

MINUTES OF THE MEETING OF THE BABERGH OVERVIEW AND SCRUTINY  
COMMITTEE HELD IN KING EDMUND CHAMBER - ENDEAVOUR HOUSE, 8 RUSSELL  
ROAD, IPSWICH ON MONDAY, 17 DECEMBER 2018

PRESENT: Alastair McCraw - Chair

Barry Gasper  
Adrian Osborne  
Fenella Swan

Bryn Hurren  
Lee Parker  
Stephen Williams

29 APOLOGIES AND SUBSTITUTES

Apologies were received from Councillors Melanie Barrett and Sue Ayres. Councillor Lee Parker was substituting for Councillor Barrett

30 DECLARATION OF INTERESTS

There were no declarations of interests.

31 BOS/18/16 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 22  
OCTOBER 2018

**It was RESOLVED: -**

**That the minutes from the meeting held on the 22 October 2018 be confirmed as a true record.**

32 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE  
COUNCIL'S PETITION SCHEME

There were no petitions received.

33 QUESTIONS BY THE PUBLIC

There were no questions received from the public.

34 QUESTIONS BY COUNCILLORS

There were no questions received from councillors.

35 BOS/18/17 DRAFT REPORT TO CABINET - EXTENSION OF SERCO CONTRACT

**BOS/18/17 - Draft Report to Cabinet – Extension of the Serco Contract**

35.1 Members received a presentation from Eunomia, the research and consulting company, who had undertaken the research for the commission options

model for the Council's waste contract.

- 35.2 The Assistant Director – Environment and Commercial Partnership, then provided the historical background for the Serco contract which began in 2007 and had been the first joint waste contract in the county. The report and appendices detailed the terms and conditions which were intended for the extension of the Serco contract. Both parties needed to determine if the contract was to be extended for the next seven year by 31 March 2019 with effect from the year 2021.
- 35.3 He minded Members to approve the proposal and assured the Committee that it was the best option for the Council to take.
- 35.4 The extended contract was to include a waste collection rounds optimisation, and two new rounds would be added to the collections to deal with the increase in dwellings. It would in practice be one new collection round for each Council. Other changes included amendments to the terms and conditions.
- 35.5 He explained that historically Serco had not made any profits on the Contract and as a result had included an increase of £265,000 a year from next year. This would allow for a 2% profit margin for Serco. However, further negotiations had resulted in this cost being added from 2021. In additions there were to be financial reimbursements to the Council for failed services such as missed bin collections.
- 35.6 Oliver Faiers, Corporate Manager – Waste Services, said that the recent interruptions to the waste collection service had been a result of driver shortage and illness. He said that the Serco contract would including the monitoring of the service and the setting of performance indicators.
- 35.7 Members enquired why Serco wanted to extend the contract when they were making very little profit. Emma Tilbrook, the consultant from Eunomia, responded that generally profits for waste contracts were low and she believed that Serco wanted to continue the contract to maintain the long-term relationship with the Council, which was working very well. The trusted relationship between the Council and Serco provided an uncomplicated extension of an existing contract. Also, it should not be underestimated that a contract, which had been the first of its kind and which was now being extended, provided good negotiation foundation for future contracts with other authorities.
- 35.8 Councillor Williams said the presentation and report provided good analysis of the possibilities. He wondered what assumption for the financial implications the report was based on.
- 35.9 Emma Tilbrook responded that the report was based on information collected partly provided by the Council's waste team and partly on collated market costs. For instance, fuel cost was based on the current fuel costs. Where the information was not available the cost was based on a robust assumption such as the cost of sickness, holiday and agency staff costs.

- 35.10 Councillor Williams enquired further regarding how consideration had been taken for the next seven year to include any circumstantial changes, which could affect the Council's contract.
- 35.11 Emma Tilbrook responded that the waste industry was going through changes, but that household waste would still be collected in the future. However, it was likely that the recycling waste collections would change. She added that there was risk involved for all the options detailed in the report.
- 35.12 Chris Fry, Assistant Director – Environment and Commercial Partnerships informed Members that Central Government would be updating the National Waste and Resource Policy and it was expected that there would be changes for the way material and recycling waste was to be collected.
- 35.13 The Suffolk Waste Partnership (WSP) had established that an alternate waste and recycling collection was the best option for Suffolk. This had been based on a previous research project, which had been conducted by Eunomia.
- 35.14 The current concern was if there were to be an introduction of household organic waste, which would be expensive to collect in Suffolk. The cost of collecting household organic waste in relation to the fees received, did not generate any income for the Council.
- 35.15 Councillor Hurren asked who had commissioned the Eunomia report and if the cost was shared between the Councils and who would be paying for the additional 8,700 new households and the two new collection rounds.
- 35.16 The cost of the independent report from Eunomia was £8,660 and had been commissioned by Officers as it was felt this was worth the cost. The 8,700 new households were an estimated growth for the first eleven years of the extended Serco Contract.
- 35.17 It was anticipated that an increase of recycling rates could have an effect on the contract. Analysis of residual and recycling bins had shown that 30% of household waste was in fact organic waste, which would reduce the weight of household waste, if this was taken out of the household waste collection.
- 35.18 Councillor Mayes perused the shortage of HGV drivers, and how two extra rounds would be covered. She was also concerned how bin collections were affected by blocked roads and what could be done by this.
- 35.19 Oliver Faiers, Corporate Manager for Waste, explained that the two extra rounds would be one for each District. He acknowledged that parking was an issue in Stowmarket and the new PCSOs would be part of the parking enforcement plan for the town. The waste collection teams also left notes on the parked vehicles.
- 35.20 Councillor Parker asked for better understanding of the profit margins, the key concern, risk and what was the trend for these for local authorities.

- 35.21 Emma Tilbrook explained how the market had developed over the last seven years and that new companies had entered the waste market, especially the recycling market. This had affected the way contracts were negotiated and had created highly distressed contracts. Some companies had included breakpoints in the contracts to ensure they could maintain their profit margins. This had been a result of aggressive bidding due to the new market players.
- 35.22 The current trend indicated that more authorities had distressed contracts and fewer selected in-house contracts, however the performance of the individual contracts depended on the authorities.
- 35.23 Members agreed that it was clearly implied in the contract that Serco's profit would improve during the term of the contract.
- 35.24 Councillor Adrian Osborne was concerned that there were no recycling bins on the highstreets. It was explained that there was a higher risk of contaminated recycling waste in street binds, which made it less profitable to collect. Trials for recycling bins in towns was under consideration.
- 35.25 For household recycling contamination Babergh and Mid Suffolk Districts held the best performance across the County.
- 35.26 Councillor Welham raised concerns of the removal of Charity collection boxes and paper banks in his ward and wondered if this would have an effect on the Serco contract.
- 35.27 It was established this would not have any influence on the contract. However, it was preferred that paper was put into the waste bins for recycling as this brought in the biggest income. Other commodities needed good 'bring' sites which would remain across Suffolk.
- 35.28 Councillor Hurren asked what would happen if for some reason Serco would be unable to fulfil the contract, as it was over a period of 21 years. He wanted to be reassured that if the service was revoked, the waste collection would be continued by another company.
- 35.29 It was confirmed that the Serco contract was covered by terms, which would ensure this happen.
- 35.30 Members all agreed that to extend the Serco contract was the best and most favourable option for the Council and that the Committee fully supported the extension of Serco contract.
- 35.31 The recommendations were proposed by Councillor Williams and seconded by Councillor Adrian Osborne.

By a unanimous vote

**It was RESOLVED: -**

**That the Babergh Overview and Scrutiny Committee endorse the recommendations 3.1 and 3.2 in report BOS/18/17.**

36 BOS/18/18 INFORMATION BULLETIN

36.1 Members discussed the information bulletin and agreed that a monthly update was no longer required at the Voids times were improving.

36.2 They agreed to a quarterly update to the Committee, the next one being in March.

By a unanimous vote

**It was RESOLVED: -**

**That the Information Bulletin be noted.**

37 FORTHCOMING DECISIONS LIST

**It was RESOLVED: -**

**That the Forthcoming Decisions List be noted.**

38 BOS/18/19 BABERGH OVERVIEW AND SCRUTINY WORK PLAN

By a unanimous vote.

**It was RESOLVED: -**

**That the Babergh Overview and Scrutiny Work Plan be noted.**

39 BOS/18/20 MSDC OVERVIEW AND SCRUTINY WORK PLAN

The Mid Suffolk Work Plan was noted.

The business of the meeting was concluded at 11:18am.

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Chair (& Date)