

APPENDIX D

Additional Authority Costs

If the contract were awarded to a private contractor, the Authority would incur an additional £93,000 in direct costs, with a further £237,000 of internal costs that would have to be defrayed against other services.

Below are further details of how this cost has been calculated.

Contract Administration and Inspection Costs

There would be a need for an additional 2 FTE members of staff to carry out the require contract administration and inspection at a total cost of £75,000 per annum.

The existing recycling agreement with ECT is not based upon a formal performance monitoring contract, and is not formally monitored for performance and output, whilst the performance and monitoring of the refuse collection service is carried out by the in-house operational management team, and occasionally by the client side of the service. The new contract and specification contains formal performance standards that must be met by all the services, or else penalty will accrue to the contract provider.

To date the cost of performance monitoring and complaint procedures for refuse and garden waste and card has been contained within the in-house operating cost, but as all management and supervisors will accompany the award of contract under the TUPE provisions, then the true and full cost of monitoring and contract compliance will have to be undertaken by officers who are not contained within the existing staffing structures.

The existing Recycling Officer carries out some complaints handling of the existing ECT contract, although this is only a small amount of the role, the majority of the Officers time is spent working on other waste services initiatives.

As part of the tendering process each contractor was given the opportunity to put forward how contract compliance could be undertaken by self monitoring systems, but no contractor put forward a cost for this option, so it has to become a function of the Authority should the work be externalised. Two full time posts are considered to be a minimum requirement, as there will be many formal reporting and control systems to be installed, as well as all the future workload that will accrue from the changes of method that the Authority are considering having introduced.

Central and Support Costs

The central and support costs will still remain with the authority, as there is unlikely to be any direct offsetting corporate reduction in central overhead costs as only part of various people's jobs would be affected.

The costs would have to be defrayed against other council services and will be in the order of £79,000 per annum.

Direct Overheads

These are costs that are incurred at Assistant Director and Director Level and as with the central and support costs, these would have to be defrayed against other services within the directorate. The cost will be in the order of £77,000 per annum.

Other Services

The award of the contract to a private contractor would impact on two other service areas, Open Spaces and Transport Services.

Open spaces currently benefit from the economies of scale achieved on the vehicle servicing contract with Faun for open spaces and refuse vehicles. If the refuse vehicles were no longer part of the contract the cost to open spaces would increase by £18,000 per annum.

Transport Services currently defray some of their costs to waste management. A total of £81,000 per annum would have to be met by other departments if the waste services contract were externalised.