

Annex A

Public and Members Questions – Executive 8 May 2024

Question submitted from	Question
Nigel Behan	Question 1 <p>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</p>
Response	Response from Lead Member for Environment and Climate Change, Cllr Dixie Darch: <p>As you’d expect, there’s a combination of factors, and questions on the detail is a matter for SUEZ. We acknowledge they’ve had to deal with some big challenges, some fundamental underlying pressures - rising costs of consumables and staff, falling revenue from recycled materials, a changes in waste composition with the accelerated shift to online shopping that has lead to a need for more vehicles and staff than expected.</p> <p>Then the costs of coping with Covid, the national drivers’ shortage, and general inflation.</p> <p>This is a very big and complex contract, so even small different in resource planning can escalate over the length of a contract.</p>
Nigel Behan	Question 2 <p>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?</p>

<p>Response</p>	<p>Response from Lead Member for Environment and Climate Change, Cllr Dixie Darch:</p> <p>There are basket of indices set out in the contract that apply to inflation. These were set when the contract originally negotiated and have not changes.</p> <p>The additional costs SUEZ is incurring include but are not limited to the impact of inflation.</p>
<p>Nigel Behan</p>	<p>Question 3</p> <p>Further on in the paper it is noted:</p> <p>“Other options considered.</p> <p>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: -</p> <ul style="list-style-type: none"> 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 <p>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.”</p> <p>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?</p>
<p>Response</p>	<p>Response from Lead Member for Environment and Climate Change, Cllr Dixie Darch:</p> <p>Whichever route we go down we are not proposing any changes to the way waste is collected or disposed of, so there would be not service change to consult on. We have significant capital invested in vehicles and supporting waste transfer and treatment infrastructure, making a movement away from how we currently provide services would be</p>

	implausible and prohibitively expensive. The focus must be on finding a way forward that limits the financial impact and avoids disruption to a crucial statutory service.
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