

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4916
Author:	Rachael Onions
Department:	Communities, Environment and Resident Services
Contact:	Rachael Onions (Job Title: Business Waste Development Manager, Email: rachael.onions@nottinghamcity.gov.uk, Phone: 07890 415725)
Subject:	Approval to extend a vehicle lease agreement and spend of associated costs for 2023/24 to deliver Commercial Waste Functions for Derby City Council.
Total Value:	£352,834 (Type: Revenue)
Decision Being Taken:	1. To note that Nottingham City Council has a Commercial Waste function delegated from Derby City Council that was entered into on 5th March 2018 and is ongoing.2. To approve associated spend for building costs, waste disposal costs, vehicle leasing costs, vehicle maintenance costs and fuel costs for 2023/24. 3. To delegate to the Corporate Director for Communities, Environment and Residents Services authority to extend the Vehicle Leasing Agreement dated 29th March 2018 for 12 months from 1st April 2023 to 31st March 2024.

Reasons for the Decision(s)

Back in 2017 pressures on the Derby City Council trading position from aggressive price competition and uncompetitive disposal costs meant there was a strategic direction to look to delegate this function to Nottingham City Council. Nottingham City Council's (NCC's) Commercial Waste Service had access to more competitive disposal rates via the Eastcroft EfW facility. In addition, NCC's well developed marketing, sales and income management functions offered the opportunity to increase market share and overall contribution to corporate overheads by means of a partnership between both parties under the Metro strategy. On 21st November 2017 Executive Board gave approval for a report to be submitted to Full Council for Nottingham City Council to take over the management of Derby City Council's Commercial Waste Service, using the Local Government Act 1970 as a legal basis for operating. On 5th March 2018 Full Council gave approval to accept the delegation from Derby City Council for Nottingham City Council to take on the management of Derby City Council's Commercial Waste Service and all the associated functions. The delegation was open ended and 12 months notice is needed by either party to terminate, the exception to this is the Vehicle Leasing Agreement that is due to expire on 31st March 2023. This decision seeks approval to extend the Vehicle Lease Agreement for three vehicles (this was previously five) for 12 months from 1st April 2023 to 31st March 2024. In addition to this, the decision seeks approval to pay for the following operational functions for the next 12 months, which represent the core functions of the Commercial Waste Service and are payable to Derby City Council as part of the existing delegation: Vehicle Leasing, Building Services, Disposal and Processing Costs, Vehicle Maintenance, Fuel. A review was undertaken in 2018/19, which showed a year 1 surplus followed by a projected larger surplus in 2019/20. This contract is still providing a surplus to Nottingham City Council in 2023 and still represents best value. Pertinent elements of the vehicle leasing agreement are: DCC shall charge NCC for the use of vehicles currently deployed by the DCC Commercial Waste Service for the remainder of their serviceable life. The Leasing Charge shall include the annual repayment of Prudential Borrowing (interest and principle) and vehicle tax. The Leasing Charge will be payable by NCC for the remainder of the existing loan period or until the vehicle reaches a condition beyond economic repair, whichever is sooner. The Vehicle Charge shall not include any indirect expenditure defrayed by DCC or DCC central overheads. All vehicle and operational costs are forecast in the Commercial Waste Budget as an ongoing requirement. This decision is to continue with these arrangements in order to fulfil the delegation of Commercial Waste Service provision.

Other Options Considered:

Do nothing - this option was rejected because the Derby Commercial Waste Service creates a surplus for NCC and still represents best value. There is also a clause in the agreement whereby NCC or DCC have to give 12 months notice to terminate.

Background Papers:

None

Published Works:

Full Council Report dated 05-03-18

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Exempt Information:

Description of what is exempt:

The Executive Board Report dated 21-11-17 as this was restricted and not published due to financial information contained within it; also the Heads of Terms, Signed Leasing Agreement and Agreement to vary vehicle leasing contract for 23-24, which contain commercially sensitive financial data.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because of the financial disclosures made in the Executive Board Report dated 21-11-17, Heads of Terms, Signed Leasing Agreement and Agreement to vary vehicle leasing contract for 23-24.

Documents exempt from publication:

Executive Board Report - 21.11.17.pdf, NCC Signed and Completed Vehicle Leasing Agreement.pdf, Derby Commercial Waste Heads of Terms.docx, Agreement to vary a contract vehicle leasing 2023.doc

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

This decision does not directly or indirectly impact the Council's contribution to reducing crime and improving the quality of life for its communities.

Equality:

EIA not required. Reasons: This is not an alteration of service provision, and long standing practice exist within this element of Commercial Waste Services.

Social Value Considerations:

This decision does not offer any opportunity for significant social value. The decision will allow us to continuing providing the Commercial Waste function for Derby City Council. Any surplus from this work is used to offset reduction in other revenue streams and protect frontline services and the social value they contribute.

Decision Type:

Portfolio Holder

Subject to Call In:	Yes
Call In Expiry date:	21/04/2023
Advice Sought:	Legal, Finance, Procurement
Legal Advice:	See the attached. Advice provided by Richard Bines (Solicitor) on 30/03/2023.
	Advice documents: Final Legal Advice.docx
Finance Advice:	The existing Derby Waste Collection MTFP revenue budget contains costs of £352,834 so this decision is affordable within existing provision. The budget operates at a surplus in which NCC pays DCC 0% of the first £300k of net annual surplus and 50% of any net annual operating surplus over £300k.
	Advice provided by Paul Hector, Senior Commercial Business Partner, 13th March 2023
Procurement Advice:	The procurement team have discussed the matters arising from the decision to be taken and they raise no significant procurement concerns. Advice provided by Paul Ritchie (Procurement Manager) on 30/03/2023.
Signatures	Sally Longford (PH for Energy, Environment and Waste Services)
	SIGNED and Dated: 13/04/2023
	Dr Ita O'Donovan (Interim Corporate Director, CERS)
	SIGNED and Dated: 13/04/2023