

REPORT TO:	CABINET 24th FEBRUARY 2020
SUBJECT:	South London Waste Partnership - Waste Collections Contract Variation
LEAD OFFICER:	Steve Iles, Director of Public Realm
CABINET MEMBER:	Councillor Stuart Collins, Cabinet Member for Clean Green Croydon
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

The project contributes to delivery of the Corporate Plan 2018-2022 in a number of ways as outlined below:

- **P10. Outcome: “People Live Long, Healthy, Happy and Independent Lives” and in what success looks like ‘support the development of a culture of healthy living’-.**
- **P16. Outcome: “Everyone feels safer in their home, street and neighborhoods”- .**
- **P18. Outcome: “A cleaner and more sustainable environment.**

FINANCIAL IMPACT

As a result of borough growth since the award of the contract, and increased and changing demand for environmental services, an increase of £3,250,000 per annum is required to deliver the contract across all four boroughs within the South London Waste Partnership (SLWP) commencing in 2020/21. Across the remaining term of the contract this amounts to £16,250,000 (until 2025). There will be on-going annual reviews in accordance with contract terms.

There is also a one off payment in 2019/20 to Veolia ES (UK) Limited which amounts to £1,379,000 for the SLWP (total variation for the SLWP is £17,629,000).

The impact for London Borough of Croydon is an increase of £1,500,000 per annum from 2020/21, so £7,500,000 across the remaining initial term of the contract. This increases the overall contract value for Croydon from £98,489,000 to £105,989,098 for the initial 8 year term.

The one off payment in 2019/20 to Veolia ES (UK) Limited for the London Borough of Croydon amounts to £674,000 (total variation for the Council is £8,174,000).

FORWARD PLAN KEY DECISION REFERENCE NO.: 0920CAB

This is a Key Decision as defined in the Council’s Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee.

The Leader has delegated to Cabinet, the power to make the decisions set out in the recommendation below:

1. RECOMMENDATION(S)

- 1.1 In accordance with regulation 30 of the Council's Tenders and Contract Regulations the Cabinet is recommended to approve a variation of the contract entered into with Veolia ES (UK) Limited on behalf of the South London Waste Partnership for Waste Collections and Related Environmental Services Contract, to provide for an increase in the annual contract value of £3,250,000 and a one off payment of £1,379,000, which for the term of the contract amounts to an additional £17,629,000 (until 2025). The impact for the London Borough of Croydon is increased expenditure of £1,500,000 a year for the remainder of the initial term (to 2025), and a one off lump sum of £673,955.

2. EXECUTIVE SUMMARY

- 2.1 This variation is for the South London Waste Partnership contract; Waste Collections and Related Environmental Services, with Veolia ES (UK) Limited to reflect the additional increase in growth across the boroughs within the SLWP. The variation has been negotiated as part of the contract's annual review process.
- 2.2 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1552/19-20	07/02/2020

3. DETAIL

- 3.1 The Council, as part of the SLWP, have contracted with Veolia, which commenced 31st March 2017. As part of this contract there is an annual review process. The original award was approved by Cabinet on 11th July 2016 (ref: A81/16).
- 3.2 The outcome of the Annual Review for 2019/20 concluded in an increase of the annual contract value of £3,250,000 and a one off payment of £1,378,916 for the SLWP. This amounts to £17,629,000 across the remainder of the initial term of the contract (until 2025).

- 3.3 The effect of the variation on the Council is £1,500,000 per annum which is £7,500,000 across the remainder of the initial term of the contract to reflect the increased property growth and changing demand for environmental services.
- 3.4 There is also a one off payment of £673,955 to reflect the contract adjustment for years 2 and 3 of the contract.

4. CONSULTATION

- 4.1 There is no requirement for consultation.

5. PRE-DECISION SCRUTINY

- 5.1 The process for awarding the original contract has followed set procurement rules and as such has not been considered by Scrutiny. The budget for this variation has been presented at Scrutiny on the 10th February (Pre-Decision Scrutiny: Proposed General Fund Revenue Budget 2020/21).

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Revenue and Capital consequences of report recommendations

The table below shows the impact on the whole of the SLWP

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Increased spend across the SLWP	1,379	3,250	3,250	3,250
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Increased spend for LB Croydon	674	1,500	1,500	1,500
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6.2 The effect of the decision

The effect of the decision will mean an increase in spend for the Council of £1,500,000 per annum and £7,500,000 across the next 5 years. In 2019/20, the Council will be making a one off payment of £673,955.

6.3 Risks

If not approved, this would likely result in a situation where the contract was in dispute and arbitration is required. This in itself could negatively impact on service delivery and the performance of a high profile front line service. Under Regulation 72(1) (a) of the Public Procurement Regulations 2015, modifications which are provided for in the original contract in clear, precise and unequivocal review clauses will not give rise to a requirement to undertake a new procurement process.

6.4 Options

See section 13 below.

6.5 Future savings/efficiencies

A range of options for future savings across the service area have been prepared as part of the Council's budget setting process.

Approved by: Lisa Taylor, Director of Finance Investment and Risk and S151 Officer

7. LEGAL CONSIDERATIONS

7.1 There are no additional legal considerations arising directly from the report.

Approved by: Sean Murphy, Director of Law and Governance Monitoring Officer

8. HUMAN RESOURCES IMPACT

8.1 There is no immediate impact for Croydon Council employees or staff identified in this report. If any should arise these will be managed under the Council's policies and procedures

Approved by Jennifer Sankar, Head of HR Place for and on behalf of Sue Moorman, HR Director.

9. EQUALITIES IMPACT

9.1 An Equality Analysis has not been undertaken because the practice is not relevant to equality. There are no known equalities matters arising from the recommendation to continue with this model of delivery.

Approved by Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

10.1 No discernible impact identified as a result of this contract variation.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no direct crime and disorder impacts identified as a result contract variation.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 The recommendation is in accordance with the contract terms and conditions for annual reviews.

13. OPTIONS CONSIDERED AND REJECTED

13.1 There are no other options to be considered due to the Council being part of the SLWP.

14. DATA PROTECTION IMPLICATIONS

14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

No

14.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No

Approved by: Steve Iles, Director of Public Realm

CONTACT OFFICER:	Steve Iles, Director of Public Realm
BACKGROUND DOCUMENTS:	None