne Box Transit Van for Clinical Waste Collections	1	12,100	12,100
7.5 Tonne Caged Vehicle for Bulky Collections	1	21,468	21,468
Sub Total – Vehicles			427,181
Equipment	Number	Unit Cost (£)	Total Cost (£)
PPE	19	400	7,600
Refuse Sacks	1,875,650	0.04	75,026
Sub Total – Equipment			82,626
Sub Total - Operational Costs			905,056
Apportionment of Management & Administration Costs	40%	183,840	73,536
Apportionment of Depot Costs	40%	18,500	7,400
Apportionment of Other Direct Overheads	40%	50,000	20,000
Sub Total - Overhead Costs			100,936
Sub Total - Operational Costs & Overheads			1,005,992
Apportionment of Indirect Overheads - ECDC recharges	40%	40,000	16,000
Profit @ 2.8%			28,168
Total Costs			1,050,160

Notes:

1. Based on 5 rounds Monday to Friday, with a Fen round for 400 properties fortnightly (Driver only with a cage vehicle).
2. Includes two 18 Tonne RCV's for collection of Council municipal waste, with potential to be used for missed bin and trade waste collections.
3. The model includes for 9 HGV Driver/Loaders to allow for cover for holidays and sickness absence but also the Bulky collections, the Fen Run and trade waste collections.
4. The vehicle costs include debt repayment, fuel costs with a 2.5% lift for 2017 and maintenance/licencing/insurance costs.

Resource Model for Recycling Collections (26 November 2017)

Staffing	Number	Unit Cost (£)	Total Cost (£)
Driver/Loaders	4	21,166	84,664
Loaders	9	17,212	154,908
Overtime/Agency Staffing Allowance @ 9%			21,561
Sub Total - Staffing			239,572
Vehicles	Number	Unit Cost (£)	Total Cost (£)
26 Tonne RCV with tail lift	5	27,940	139,700
3.5 Tonne Polybody Vehicle	1	25,363	25,363
Sub Total - Vehicles			165,063
Equipment	Number	Unit Cost (£)	Total Cost (£)
PPE	13	400	5,200
Replacement Bins	547	18.30	10,010
Sub Total - Equipment			15,210
Sub Total - Operational Costs			419,845
Apportionment of Management & Administration Costs	20%	183,840	36,768
Apportionment of Depot Costs	20%	18,500	3,700
Apportionment of Other Direct Overheads	20%	50,000	10,000
Sub Total - Overhead Costs			50,468
Sub Total - Operational Costs & Overheads			470,313
Apportionment of Indirect Overheads - ECDC recharges	20%	40,000	8,000
Profit @ 2.8%			13,169
Total Costs			491,482

Notes:

1. Based on 3 rounds Monday to Friday, with additional round Wednesday through to Friday and an additional round on Tuesday & Friday.
2. Includes a Polybody Vehicle for missed bin and trade waste collections.
3. The model includes for 4 HGV Driver/Loaders to allow for cover for holidays and sickness absence on both the Recyclates and Organic Collection Services.
4. The vehicle costs include debt repayment, fuel costs with a 2.5% lift for 2017 and maintenance/licencing/insurance costs.

Resource Model for Garden Waste Collections (26 Nov 2017)

Staffing	Number	Unit Cost (£)	Total Cost (£)
HGV Drivers/Loaders	5	21,166	105,830
Loaders	9	17,212	154,908
Overtime/Agency Staffing Allowance @ 9%			23,466
Sub Total - Staffing			260,738
Vehicles	Number	Unit Cost (£)	Total Cost (£)
26 Tonne RCV with tail lift	5	27,940	139,700
3.5 Tonne Polybody Vehicle	1	25,363	25,363
Sub Total - Vehicles			165,063
Equipment	Number	Unit Cost (£)	Total Cost (£)
PPE	14	400	5,600
Replacement Bins	547	18.30	10,010
			15,610
Sub Total - Operational Costs			441,411
Apportionment of Management & Administration Costs	20%	183,840	36,768
Apportionment of Depot Costs	20%	18,500	3,700
Apportionment of Other Direct Overheads	20%	50,000	10,000
Sub Total - Overhead Costs			50,468
Sub Total - Operational Costs & Overheads			491,879
Apportionment of Indirect Overheads - ECDC recharges	20%	40,000	8,000
Profit @ 2.8%			13,773
Total Costs			513,652

Notes:

1. Based on 3 rounds Monday to Friday, with additional round Monday and Tuesday and an additional round Week 1 on Tuesday & Week 2 on Tuesday and Friday.
2. Includes a Polybody Vehicle for missed bin.
3. The model includes for 5 HGV Driver/Loaders to allow for cover for holidays and sickness absence on both the Recyclates and Organic Collection Services.
4. The vehicle costs include debt repayment, fuel costs with a 2.5% lift for 2017 and maintenance/licencing/insurance costs.

Schedule 8: Property Arrangements

1. Definitions

The following expressions shall have the following meanings:

“Council Maintenance Works”	(1) remedial works carried out by the Council as the Landlord making the Depot fit for occupation by the Trading Company; (2) any Structural Repairs carried out by the Council;
“Base Condition”	means the state of repair and condition as evidenced by a condition survey on the occupation of the Depot by the Trading Company;
“Council”	Has the meaning East Cambridgeshire District Council;
“Licence”	has the meaning given to it in paragraph 2 (Licence) of this Schedule 9;
“Licence Period”	means the Term as defined in the Agreement subject to its sooner determination as hereinafter provided in this Schedule 9;
“Permitted Hours”	means 6am to 9pm each day or as otherwise agreed by the Council;
“Premises”	means the areas edged red on the plans set out in Annexure 1 (Premises) of this Schedule 9 together with any building or erections thereon, as the same may be varied, amended or supplemented from time to time in accordance with the Memorandum of Agreement and/or this Licence;
“Permitted Use”	<i>TBC;</i>
“Structural Repairs”	means: (1) repair works that are essential to maintain the basic functions of stability and weather resistance in the floors, walls and roofs of the Premises; and (2) replacement or substantial reconstruction of secondary elements of the Premises (including parapets and gutters);
“Trading Company”	means the East Cambridgeshire Trading Company Ltd.

2. LICENCE

The Council grants the Trading Company a non-exclusive, non-transferable licence (the “**Licence**”) on and subject to the terms of this Licence during the Licence Period to use the Premises during the Permitted Hours for the Permitted Use to facilitate and assist the better performance of the Memorandum of Agreement.

3. TRADING COMPANY 'S UNDERTAKINGS

The Trading Company agrees and undertakes:

3.1 Pay Rates and Outgoings

- 3.1.1 To pay and to indemnify the Council against all rates and charges for electricity gas and water and other outgoings consumed on or attributable to the Premises (together with any VAT thereon).

3.2 Insurance

- 3.2.1 Not used

- 3.2.2 To effect insurance with an insurance office of repute to its full value the contents of the Premises (including such of the Council's fixtures and fittings as there may be on the Premises) and whenever required will produce to the Council the insurance policy and the receipt for the last premium of the same.

- 3.2.3 To take out and maintain fully comprehensive public liability insurance including liability under the preceding indemnities with a reputable insurer in the sum of not less than £10,000,000 (ten million pounds) for any one occurrence or series of occurrences arising out of one event against liability to any person arising from or about the occupation of the Premises and shall on request supply to the Council documentary evidence that the insurance is in force.

3.3 Condition of Property

- 3.3.1 To keep the Premises clean and tidy and in no worse state of repair and condition than the Base Condition, subject to paragraph 3.3.2 below.
- 3.3.2 To keep any elements of the Premises which are subject to Council Maintenance Works in no worse state of repair and condition than that set out in the first conditions survey to be carried out and agreed, pursuant to paragraph 3.3.4 below, after such Council Maintenance Works were completed.
- 3.3.3 To leave the Premises in a clean and tidy condition and with vacant possession and free of the Trading Company's furniture equipment goods and chattels and rubbish at the end of the Licence Period and shall remove any alterations and reinstate the Premises to the reasonable satisfaction of the Council (provided always that the Trading Company shall not be responsible for Structural Repairs which shall be the responsibility of the Council) and to bear all costs incurred by the Council in making good any damage caused in the course of such removal or in the reinstatement of the Premises to their former condition.
- 3.3.4 To carry out a survey of the Premises each Contract Year and provide the Council with a copy of the results of the same the contents of which shall be agreed with the Council.

3.4 Alternations and Additions

- 3.4.1 Not to make any alteration or addition whatsoever or cause or permit any damage or carry out any works of decoration to the Premises or any part thereof.

3.5 Signage

- 3.5.1 Not to display any signs or notices at the Premises save for reasonable signs first approved by the Council (such approval not to be unreasonably withheld or delayed).

3.6 Use of the Premises

- 3.6.1 Not to use the Premises in such a way as to cause any nuisance damage disturbance annoyance inconvenience or interference to any other adjoining or neighbouring property or to the owners, occupiers or users of such adjoining or neighbouring property and not to deposit any goods or materials in any areas outside the Premises.
- 3.6.2 The Trading Company are not to allow any other person to use the Premises.

3.7 Statutory Requirements and Insurance

- 3.7.1 Not to do any act matter or thing which would or might constitute a breach of any statutory requirement affecting the Premises or which would or might vitiate in whole or in part any insurance effected in respect of the Premises from time to time.

3.8 Indemnity

- 3.8.1 To indemnify the Council and keep the Council indemnified against all losses claims demands actions proceedings damages costs or expenses or any other liability arising in any way from this licence any breach of any of the Trading Company's undertakings contained in it or the exercise or purported exercise of any of the permissions granted by this Licence.

3.9 To comply with Agreement

- 3.9.1 To comply always with the terms and conditions contained in the Memorandum of Agreement.

4. GENERAL

4.1 Determination

This Licence shall determine:

- 4.1.1 automatically simultaneously with the Memorandum of Agreement if the Memorandum of Agreement shall determine; or
- 4.1.2 on receipt of written notice given by the Council at any time following any breach by the Trading Company of its obligations under the Memorandum of Agreement;

4.2 Personal Permission

- 4.2.1 The benefit of this Licence is personal to the Trading Company and is not assignable and nor are the permissions granted exercisable by anyone other than the Trading Company and the Trading Company shall not assign, mortgage, charge, sub-licence or otherwise dispose of or deal with any of its rights under this Licence.

4.3 Warranty Excluded

- 4.3.1 The Council gives no warranty that the Premises may lawfully be used or are physically fit for the Permitted Use.

4.4 Liability Excluded

- 4.4.1 The Council shall not be liable for the death of or injury to or for damage to any property of or for any losses claims demands actions proceedings damages costs or expenses or other liability incurred by the Trading Company or any employee or invitee of the Trading Company.

4.6 Obligation

- 4.6.1 An obligation on the Trading Company not to do or omit to do any act or thing includes an obligation not to permit or allow that act or thing to be done or omitted.
- 4.6.2 The obligations of the Trading Company bind the Trading Company's employees' agents' workmen and visitors and the Trading Company is to be liable for any breach of the terms of this Licence by them.

4.7 Goods left at the Premises

- 4.7.1 If the Trading Company leaves any goods or materials on the Premises after the end of the Licence Period the Council may remove them from the Premises store and then dispose of them if they are not claimed by the Trading Company within one week after the end of the Licence Period the costs of removal storage and disposal are to be paid by the Trading Company to the Council on demand with credit being given for any sums received on their disposal.

5. NO RELATIONSHIP OF LANDLORD AND TENANT

The Council and the Trading Company hereby further agree and declare as follows:

- 5.1 That it is not the intention of either of them to create between them a relationship of landlord and tenant;
- 5.2 That legal possession of the Premises shall always remain vested in the Council and the Trading Company shall not hereby acquire an estate or interest therein.

Schedule 9: Support Services Arrangements –
appended as a separate document to the MOA.