

# Bristol City Council

## **PUBLIC** Minutes of the Extraordinary Overview and Scrutiny Management Board



**18<sup>th</sup> December 2017 at 5pm**

### DISCLAIMER

The attached Minutes are **DRAFT**. Whilst every effort has been made to ensure the accuracy of the information and statements and decisions recorded in them, their status will remain that of a draft until such time as they are confirmed as a correct record at the subsequent meeting

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### **Members Present;**

Geoffrey Gollop (Chair), Don Alexander (acting Vice-chair), Brenda Massey, Jo Sergeant (subbing for Cllr Brooke), Margaret Hickman (subbing for Cllr Kirk), Steve Pearce (subbing for Cllr Tincknell), Anthony Negus (left at 19:50), Charlie Bolton (left at 19:35), Jerome Thomas (subbing for Cllr English) and Graham Morris (left at 19:01).

All Party Group Leaders were invited to attend and Cllr Mark Weston attended in this capacity.

Cllr Mhairi Threlfall and Deputy Mayor Craig Cheney attended as Cabinet Members on the Shareholder Group and as the Shareholder representative.

### **Officers in Attendance;**

Facilitating the meeting – Andrea Dell (Scrutiny) and Nancy Rollason (Deputy Monitoring Officer)

Shareholder Client Side - Shahzia Daya, Denise Murray, Helen Wheeler

Company presentations – Bill Edrich (Bristol Holding Ltd.), Tracey Morgan and David Foster (Bristol Waste Company Ltd.)

Independent Shareholder Advisors – Elaine Holt and Fiona Ross

## **1. Welcome, Introductions and Safety Information**

The Chair welcomed all Members to the meeting and explained the evacuation procedure in the event of an emergency.



## 2. Apologies for Absence;

Apologies for absence were noted from Cllr Gill Kirk, Cllr Jude English, Cllr Tom Brook and Cllr Estella Tincknell. Substitutions listed above.

## 3. Declarations of Interest;

There were no declarations of interest however the Chair of OSMB highlighted that in his role as Chair of OSMB he also performs the function of observer to the Shareholder.

## 4. Chair's Business

- The Chair highlighted that following the publication of the Safer Bristol report into the Ebrahimi case that Scrutiny should have a role in scrutinising the implementation and progress against the actions agreed by the council. OSMB members were in agreement.
- It was noted that OSMB had received a response from the Deputy Mayor regarding libraries task and finish and the funding for mutualisation.
- The process for budget scrutiny was highlighted with the dates of 18<sup>th</sup> and 22<sup>nd</sup> being critical meetings and that the cabinet papers will be dispatched on the 15<sup>th</sup> January for cabinet and this will be less than the standard 5 clear working days.
- The Energy Company Business Plan is scheduled for Scrutiny on the 11<sup>th</sup> January.

**ACTION - Scrutiny team to incorporate review of Ebrahimi into the OSMB work programme**

## 5. Public Forum

There was no public forum received.

## 6. Exclusion of Press and Public

The Chair reminded all members and officers that they have signed confidentiality agreements and should be aware of the implications of these.

## 7. Bristol Holding Ltd

The Deputy Mayor set out a brief context for the holding company including details of how the company has been 'slimmed' down to reflect current business need. The holding company's operation and governance is such that it can expand and contract to reflect business need.

The following points were raised and discussed by the members present:

- The Executive confirmed there has been no decision on the proposed housing company at this time in the context of the size of the holding company
- Offices clarified that the holding company has a role in ensuring that the council is not disadvantaged from a tax perspective when its purpose was questioned.



- Members questioned the transparency of having a holding company and officers confirmed that each company has an individual set of accounts and individual business plans in order to ensure transparency.
- Confirmation was requested on the roles and responsibilities of the shareholder and the Executive and specifically whether the chair of OSMB in their role as observer was observing the advice given directly to the Mayor, as the shareholder. It was confirmed that the Mayor is the shareholder but that the Deputy Mayor is the Shareholder's representative at the Shareholder Group and that the Mayor received all the recommendations from the Shareholder Group.

## **8. Bristol Waste Ltd**

At the outset the Chair confirmed that officers were to be invited back to a future OSMB meeting to discuss waste and recycling service issues enabling the discussion at today's meeting to be focused upon the business plan for the company.

### **ACTION - Waste Company officers to be invited to attend an OSMB as soon as is possible**

The following points were raised and discussed by the members present:

- Questions were raised about the future plans for the Days Road site. Officers confirmed that there is a 99 year lease on the majority of the site but part of the site (where the bays currently are) has a lease due to expire in 2019. The company is waiting to hear back from Network Rail on their future plans however it was confirmed that most of the site will remain with BCC for the foreseeable future.
- The business plan references the Waste Company's contribution to Bristol being a better connected city. Officers confirmed that this relates to ongoing work with IBM on using mobile applications for bag tracking and other initiatives, all of which are currently in proof of concept stage. It was agreement that an update will be provided for scrutiny on this at an appropriate stage.

### **ACTION - An update on the Waste Company's contribution to Bristol as connected city to be scheduled at an appropriate point.**

One member of OSMB raised the following concerns:

- The need for all of the report to be exempt
- Reporting back on the achievements of the company over the last year
- Officers from the company confirmed that an annual review has been written and circulated to members but that this and last year's business plan will be recirculated.
- Officers from the council advised that scrutiny had been given the full paper prior to the cabinet decision and in those circumstances it is required to be exempt. A public version of the business plans would be published for cabinet with minimal amount of exempt information. The Chair of OSMB advised that there was the option to wait and scrutinise what was in the public domain or



have the opportunity to scrutinise in exempt session the full set of reports. It was highlighted that reviewing the procedure for exempt information would be useful.

- Council officers advised that it is not the intention to remove the reserve or change the ethos of reinvestment back into other activities but there is a need for the council to have clarity on the investment plan.

#### **ACTION – Waste Company officers to recirculate the annual review and the 2017-18 business plan**

- Members questioned Bristol’s ambition at having a 47% recycling target (28% for flats) when 50% is the national average and there was a perception that Bristol is lagging behind European counterparts. It was suggested that the company should do more to focus upon tackling waste and recycling in flats in order to make a step change. Officers from the company advised that there is a pilot in Hartcliffe on food waste and early results indicate it is having a positive impact but that they acknowledge that flats are a significant issue and are an area to target. Members highlighted that whilst targeting students is important they do change every year and so this won’t achieve the necessary improvement long term.
- Members questioned if more could be done in regards planning requirements (e.g. include in the Local Plan and be able to challenge applications on that basis) and also if business rates reductions could be used as an incentive to landlords and owners. Council officers advised that waste and recycling are already components of the council’s planning process. Business rates however would need to be explored to ensure it would add up financially.
- It was noted that the focus on reuse was positive but that also there should be a holistic approach to all aspects e.g. examining impact of waste vehicles on Bristol’s roads. A member questioned the future market for the sale of recycled products. Officers confirmed that changes to the Chinese market have meant they have looked for other markets and are confident that they can maintain the level of income from sales in line with the business plan. They advised that Bristol has a strong product due to the minimal amount of contamination.
- Members questioned the future of the West of England NDT Plant contracts
- Members questioned what commercial offer was being made to businesses to encourage take-up of Bristol Waste Services. Officers from the company confirmed feedback has been positive but that there has to be a competitive offer. The level of service offered by Bristol Waste was viewed as a strength in this market.
- The issue of safety was raised. Company officers asserted this was their highest priority in terms of employees and customers and the company undergoes regular audits by the council and it is regular item for the board meetings and shareholder group. The Independent Shareholder Advisors (ISAs) interjected and advised that members should be reassured about the company’s focus on this area..



- The lack of risk assessment in the business plan was questioned. Company officers acknowledged this and highlighted that a risk register was standing agenda item for the Waste Company Board and also the Shareholder group and that a risk and audit sub-committee (of the Board) was being established.
- Altering the charging rate for garden waste by season was put forward by members. Company officers advised that there was an increase in customers due to changing the service in the summer but that this was resource intensive and so at this time there is no set way forward on this.
- Members questioned if and when the waste company waste collection and recycling methodology would be available for scrutiny given the importance of this to all Bristol residents. It was noted that a decision regarding the purchase of new equipment would be required in 2018. The Deputy Mayor advised that the executive wants scrutiny involvement early in this process and that there would need to be public consultation depending on what decision might be made. Members questioned if there is sufficient time for this consultation to take place particularly if there is to be a significant change e.g. moving to a single bin solution.. Council officers agreed to come back to the next meeting (11<sup>th</sup> January) with an indicative timetable.

**ACTION - Council officers to produce an indicative timetable for 11<sup>th</sup> January meeting on the waste company methodology consultation and engagement and Scrutiny Officers to programme in scrutiny activity as appropriate.**

- Clarification was sought on the nature of Teckal companies and the percentage of turnover obtained from different sources. Officers from the council and company confirmed that the Waste Company can only trade 20% of its turnover with commercial customers (e.g. not from providing services to Bristol City Council which form the other 80%). The Deputy Mayor also confirmed that regarding the methodology of the kerbside waste collection the council, as the commissioner of Bristol Waste, would be responsible for making this decision making due to the impact upon citizens of Bristol.
- It was noted that the council is likely to fund the purchase of the equipment (dictated by the collection methodology). The waste treatment and disposal contract with New Earth Solutions was raised. Officers from the company confirmed that this is continuing currently.
- The Deputy Mayor concluded from the client side that the Executive is pleased with the performance of Bristol Waste Ltd. It is the view that the service has improved and that costs have reduced also.
- The Chair drew the item to a close stating that the view from OSMB is that this is a robust business plan and it has been a positive trajectory over the last twelve months. Thanks were given to the company officers and from the client side specifically to Helen Wheeler for ongoing hard work.

**9. Summary of the Draft 2017 Governance review report undertaken by the Council's Independent Shareholder Advisors**



The summary was introduced by the Independent Shareholder Advisors (ISAs).

The following points were raised and discussed by the members present:

- The Chair highlighted that the report has gone to the Shareholder and that a response is in the process of being drafted and that this will take some time therefore it was important that this be discussed in exempt session.
- OSMB thanked the ISAs for their constructive feedback and recommendations.
- Members asked for further detail on who was involved in the review and also what national best practice existed. The ISAs advised that it was a range of council officers, councillors, company NEDs and executives to gain a broad range of opinions. Norfolk and Cornwall were cited as best practice (noted that one of the ISAs sits on the holding company for Cornwall)
- Council officers advised that the full report is being finalised and should be going to the Shareholder group in early January following presentation to SLT. It is anticipated that it will be available for OSMB in February.
- Members highlighted that the Centre for Public Scrutiny (CfPS) conference and the Parliamentary Select Committee on scrutiny have highlighted that councils are being over-zealous with exempt reports specifically on items viewed to be commercially sensitive and the need for exemption of the meeting's reports was questioned. The ISAs advised that a lot of progress has been made in order to be able to bring this level of information to OSMB but that they would come back with a more considered opinion on this specific issue. They did however note that there is a large difference in the commercial nature between Waste and Energy and that Energy is operating in a very competitive market. The Chair highlighted that the council needs to find a mechanism for members to access appropriate information and also for as much information as possible to be made public. The Chair highlighted that Waste unlike Energy is a statutory function of the council and thus there is a very different trading position.
- It was highlighted that Bristol Energy is scheduled to come to OSMB on the 11<sup>th</sup> January.
- A member of OSMB questioned if the original ethos for the companies still stood which was in their view to ensure that a profit was made and that this was reinvested back into positive outcomes for citizens. It was felt by OSMB that this should be outlined in the cabinet report to demonstrate the commitment to this. The Deputy Mayor asserted that assessing social value is a high priority. The need for the correct skills and experience from the client side was discussed in the context of the council's new structure and the need for dedicated resources at a senior level. Officers advised that a new Shareholder Liaison Director was due to be starting in December within the council.
- Members highlighted that if a housing company were to be established this would be in a very competitive market and the correct resources will be needed to establish this and the holding company should be considered in this context. The Deputy Mayor reiterated that no decision has been made regarding a Housing company but that the Holding company would need to be reviewed in that context.
- Members questioned the relationship between Scrutiny and the Shareholder and the companies and how to best to manage this in the context of waste being felt to be able to be more open and the Energy Company being much more commercially sensitive. It was suggested a six monthly update session could be useful and this should be incorporated into the Shareholder's Forward



Plan. The Chair of OSMB was in agreement with this and also suggested that need for an additional member of OSMB to sit as an observer on the Shareholder group and this potentially to be the vice-chair. Reassurance that all cabinet members are briefed on the council companies was also sought. The Deputy Mayor advised that these issues will be addressed in the council's response to the ISA's report.

- Members also highlighted other commercial ventures in which Bristol City council has an interest and the need to ensure that these are integrated with the overarching commercialisation strategy and subject to scrutiny. It was noted that some of these would have been set up under the previous administration and therefore may have a different emphasis that what is the priority now. A brief discussion was had about the future direction of the council overall and the range of views that exist in terms of mutualisation and commercialisation and that this needs to be considered carefully as part of the discussion about the future direction of the council.
- The chair drew the meeting to a close thanking all officers and members presents and specifically the ISAs. The chair reminded all members presents of the obligations regarding confidentiality.

**ACTION– ISAs to report back views on the level of exemption within reports on the council's companies**

**ACTION – Points raised on scrutiny's relationship to the shareholder to be incorporated into the response to the ISA's report.**

### **13. Date of next meeting.**

Next meeting is Thursday 11<sup>th</sup> January at 6pm, City Hall.

The Meeting concluded at 20:07.

**CHAIR** \_\_\_\_\_

