

<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>23<sup>rd</sup> July 2018</b>
<b>Subject:</b>	<b>AMEY Street Care Contract Update</b>		
<b>Report Of:</b>	<b>Jonathan Lund – Corporate Director</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Jonathan Lund – Corporate Director</b>		
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## FOR GENERAL RELEASE

### 1.0 Purpose of Report

1.1 To provide an update on matters related to the Street Scene Contract.

### 2.0 Recommendations

2.1.1 Audit and Governance Committee is asked to:

**RESOLVE** to receive and note the report.

### 3.0 Background and Key Issues

3.1 Councillors will be aware that the year-end financial monitoring reports showed a significant variance between forecast and actual budgets for the Environment Portfolio. The cause of the variance was the year-end outturn income for recycling.

3.2 The actual income generated in 2017/18 was £446,019 generated from the sale of 7134 tonnes of recyclate. The previous quarter Amey had forecast a year end income at £699,000 as a worst case scenario with a best case scenario at £796,224.

3.3 The Council challenged Amey on the year end out-turn. Records provided by Amey showed that 9209 tonnes of recycling had been collected from residents of Gloucester and taken over the weighbridge at Eastern Avenue. We asked Amey to account for the difference of 2075 tonnes.

3.4 The Council's case was that if Amey had secured industry average recycling prices over 2017/18 the income received for the 7134 tonnes sold would have been £50,521 higher than reported.

3.5 We also contended that the 2075 tonnes of waste unaccounted for had an industry average value of £246,509. The Council therefore withheld payments to Amey totalling £297,031.

- 3.6 Early accounts from Amey failed either to recognise or account for the gap. They indicated that some of the difference may be due to weighbridge discrepancies.
- 3.7 At another meeting Amey shared the figures attached at Appendix A to this report. The table at the left of the Appendix shows the figures provided by Amey, the table on the right is the same figures properly tabulated. Councillors will clearly see significant inconsistencies. The document raised more questions than it answered and was subsequently described by Amey as illustrative only.
- 3.8 At the latest meeting Amey provided the following account

1	Recycling Waste in	<b>9209</b>
2	Recycling sold	7134
3	Co-mingled waste	723
4	Contaminated Waste	697
5	Rejected by Off-takers	292
6	Sold but not invoices	93
7	Stock in hand	255
8	Total out	<b>9194</b>

- 3.9 At line 3 above the Council has received £45,190 in compensation for this co-mingled waste. This was approved by the Council in January and March 2018 to speed the catch-up process following bad weather disruption. The waste was sent for mechanical sorting and recycling.
- 3.10 At lines 4 and 5 it shows that 989 tonnes of recycling was so contaminated that it was rendered worthless. This represents nearly 11% of the total recycling collected and is disturbingly high for a kerbside sort scheme. In Cheltenham and Cotswold their kerbside sort maintains 0% contamination and at Tewkesbury a co-mingled service achieves 5% contamination.
- 3.11 At line 7 there is a stock in hand figure of 255 tonnes but the account fails to show any stock at the start of the year. We know this to be inaccurate. As a consequence of the above the Council continues to withhold payment to Amey. In addition, there is a risk that the County Council, which has paid recycling credits for 9209 tonnes of recycling, will seek repayment in respect of the recycling sent to landfill. This sum is in the region of £40,500. Amey has indicated that by withholding payment the Council may be in breach of contract.
- 3.12 At Council on 12 July 2018 the details set out above were reported and it was noted that action is being taken to consider whether grounds exist to terminate the contract with Amey. The results will be reported back to the Cabinet. Council also agreed to explore other avenues for delivering the Council's waste and street scene services.