

**Committee Name: Cabinet**

**Meeting Date: 7 November 2024**

**Issue Title: Waste Contract**

**Report of: Executive Director – Corporate Services**

**Cabinet Portfolio: Climate Change and Corporate Services**

**Key Decision: Yes**

## **PURPOSE OF REPORT**

1. This report sets out proposals to extend the current joint waste collection contract with Basingstoke & Deane Borough Council (BDBC) and Serco from October 2025.
2. The report also sets out the proposal for Hart District Council (HDC) to deploy a mandatory weekly food waste collection service from October 2025, ahead of the Government statutory date of 31 March 2026.
3. Both proposals are key decisions given their scope and scale, and the associated cost implications required for approval are included under the 'Finance and Resource Implications' section of this report.

## **RECOMMENDATION**

Cabinet is recommended to:

- I. Approve the extension and variation of the joint contract with Basingstoke & Deane Borough Council with Serco for the collection of waste for an eight-year period from October 2025.
- II. approve the deployment of a mandatory weekly food waste collection service, in line with the Environment Act 2021, from October 2025.
- III. recommend to Council to approve a net budget increase of £0.5m in 2025/26 and a further £0.4m in 2026/27 within the Medium-Term Financial Strategy to reflect the estimated additional net costs of the contract extension from October 2025
- IV. recommend to Council the approval of an initial capital budget of £1.59m to acquire food waste vehicles and other waste vehicles necessary to commence the contract extension period, funded from new burdens funding and other HDC funds to be determined in the budget setting process
- V. recommend to council the approval of a capital budget of £0.3m to acquire food waste containers and bins, to be funded from new burdens funding

## BACKGROUND

4. The Council's current joint waste and recycling collection services contract with Basingstoke & Deane Borough Council has an initial 8-year term that is due to expire in September 2026, with a further 8-year extension option. HDC has been planning for the delivery and optimisation of the current (joint) contract, to ensure that services align with new and emerging policy and legislation, as well as accommodating the amendments to Hampshire County Council's (HCC) disposal infrastructure (through Project Integra).
5. To aid the development of option analysis and business case on who should collect our bins in the future, how often they should be collected, and the associated impacts on cost, Carbon emissions and recycling rates, HDC jointly procured advice from WSP (Environment and Infrastructure) formally WOOD group UK Ltd.
6. The joint Waste Service Redesign Programme team have reviewed changes in legislation alongside future potential changes to recycling arrangements with HCC. The team have also considered the available options for service delivery and the way waste and recycling are collected. These options will inform the provision of waste and recycling services in the future.
7. All of the options considered are in line with the Environment Act 2021 and have been assessed to ensure alignment to the priorities within the Corporate Plan 2023-2027.

The Corporate Plan sets a number of key environmental priorities, including:

- Planet – Make all areas directly under the control of the council Carbon neutral by 2035 and make Hart a Carbon neutral district by 2040.
  - Using our influence to lead our district to being carbon neutral by 2040
  - Ensure the Council plays its part by reducing our greenhouse gas emissions to carbon neutral by 2035.
  - Continue to reduce waste, working with our partners and contractors to maintain efficient recycling and refuse services.
  - Reduction in waste, increased reuse, and recycling
- 8. This report provides details of the introduction of a new statutory weekly food waste collection service, which will allow residents to reduce the volume of waste sent for incineration and increase the volume of material sent for recycling. Hampshire County Council (HCC) as the waste disposal authority are currently developing their plans for improved recycling facilities to increase the scope of materials that can be collected in the recycling bin. This will include plastic pots, tubs, tray and cartons. The proposal is to introduce weekly food waste collections and increase what can be recycled via the kerbside recycling collection service, and will enable the council to meet its statutory obligations under the Environment Act 2021.
- 9. The current waste collection contract with Serco expires in September 2026 but contains the option for an additional eight-year extension where notice to extend the contract must be given to Serco by March 2025. This report seeks approval to extend the existing waste collection contract with Serco and remodel the service to meet our statutory duty as a waste collection authority.

10. Overview and Scrutiny Committee considered this report at its meeting on 8<sup>th</sup> October. The comments set out in the minutes are as follows:

Members discussed the following areas:

- What would happen if the proposed New Burdens Funding was not forthcoming from the Government
- What the expected levels of uptake for food recycling would be and whether Hart could just offer this to those residents who were interested
- What the costs of the new contract included
- How the potential issues with food waste collections would be mitigated, particularly for communal shared areas and for less able residents
- The number and type of new vehicles to be purchased
- Whether there was a break clause in the new contract
- Whether there would be any impact on the green waste service

In conclusion, the Committee were supportive of the proposed approach and had no specific comments to pass to Cabinet. Arrangements for a member briefing on the introduction of food waste collections would be made with the client team at BDBC in due course.

## RECYCLING LEVELS AND FOOD WASTE

11. Waste Composition Analysis from sampling materials within the household waste bin suggest that 37.2% of household waste produced in Hart is food waste, 8.8% is recyclable via existing services (4.5% recyclable paper, 2.4% glass bottles and jars, 1.9% garden waste). Waste Electrical and Electronic Equipment (WEEE) equates to 0.9% but HDC has recently implemented a kerbside WEEE collection service to all residents throughout 2024.
12. HCC is working on changes to its Material Recovery Facility (MRF) infrastructure to enable plastic pots, tubs & trays and food & beverage cartons to be collected and sorted for recycling, which would further reduce the items in residents' waste bins by 8.4%.

*Table 1 – Waste Composition Analysis by material type, within household waste bin*

Material within household waste bin	Volume by weight	Estimate annual tonnage
Avoidable food waste	28.0%	6,970
Unavoidable food waste	9.2%	2,240
Recyclable paper	4.5%	1,120
Plastic films	8.7%	2,166
Textiles	2.9%	921
Metals	3.2%	796
WEEE	0.9%	224
Mixed plastics	8.4%	2,091
Garden Waste	1.9%	473
Glass	2.4%	597

13. The recycling rate for household waste collected across Hart was 41.9% in 2022/23, putting HDC in 138<sup>th</sup> position out of 317 local authorities across England in that year, and 43% in 2023/24. This ranking is in part a reflection of the limitations of what can currently be recycled within HCC's MRF, but also the fact that a number of other authorities have already implemented food waste collections.

*Table 2 – LA recycling league table comparison - England Local Authority Recycling Performance 2022/23*

Authority	Authority Type	Recycling Rate	League Table Position
South Oxfordshire District Council	Collection	61.6%	1 (Top)
Hart District Council	Collection	41.9%	138
Tower Hamlets London Borough	Unitary	17.7%	317 (Bottom)

14. HDC is a member of the Project Integra (PI) Partnership which is focused on delivering improved recycling services across Hampshire. HDC is one of the top three performers in Hampshire, with the top three separated by just 0.5%.

*Table 3 – Project Integra recycling rates 2022/2023*

Authority	Authority Type	Recycling Rate
Eastleigh Borough Council	Collection	42.2%
Hart District Council	Collection	41.9%
Rushmoor Borough Council	Collection	41.7%
Winchester City Council	Collection	39.5%
Test Valley Borough Council	Collection	37.4%
Fareham Borough Council	Collection	35.8%
East Hampshire District Council	Collection	34.3%
New Forest District Council	Collection	34%
Havant Borough Council	Collection	29.9%
Basingstoke and Deane Borough Council	Collection	29.4%
Portsmouth City Council	Unitary	27.7%
Southampton City Council	Unitary	27.4%
Gosport Borough Council	Collection	27.3%

## MAIN ISSUES

### Legislation

15. The Department for Environment, Food & Rural Affairs (DEFRA) have introduced national legislation called Simpler Recycling to simplify the approach to recycling and ensure the same core set of materials can be collected across the country. The new legislation also requires that weekly food waste collections

are introduced by March 2026. The core set of materials includes paper, cardboard, steel tins, aluminium cans, aerosols, foil, glass bottles and jars, plastic bottles, pots, tubs, trays and cartons

16. In response to this legislation, HCC is working on changes to its Material Recovery Facility (MRF) infrastructure to enable plastic pots, tubs & trays and food & beverage cartons to be collected and sorted for recycling, which would further reduce the items in residents' waste bins by 8.4%.
17. As a member of Project Integra, the Hampshire waste partnership, HDC is working with other local authorities to prepare for these changes.
18. The Environment Act 2021, which received cross party support, sets out several legally binding performance targets that local authorities will be required to meet. These targets include a 65% recycling rate by 2035, and household waste arisings not exceeding 287KG per household per year, by 2042 as part of DEFRA's 25-Year Environment Plan.
19. The Environmental Improvement Plan 2023 introduced an interim target of 24% reduction in household waste arisings to support the Environment Act 2021. This will be measured as a reduction from the 2019 waste arisings level, which was revised to 574KG per household by DEFRA following consultation responses.

*Table 4 – HDC waste arisings target*

HDC 2018/2019 Actual	HDC 2022/2023	HDC 2028 Target (24% reduction from 574KG)
470.50KG	464.10KG	436.24KG (+27.86KG)

20. The Environment Act 2021 includes the requirement for an Extended Producer Responsibility (EPR) system for packaging waste. This requires manufacturers to pay a fee based on the packaging materials they produce or use on their products to offset the costs associated with collection, processing and disposal (Full Net Cost Recovery). The more difficult an item of packaging is to recycle, the more that manufacturer must pay via a modulated fees approach. The EPR scheme is already changing manufacturer behaviours, and we are seeing a shift change from plastic-based packaging to paper-based packing solutions. The EPR scheme will provide a payment to Local Authorities, but the value based on a cost per tonne basis, will be confirmed by DEFRA by 31 December 2024.
21. The Environment Act 2021 also includes the requirement for a national Deposit Return Scheme (DRS), which is currently planned for October 2027. Any single-use drinks container will include a deposit fee when the item is purchased. This deposit can then be claimed back if the item is returned to a supermarket. This initiative aims to reduce littering by encouraging residents to recycle their single-use drinks containers (bottles and cans). This is likely to reduce the volume of plastic bottles and aluminium cans recycled via the blue recycling bin.

### **Waste Collection Contract**

22. In 2018 the current waste collection contract was awarded to Serco for the collection of waste and recycling across both BDBC and Hart District Council (HDC). The current contract period ends 30 September 2026, and a decision on its future must be made by 31 March 2025.

23. The contract end date for the initial 8-year term falls during the period of introducing new waste & recycling legislation and changes to HCC's recycling infrastructure. HDC have been considering the implications of these changes including the cost, risk, resident impact, and the experience of other local authorities around the country that use different collection methods for their waste & recycling services.
24. Hart District Council currently has more than 42,000 households and the waste contract provides for scheduled collections of waste from over 3.5 million container collections each year, including waste, recycling, glass and garden waste. The new food waste service will add up to 2.2million more container collections.
25. The joint waste team, supported by external consultants, have shortlisted the available options, and an extension to the existing contract would reduce the impact on residents at a time of increased risk and uncertainty.

*Table 5 – HDC waste & recycling collection frequencies*

Collection Services	Current Service	From October 2025
Food		Weekly
Household Waste	Fortnightly	Fortnightly
Mixed Recycling	Fortnightly	Fortnightly
Glass*	Fortnightly	Fortnightly

\*HCC are considering the option to collect all recycling and glass within the same container as part of future recycling changes.

26. The proposed contract extension timetable is set out below:
  - 29 November 2024 – Agree Serco extension
  - 29 November 2024 – New waste/food waste vehicle procurement commences
  - January 2025 through June 2025 - New food waste container procurement
  - October 2025 – Contract extension commences
  - October 2025 - New weekly food waste collection service begins
  - October 2026 through September 2027 - Recycling vehicle procurement (HCC decision dependent)

### **Food waste**

27. Food waste collections will be a mandatory requirement for all councils in England from 31 March 2026. Each property will require one 23-litre food waste kerbside container, and one 5-litre kitchen container. This forms part of the Government's Simpler Recycling proposal under the Environment Act 2021, to allow for a simpler, consistent approach to recycling across England.
28. The program to map 375 bin stores servicing approximately 5,300 flats and apartments across the district is already underway. This represents an ongoing piece of work to design a collection model that is appropriate for flats and shared bin stores.
29. Liners aren't required to use the new food waste containers; therefore, DEFRA will not cover the costs via New Burdens Funding. However, if liners are used, they will be removed during the process at the food waste AD facility. To help with the take up of the new weekly food waste service, HDC will consider providing a 1-year supply of food waste liners to residents.

- 30. As of January 2024, 132 of the 317 local authorities in England had already implemented a food waste service on a non-statutory basis. HDC are one of 185 local authorities that will need to implement a new food waste collection service by 31 March 2026. This requirement will put a considerable demand on supply chains for vehicles and food waste containers.
- 31. Food waste is currently incinerated with residual waste. However, in future food waste collected separately and sent to an Anaerobic Digestion (AD) facility is considered recycling.
- 32. Food waste processed at an AD facility produces a nutrient-rich, liquid fertiliser known as Digestate, and greener energy in the form of a Biogas (a natural alternative to fossil fuels) or electricity, depending on the type of facility that processes the food waste.
- 33. Around 9,210 tonnes of food waste is discarded in household waste bins across Hart every year. Removing food waste from the household waste bins will increase the districts recycling rate, and the more food waste we remove for recycling, the higher the recycling rate will be.

*Table 6 – Estimated recycling rate increases with food waste collections*

Amount of food waste removed from household waste bins	Estimated recycling rate
25% (2,405 tonnes)	49%
50% (4,810 tonnes)	56%
75% (7,215 tonnes)	63%
100% (9,210 tonnes)	69%

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 34. All alternative options considered are included in an Outline Business Case prepared by the joint client team. A summary of the findings and conclusions are included in this report to support the Cabinet recommendations.

**CORPORATE GOVERNANCE CONSIDERATIONS**

**Relevance to the Corporate Plan**

- 35. The recommendations support the Corporate Plan priorities as set out in paragraph 6.

**Service Plan**

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? No
- Have staffing resources already been identified and set aside for this proposal? Yes

**Legal and Constitutional Issues**

- 36. All waste collection authorities must comply with the new requirements in the Environmental Protection Act 1990 as amended by the Environment Act 2021.

This includes new requirements for collections of dry recyclable materials, plastic film, food waste, garden waste and minimum collections frequencies for household waste, all to take effect over the next few years with implementation dates ranging from 31 March 2025 to October 2027.

37. The service agreement with Serco ('the Contract') has an Initial Term of 8 years expiring on 30 September 2026. Under clause 3.2 the Administering Authority has the option to extend the Initial Term for an additional 8 years by giving notice no later than 18 months prior to the end of the Initial Term, being 30 March 2025. The terms of such extension to be agreed not later than 6 months prior to the expiry of the initial term, being 30 March 2026.
38. The Inter Authority Agreement with BDBC ends upon termination of the contract.
39. There is a lease of Springwell Lane depot between HDC and Serco, which terminates on 30 September 2034 and then a subsequent underlease from Serco to BDBC for the purposes of a street care operations depot, which terminates on 29 September 2026.
40. There is a Vehicle Loan Agreement between HDC and Serco, which has a term expiring on 30 September 2026. This will need to be reviewed in conjunction with the recycling configuration options.
41. Procurement exercises will be undertaken in line with relevant legislation; currently the Public Contracts Regulations 2015 to be replaced by the Procurement Act 2023 which is now expected to come into force on 24 February 2025. Any extension must be conducted in line with the original procurement and as per Regulation 72 PCR any modification to the current contract must not fundamentally alter 'the overall nature of the contract'.
42. The current contract places procurement responsibility for vehicles, fuel (diesel) and bins on the operator (Serco). It is expected that this position remains the same during the extension (if agreed to proceed); if not, procurement implications will apply and additional timescales to procure these goods will be required.

## Financial and Resource Implications

### Capital

43. The council will need to have a Capital budget approved for the reprovision of the waste and recycling vehicle fleet, including new food waste vehicles.

*Table 7 – Estimated vehicle capital costs*

Recommended Collection Option	HDC Capital Cost £M
HCC delivers twin-stream	3.82
HCC delivers comingled	3.79

44. Vehicle requirements will vary according to the future HCC infrastructure decision. Further detail on the fleet requirement is provided in the table below. Vehicle Capital requirements would be split £1.59M for the start of the contract extension with a further Capital requirement of £2.23M (Comingled collections) or £2.20M (Twin stream collections). The initial requirement is included in the



recommendations, the further requirement will be addressed in the wider budget consideration early in 2025.

Table 8 – Vehicle requirements table

Service Model	26-Tonne Waste Vehicles	26-Tonne Recycling Vehicles	12-Tonne Food Waste Vehicle	Total
Current contract (Baseline)	5 (4+1 spare)	5 (4+1 spare)	0	10
HCC continues twin stream collections	5 (4+1 spare)	5 (4+1 spare)	6 (5+1 spare)	16
HCC implements comingled collections	6 (5+1 spare)*	6 (5+1 spare)*	1	13**

\*These vehicles would include a separate food waste pod

\*\* Assumes use of lease vehicles or subsequent disposal of residual vehicles if purchased.

45. If HCC implement a new comingled MRF, then HDC could consider leasing five 12-tonne food waste vehicles in the region of £150-200k instead of capital costs in the region of £550-£600k. This may allow for new food waste requirements to be funded by New Burdens Funding if it is sufficient, which is not ring-fenced.
46. The council will consider the most cost-effective option for the procurement and financing of the waste collection vehicles based on a balance between best value and risk at the time the vehicles are to be purchased.

## Revenue

47. The council currently has a gross revenue expenditure budget of £2.37M for delivery of the waste service.
48. The indicative increase in the budget allocation in the current medium-term financial strategy 2025/26 to 2028/29 to reflect the additional costs of the new extended contract, including annual cost of food waste collection, are set out below. This assumes that HCC will have moved to a co-mingled disposal infrastructure from October 2027 based on an assessment of the likely future arrangements at this point in time.

Table 9 – Estimated contract cost of extended contract, including food waste collections.

Financial Year	Existing budget (£M)	Budget Requirement (£M)*	Budget Increase/ Decrease compared to current year (£M)**
2025/26	2.30	3.07	0.77
2026/27	2.30	4.22	1.92
2027/28	2.30	3.85	1.55
2028/29	2.30	3.48	1.18

\*before annual inflationary and house growth increases which are budgeted for separately

\*\*before new burdens funding and any revenue financing vehicle costs

- 49. The annual service contract schedule runs from October to the end of September therefore:
  - 2025/26 is 6 months of current contract and 6 months of new weekly food waste collections operating on a twin-stream recycling collection from October 2025;
  - 2026/27 is a full year of twin-stream recycling and weekly food waste collections.
  - 2027/28 is 6 months of twin-stream recycling collections and 6 months of comingled recycling collections, assuming the HCC MRF infrastructure has been revised from this point.
  - Each year thereafter is a full year of the comingled recycling collections with weekly food waste collections.
- 50. The introduction of weekly food waste collections is a statutory requirement and in January 2024, the Government wrote to councils confirming that they would receive new burdens funding to compensate for the capital cost, transition costs and ongoing costs of this new service. Ongoing funding will be based on a government formular, not reimbursing actual costs incurred.
- 51. There is uncertainty regarding ongoing revenue funding from DEFRA for weekly food waste collections because this is yet to be approved by the Treasury. DEFRA have confirmed that they will provide confirmation of the ongoing revenue allocation for weekly food waste collections by 31 December 2024.
- 52. New burdens capital funding is intended for the purchase of food waste bins (this includes internal kitchen containers, external kerbside containers and communal bins) and food waste collection vehicles. Funding for the transitional capital costs of a weekly food waste collection service has been awarded to all Waste Collection Authorities that don't currently operate this service. The council has received £810,579 in capital funding.

*Table 10 – New Burdens Funding summary*

Local Authority	Kitchen container	Kerbside container	Communal wheeled bins	Vehicles	Total Funding
HDC	£89,011	£179,420	£30,648	£511,500	£810,579

- 53. The majority of the additional cost shown in table 9 relates to the cost of implementing the new food waste service, the balance is a price correction due to actual cost increases being higher than the annual inflationary uplift applied as per the contract, which other providers in the market would also have experienced. In terms of net budget impact, it is reasonable to assume that the government will honour its commitment and provide new burdens funding. In the absence of clarity about the amount, it is assumed that this will amount to 2/3 of the actual food waste cost from 2026/27 with some transitional funding in 2025/26. The budget and MTFS will be refined when we have actual amounts.
- 54. The net budget impact is estimated to be £0.5m in 2025/26 and a further £0.4m in 2026/27. From 2027/28 the cost should decrease if the current assessment of the likely future HCC disposal arrangements is correct.
- 55. Whilst some impact was anticipated in the current MTFS, these latest estimates exceed that forecast so full council approval is needed to approve the financial consequence of the decision to extend the contract and introduce food waste.

The MTFs will be updated and reported to O&S and Cabinet in November, then revised again alongside the budget setting in January/February 2025.

56. If the implementation of new HCC disposal infrastructure were to be delayed beyond October 2027 or if we could not collect all recycling in one bin (comingled recycling), then the cost would not reduce as forecast above. Collecting all recycling, including glass bottles and jars in one bin, is cheaper than separately collecting glass as we do currently. Therefore, collecting all recycling in one bin (Comingled recycling) provides the best value for money for residents.

## **Risk Management**

57. A Risk Register has been established as part of project management controls for the proposed service changes. The existing services Risk Register will be reviewed and amended once the operational model for the statutory service functions have been confirmed.
58. Extending the contract with the current contractor has significantly less operational risk than the other options of retendering or setting up a Direct Service Order (DSO). The existing contractor are well established in the district and have a good relationship with the joint client team, they are performing well and they are familiar with the rounds.
59. There is financial risk as the Serco extension figures need to be finalised and there continues to be uncertainty about HCC's operating model in future years. There is also uncertainty about the amount of new burdens funding that the Council will receive for transitional and ongoing cost of introducing food waste. Officers have asked the Government department for clarity but not heard back. Therefore, the financial analysis comprises estimates based on best information available. This risk must be balanced against the need to give notice to the contractor and place orders for vehicles and containers so they can mobilise the food waste service within the required timescale. The contract extension option will allow for a smoother transition into the new government legislation and HCC requirements as the incumbent contractor is very familiar with the area and rounds. Extension also eliminates the risks associated with any transition period to a new provider which would involve recruitment, training and familiarisation, at a time when a new collection is being implemented.

## **Consultation and communication**

60. Introducing the new weekly food waste service responds to something that residents and local groups have requested. To ensure that the benefits of the food waste collections are maximised, a communications programme will be planned and delivered with the aim of getting all possible food waste items out of household waste bins and into the weekly food waste collections. The communications and waste teams will work together on a communications, education and behaviour change programme based on national good practice and lessons learned from the introduction of food waste collections in other areas:
- This will include clear and simple information to ensure residents understand what can go into their kitchen caddies to be transferred into their weekly kerbside food waste collection service.

- It will start with communications around the decision to introduce the new weekly food waste service and intensify towards the launch with multiple reminders of starter dates and increasing levels of information.
- The delivery of the caddies will be a key stage in the direct communications programme allowing clear and simple reference guides to go to every household.
- The programme will include direct to resident communications. 'Put on the fridge' communications will be delivered to every door - backed by media, social media and specific e-newsletters.
- There will be a need for specific targeted communications in areas identified as likely to have low take up, for example on rounds where there are already low levels of recycling.
- The support of key advocate groups to encourage food waste recycling in local communities will be encouraged.
- A vital part of the programme will be keeping Councillors up to date as they have a key role in supporting communities through the change. This will include regular briefing information and answers to the questions that residents might raise with them.
- One focus of the communications programme will be to extend into encouraging people to consider wasting less food in the first place along the lines of the Love Food Hate Waste campaign.
- Follow-up programmes of communications will aim to increase use of the food waste collections in low uptake areas or communities.
- The food waste introduction will be part of a longer communications and education programme to cover all the changes to recycling and waste collections outlined in this report. This full and detailed multi-channel programme will support the reduction of waste in household waste bins and maximise recycling, especially as more items will be able to be recycled by Hampshire County Council and therefore collected at the kerbside.
- Engagement with residents using communal bins has been improved by clearly labelling recycling bins and providing information. This will continue, facilitated by the improved working practices of collection staff

## **EQUALITIES**

61. An Equality, Diversity, Cohesion and Integration Impact Assessment will be completed once the operational model for the statutory service functions have been confirmed.
62. HDC provides an assisted waste and recycling collection service to support those residents with a physical or mental impairment who may struggle to present waste and recycling containers on the highway for collection.

## **CLIMATE CHANGE IMPLICATIONS**

63. A Carbon Impact Assessment has been completed as part of the outline business case. Further assessments will be completed once the operational model for the statutory service functions have been confirmed.

## **SUMMARY AND REASON FOR THE RECOMENDATIONS**

64. A contract extension increases service stability during a time of major service change for residents. An extension eliminates the risk of service performance reducing as the contract approaches its end date. The external consultants have identified significant additional costs and the risks of setting up a direct service organisation and the risks of going to open market tender.

## **ACTION**

65. To continue to refine the Serco figures and to pursue the Government for assurance about level of new burdens funding

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## **Background Papers:**

There are no background papers