

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	5127
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 the existing Refuse Collection Vehicle lease agreement and spend of associated 24/25 costs as set out in financial exempt appendix.
Total Value:	£388,573 (Type: Revenue)
Decision Being Taken:	<ol style="list-style-type: none"><li>To note that in 2018 Nottingham City Council<ol style="list-style-type: none"><li>accepted a delegation of Commercial Waste function from Derby City Council, ongoing unless terminated on 12 months' advance notice on 31st March in any calendar year, and</li><li>entered an associated 10 year lease governing the use of and payment for office space on Derby City Council premises from which NCC can manage delivery of the delegated functions in practice and separate Refuse Vehicle Leasing Agreement</li></ol></li><li>To delegate to the Corporate Director for Communities, Environment and Residents Services authority to extend the current Vehicle leasing Agreement for up to 12 months from 1st April 2024 to 31st March 2025.</li><li>To approve associated spend for building rental costs, recycling waste disposal, refuse collection vehicle leasing costs, vehicle maintenance costs and fuel costs for 2024/25 as set out in appendix Derby Outturn Data and 24-25 Spend Breakdown, noting Spend Control Board approval has been obtained for annual building rental and vehicle leasing costs, and expected recycling waste disposal, vehicle maintenance and fuel costs for April 2024 (Spend Approval ID 9568).</li></ol>

**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 initially expired on 31st March 2023, and was extended by a further year so is now due to expire on 31st March 2024. There is also an associated premises agreement, which currently runs to 2028 and governs the use of and payment for office space on Derby City Council premises.

This decision seeks approval to extend the current Vehicle Lease Agreement for four vehicles for up to 12 months from 1st April 2024 to 31st March 2025. 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; Recycling Disposal and Processing Costs; Vehicle Maintenance and Fuel.

The financial outturn data takes into account any amounts payable to Derby City Council in relation to surplus operating budgets, however to date no payments have been made as the required threshold has not been met.

A review was undertaken in 2018/19, which showed a year 1 surplus followed by a projected larger surplus in 2019/20. This contract has continued to provide an annual budget surplus to Nottingham City Council, and this is still the case in 2024. 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; the Heads of Terms, Signed Leasing Agreement and Agreement to vary vehicle leasing contract for 24-25 and proposed new Vehicle Leasing Agreement following procurement of four new Refuse Collection Vehicles, which all 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 disclosing the financial information would be detrimental to the councils commercial interest. Exempt documents are Executive Board Report dated 21-11-17, Heads of Terms, original 2018 Signed Leasing Agreement, Agreement to vary vehicle leasing contract for 24-25, new Leasing Agreement to cover four new refuse collection vehicles being procured in 24-25, financial data in relation to yearly outturn from 18-19 to 23-24, including 24-25 expected spend breakdown.

**Documents exempt from publication:**

Executive Board Report - 21.11.17.pdf, Derby Commercial Waste Heads of Terms.docx, NCC Signed and Completed Vehicle Leasing Agreement 2018.pdf, Agreement to vary current vehicle leasing contract 24-25 Derby City Council.doc, New Commercial Waste Vehicle Lease Agreement 24-25 Derby City Council.docx, Derby Outturn Data and 24-25 Spend Breakdown.xlsx

**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.

<b>Social Value Considerations:</b>	<b>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.</b>
<b>Decision Type:</b>	<b>Portfolio Holder</b>
<b>Subject to Call In:</b>	<b>Yes</b>
<b>Call In Expiry date:</b>	<b>10/06/2024</b>
<b>Advice Sought:</b>	<b>Legal, Finance, Procurement</b>
<b>Commissioner Comments:</b>	<b>Commissioners note the report and have no comments.</b>
<b>Legal Advice:</b>	<b>See the attached note. Advice provided by Richard Bines (Solicitor) on 27/03/2024.</b>
	<b>Advice documents: <a href="#">Legal Advice 2024.docx</a></b>
<b>Finance Advice:</b>	<b>The existing Derby Waste Collection MTFP revenue budget contains costs of £388,573 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.</b>
	<b>Advice provided by Sohaib Chaudhry, Senior Commercial Business Partner, 13th March 2024 Advice provided by Sohaib Chaudhry (Senior Commercial Business Partner) on 13/03/2024.</b>
<b>Procurement Advice:</b>	<b>The attached Derby Outturn Data and 24-25 Spend Breakdown spreadsheet sets out the total Nottingham City Council outgoing costs to deliver the service and the total income paid by Derby City Council. The detail therein shows that the service provision income paid by Derby is in excess of 20% of the outgoing cost and therefore the decision to be take in this report is supported by procurement colleagues. Advice provided by Paul Ritchie (Procurement Manager)</b>
<b>Signatures</b>	<b>Corall Jenkins (Executive Member - Communities, Waste, Equalities)</b>
	<b>SIGNED and Dated: 03/06/2024</b>
	<b>Colin Parr (Corporate Director, CERS)</b>
	<b>SIGNED and Dated: 03/06/2024</b>