

Executive – 8 May 2024 – Public Questions

Questions from Nigel Behan - Item 12: Update on the Waste Collection Contract

Question 1

It is reported that: “SUEZ have disclosed significant losses on this Contract to the extent it has become unviable. If we are unable to agree a settlement figure SUEZ have advised they may terminate the contract, effectively withdrawing services and accepting the contractual consequences of paying the Council damages that arise (subject to contractual caps) and potentially only giving three months’ notice of their exit.” Please can you outline the business/service/profit shortfall(s) reasons Suez have given for the “significant losses”?

Question 2

Over the last year SUEZ have issued a number of dispute claims which the Council has strenuously disputed on legal advice and have progressed through the formal dispute resolution process as set out in the contract. But SUEZ have stated that even if their claims were to be successful the Contract would remain unviable without general increase in payments. These issues are discussed in more detail in of the confidential section of the report as it amounts to “exempt information.” Were the (presumably) agreed regular charges the contractor places on the Council for the service reasonably foreseen uplifted for RPI (index linked) etc?

Question 3

Further on in the paper it is noted:

“Other options considered.

4. Following SUEZ sharing open book information on the contract in February 2024, the Council commissioned independent consultants. They have reviewed the costs submitted by Suez and assessed alternative delivery models for the service, these include: -

- a. Local Authority Trading Company (LATCo)- bodies that are free to operate as commercial companies but remain wholly owned and controlled by the parent council.
- b. Direct Labour Organisation (DLO) - a business unit of the local authority, where the authority directly employs workers.
- c. Re-procurement of the contract

5. There are pros and cons to each of the options including re-negotiating with Suez. The pros and cons of alternative options are discussed in the confidential

appendix (section 4) and will be reconsidered again once officers have established SUEZ “best offer” to continue with the Contract. The modelling conducted by the independent consultants shows that there are cost implications with all options the details of which is currently “exempt information” as explained.”

Do you think (in light of Climate and Sustainability issues and so on) that Electors, Residents, Service Users, Council Taxpayers and Environmental groups – the list is not exhaustive - (who may be adversely affected/impacted via changes in service provision/increased charges etc) should be consulted on the future of the service?