

10 Draft Cabinet report - Proposals for future waste collection, street cleansing and winter maintenance service

The Commission received a presentation from Alison Comley – Strategic Director Neighbourhoods and Gillian Douglas – Interim Service Director Clean and Green, relating to the report.

Key points highlighted:

- a. The report would be considered by Cabinet on the 11th August when a decision would be made on whether the Council should award the integrated waste services contract to Bristol Waste Company
- b. The presentation covered the following issues:
 - the background to the setting up of a wholly owned 'Teckal' Company, Bristol Waste
 - the scope of the service in respect of statutory responsibilities regarding Waste Collection, Disposal and Litter
 - the targets in the new waste and resources strategy
 - the outcome of the market review of the current service including evaluation of the service cost in relation to market estimates
 - feedback from the Independent Review on the Integrated Waste Service as proposed by Bristol Waste Company, including the financial and other benefits of the proposal

11 Draft Cabinet report - Adoption of Bristol Waste Company Business Plan

The Commission received a presentation from Tracey Morgan – Managing Director, Bristol Waste and Steve Ostler – Finance Director Bristol Waste

Key points highlighted:

- a. The Mayor in Cabinet on the 11th August would be making a decision as Shareholder, advised by the Shareholder Group on the adoption of the Bristol Waste Company Business Plan.
- b. The decision would be dependent on the award of the contract.
- c. The presentation covered the following issues:
 - The current range of operational activities included in the Waste Services
 - Key achievements to date and the Vision for the future service founded on the principal of waste as a shared responsibility
 - the key aspects of the business plan and what the offer would be going forward, including the timelines, desired outcomes
 - the financial plan, key assumptions and dependencies

Following the presentations the Commission agreed the following resolution in respect of the Exclusion of Press and Public:

“That under s.100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the discussion on the above items of business on the grounds that they involve

the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of schedule 12A of the Act.”

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Main points raised/noted in discussion on both draft reports included:

Financial Issues

- The recycling and commercial income would be used to offset the cost of the core service to the council. The Commission sought clarifications on the impact to the Council of not achieving income targets.
- If the Waste Company did not achieve the income targets this would not fall as a cost to the Council, similarly if there was a greater surplus that would be a 'shareholder' surplus. It was also noted that the commercial income projections were not near the 20% limit.
- In addition should income targets not be met the fact that the company was cash positive provides financial resilience. The Company would also look at business efficiencies or changing the way it did things without affecting the service to the public.
- Whilst it was noted that the Company would need equipment for the commercial waste business a lot of that equipment would be very similar to what is used on the domestic contract and would not require a large investment.
- It was confirmed that there was resilience in the budget/financial assumptions and the baseline but that the figures also challenged the company to do things differently and there were areas where the company was confident it would out-perform targets. An inflation assumption had been built into the figures and the two main cost areas were labour and the disposal contract, which would have to be negotiated.
- It was prudent to have some surplus to allow for fluctuations in revenue streams and to provide financial resilience.
- The first year of trading had generated a surplus and this would now help deliver the change programme necessary to develop the company, including investments in HWRC's and the commercial waste service. It would also allow investment in systems and people. This would be a continued conversation with the Shareholder.
- The recycling targets were reasonable and greater recycling income would mean lower residual waste and disposal costs.
- Need to engage with people – first role is to be part of the community. There is genuinely more recycling available.
- It would be important to make recycling easier for people but this would need to be balanced against costs. Engaging people/communities would be key to this.

Relationships: Customer, Provider and Council

- The Commission emphasised that the relationship between Consumer, Council, and Provider would be key.
- The Company confirmed that transparent dealings with the Council, and effective communication were essential, as would be sharing performance information/intelligence,

including how the Company responded to complaints. The Company would continue to be accessible to councillors.

- It was clarified that the Council's clean and green team would be part of the neighbourhood management team and would be in an ideal position to share intelligence with Bristol Waste.
- The council would set the waste strategy and the Company would deliver against that. At the same time the Company would be able to offer its' expertise and views on council proposals going forward and input to future policy developments.
- The Company re-iterated that it was a 'customer service' business focussed on the residents and communities of Bristol.
- The Company was committed to supporting changes in behaviour and had recently run a successful pilot scheme with students to increase re-cycling rates.
- The Company would also be looking to work more closely with Neighbourhood Partnerships to help communities

Governance Issues

- The Commission raised the issue of governance and accountability in relation to the Companies structure and Shareholder relationship. It was noted that the administration would be carrying out a review of membership on different bodies and this could also include the membership of the Shareholder Group/Company Boards. As Shareholder the Council determines the Board members and Directors.
- The Commission also supported as much information as possible on the Company being in the public domain to increase accountability and provide real scrutiny and challenge in relation to performance.
- The Company confirmed that they would welcome a continued positive relationship with scrutiny around a common agenda and would continue to provide performance information to the Commission and the Shareholder
- It was noted that the current Business Plan was based on the council's waste strategy and the market but in 2017 there would be a major piece of work on what the Council wants to do on modelling recycling e.g. how often collect residual bins, recycling collection and that there would not be one approach over the next 10 years. Any changes to policy would be subject to the Council's own decision making/scrutiny processes and a change in methodology would be a 'key decision'

Company Policies

- It was noted that the Company is not required to have the same HR policies as the Council but the Company is committed to fair treatment of the workforce and are reviewing some of its terms and conditions.
- The Company also confirmed that it was paying above the Living Wage
- The Company would also work with the Council to get people into jobs where there were shortages and there was a commitment to a localised work force

- BWC would look at the need to have more staff at certain times of the year e.g. students moving in and out

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Other Options Considered

- It was noted that the draft Cabinet report contained information on other options considered and that the main alternative to offering BWC a 10 year contract would be to procure the services through an external contract. This was carefully considered, including a review of the feedback from waste consultants (IESE) examining details of the current cost and specified BWC contract. The current market cost, procurement costs and other views expressed by IESE on the integrated waste service led the Council to consider that external procurement was not affordable.
- In addition further consideration was given to an alternative length of the contract – i.e. was 10 years an appropriate term for the contract. Waste industry best practice showed that in order to invest in new fleet to deliver future ambitions, the term of 8-10 years would be required.
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- It was noted that the *Adoption of Bristol Waste Company Business Plan* paper does not put forward any specific Business Plan alternatives

Following discussions and clarifications the Commission

Resolved:

To support the recommendation to award Bristol Waste Company the Integrated Waste Service immediately from August 2016 to 31 July 2026 on the basis set out in this report. (Voting 1 against Cllr Anthony Negus) and that a referral from the Commission to that effect be made to Cabinet including a summary of the key points raised by the Commission.

Councillor Negus reserved the right to submit a minority report to Cabinet setting out his views. In particular the Chair raised concerns about:

- the consolidated overall effect of a number of risks
- the environmental sustainability of the business case as a whole
- the risk of not achieving a number of key targets in particular in relation to recycling
- the reference to ‘business efficiencies’ and how these would work to reduce costs and ensure services could be maintained
- the lack of information about other potential options to the teckal company approach or options around letting part of the contract
- the timescale for awarding the contract and why this could not be deferred for 6 – 9 months to then review the Waste Company performance against targets/current assumptions and also given that the commercial contract would not commence until April 2017