

Bristol City Council

Minutes of the Overview and Scrutiny Management Board



3 March 2023 at 2.00 pm

Members present:

CLlr Tony Dyer (Chair), CLlr Mark Bradshaw (Vice-Chair), CLlr Tim Kent, CLlr Brenda Massey, CLlr David Wilcox, CLlr Martin Fodor (substituting for CLlr Barry Parsons), CLlr Richard Eddy (substituting for CLlr Geoff Gollop), CLlr Jonathan Hucker (substituting for CLlr Graham Morris)

Officers:

Stephen Peacock, Chief Executive
Pete Anderson, Director: Property, Assets and Infrastructure
Nancy Rollason, Head of Legal Service
Chris Smith, Bristol Holding Ltd Group Finance Director
Sophie Bland, Project Officer: Commercialisation and Shareholder Liaison
Lucy Fleming, Head of Democratic Engagement

Bristol Waste representatives:

Elaine Holt, Chair, Board of Directors, Bristol Waste
Chris Holme, Finance Director, Bristol Waste

1 Welcome, Introductions and Safety Information

The Chair welcomed attendees to the meeting and drew attention to the emergency evacuation procedure.

2 Apologies for absence.

It was noted that apologies had been received from Cllrs Geoff Gollop, Graham Morris, Barry Parsons and Steve Pearce.



3 Declarations of Interest

None.

4 Minutes of the previous meeting.

It was noted that as the previous meeting had taken place on 14 February, the minutes would be considered for approval as a correct record at the next OSMB meeting.

5 Chair's Business

The Chair commented that the purpose of this meeting was to scrutinise the Bristol Waste Business Plan. It had, however, been brought to his attention that there were reports regarding allegations of fraud and other inappropriate activity relating to Bristol Waste's operations. He had been informed by the Chief Executive that some of these allegations were still being investigated and some had been passed to the police and were now the subject of an investigation which was being supported by both the Council and Bristol Waste. Until the investigation was completed, it would be inappropriate for OSMB members to discuss the matter further, but it was his expectation that OSMB members would be kept informed of the situation given the importance of Bristol Waste's operations to the organisation and to residents.

The Chief Executive added that Bristol Waste would provide a comprehensive assurance statement to the Audit Committee in July; OSMB members would be welcome to either include this item within their work programme or attend the July Audit Committee meeting. He also advised that, in previous years, Bristol Holding Limited had provided assurance, on behalf of all the Council owned companies, through an annual review of the (Bristol Holding) audit & risk committee; the annual review report considered at the Bristol City Council Audit Committee in July 2022 had contained reference to the alleged fraud that was subject to the ongoing investigation.

6 Public Forum

Questions

It was noted that 6 questions had been submitted by Cllr Gollop in relation to agenda item 7 - Company Business Plans - Bristol Waste.

The questions and replies are set out below, together with the details of supplementary questions asked by Cllr Eddy on Cllr Gollop's behalf, and the replies given at the meeting:

Questions from Cllr Gollop:



Preamble: I received notification on Friday 10 February from Companies House that the interim Managing Director ceased to be a director of Bristol Waste on 12 January 2023. Given that this departure was in the middle of the business planning process for 23/24 my questions are as follows:

Q1. What date were OSMB members notified of the delay in receiving the Bristol Waste Business plan?

Written response:

The Chair of OSMB and Democratic Services were notified of the expected delay on 26 January, when it was agreed the item would be rescheduled and OSMB members notified.

Q2. Why were we not advised at the time of the departure of the interim Managing Director?

Written response:

OSMB members would not usually be notified at the time of a change in Board membership; however, the Chair of OSMB was advised on 12 January at the joint quarterly briefing with the Chair of Audit. The matter was also reported to the Shareholder group (which the Chair of OSMB attends as observer) on the 16 January.

Supplementary question from Cllr Eddy:

Why was an exempt briefing for key relevant members not arranged about the Managing Director change?

Response from Chair, Board of Directors, Bristol Waste:

The Shareholder was briefed; this was an internal Bristol Waste matter. In these circumstances, OSMB has not usually been briefed; correct governance procedure was followed to brief the Council via the Shareholder route.

Q3. What management arrangements are now in place?

Written response:

The current management arrangements are an Interim MD (an Independent NED has stepped into the role whilst a permanent MD is recruited), and 5 other directors.

Supplementary question from Cllr Eddy:

What is the expected timetable for the permanent appointment of a MD?

Response from Chair, Board of Directors, Bristol Waste:

Recruitment was started in mid-December; the process will be followed through and it is anticipated that an MD will be in place in the summer. Until then, one of the Non- Executive Directors, with extensive waste and facilities management experience, has stepped into the MD role.

Q4. Will the Business Plan be available for scrutiny and for Cabinet approval in line with the revised timetable?



Written response:

The Cabinet approval date remains 7 March. The OSMB date for review has been moved to 3 March to ensure that the public and members have the full amount of time to review the papers.

Q5. Am I right in understanding that Bristol Waste has had three Managing Directors since it was incorporated?

Written response:

There have been four, including the current post-holder.

Supplementary question from Cllr Eddy:

Does the Chair agree that to lose one MD is regrettable but to lose four is more than accident prone?

Response from the Chair:

We are living in very difficult times, particularly for waste collection, and we are living in a very difficult economic time. All of the reasons as to why the MDs have changed have all been reported, including being reported to the Chair of the Audit Committee and the Chair of OSMB. It is always unfortunate to lose managing directors but I'm not sure it's really a joking matter either.

Q6. Should members of Council be concerned that each former MD has left at short notice with no explanation given to members?

Officer response:

No. All usual governance processes were followed, including approval of the reserved matter decision by Bristol City Council as Shareholder, reporting to the Shareholder group, and the quarterly joint briefing with the Chairs of Audit and OSMB. OSMB members receive the final approved set of minutes of quarterly Shareholder group meetings and have the opportunity to be updated on such matters at scheduled OSMB meetings.

Supplementary question from Cllr Eddy:

Does this rate of MD attrition confirm that the management regime at Bristol Waste is not what it should be?

Response from Chair, Board of Directors, Bristol Waste:

I don't believe it shows that at all. There have actually been two permanent MDs at Bristol Waste over 5 years; we have had a couple of interim MDs and Jason Eldridge who was an interim MD resigned on health grounds. That was very unfortunate and a loss to the business. What I do think it demonstrates is that we have a strong and new executive team who are stepping up; we've had an excellent year - despite a number of senior management changes, we have delivered improvements in street cleansing, Quality of Life survey scores have gone up, new facilities have been delivered such as the HRRC – if anything, in the last year, Bristol Waste has demonstrated being a resilient and strong business that delivers for the citizens of Bristol.



Statements

It was noted that the following statements had been submitted:

1. David Redgewell - Bus services
2. Cllr Geoff Gollop - Agenda item 7 – Company Business Plans – Bristol Waste

OSMB noted these statements.

7 Companies Business Plans: Bristol Waste

The Board reviewed the Bristol Waste Company Limited Business Plan 2023/24.

The Chair, Board of Directors, Bristol Waste and the Finance Director, Bristol Waste presented the Business Plan with reference to a slide presentation that was included in the published agenda papers. It was noted that key points highlighted via the presentation included:

- Successes over the last 12 months, including the new Hartcliffe Way household reuse and recycling centre (HRRC), a new HRRC booking system, improved recycling and a 13% reduction in household waste, and implementation of the 'village' approach to recycling.
- Corporate governance and stewardship improvements.
- An outline of the one-year plan for the next financial year, covering municipal waste, workplace services and commercial waste.
- A summary of the 2023/24 company position.

Points raised/noted in OSMB member questioning of Bristol Waste representatives:

1. Details of the 2021/22 audited statutory accounts had been sent to members in advance of the meeting. In response to questions, it was noted that these accounts did not impact on the viability of the one-year Business Plan that would be taken forward from 1 April 2023. In response to further questioning, the Bristol Waste Finance Director stated that the company was currently financially resilient and would remain so provided that the company could meet the challenges ahead (including inflationary pressures) and make the efficiencies and changes required for next year and beyond. Cash reserves at the end of the current financial year were estimated at £5.5million with an estimated operating profit for 2023/24 of £433,000. The Bristol Holding Ltd Group Finance Director commented that, in his view, the one-year Business Plan was robust and achievable.
2. Whilst noting the process followed in relation to communications around the recent departure of the Bristol Waste interim Managing Director and establishment of new interim company management arrangements, members nevertheless felt it would have been appropriate for clear information to have been communicated to the full OSMB membership on this matter at an earlier point. Members noted that the recruitment process for a permanent Managing Director was underway and that it was anticipated that the new appointee would be in post by the summer.



3. Members noted that the one-year Business Plan was a departure from the usual five-year period. Some member concerns were expressed about the impact this could have on local residents due to uncertainty about services they would receive in the future. Members felt there was insufficient early communication with them about the issues that led to the production of a one-year plan.
4. Members also felt that it was difficult to reconcile a one-year Business Plan with the recognised need to take forward longer term improvements, including plans for workforce development so that the company maintained and developed further the skills and expertise needed to operate effectively as a 'Teckal' company.
5. Members noted and welcomed a commitment given by Bristol Waste representatives to move forward as quickly as possible with the development of the longer-term Business Plan, recognising that in planning service changes (for example, in relation to developing the food waste collection further), significant 'lead-in' times needed to be factored in. Members recommended that Bristol Waste should work with councillors on a cross-party basis to keep them updated about the future plans so that members were in an informed position to assist in shaping services. Members also noted that the Communities Scrutiny Commission was likely to see this as a key element of their 2023/24 work programme. In discussion, members noted a commitment given by Bristol Waste representatives to share details of the emerging longer term plans, noting, for example, that a key issue in the next year will be to consider the longer term replacement of the main refuse and recycling fleet which will be needed in 5 years' time.
6. Members noted and welcomed a commitment given by Bristol Waste that they would provide advance information to and engage with ward councillors once proposed changes to street cleansing arrangements were finalised.
7. A point was raised about Bristol Waste realising more commercial income and investing in skills and equipment to make this more likely. Members noted confirmation from Bristol Waste representatives that the commercial business activities of the company were a useful source of income and currently provided a satisfactory rate of return.
8. Noting decisions taken by the Full Council in determining the Council's 2023/24 budget, reassurances were sought about the work being done to support and improve recycling in a range of categories. In particular, members were interested in the impact of the introduction of the booking system at the HRRCs. It was noted that the frequency and tonnage of fly tipping had not increased following the introduction of the booking system and that Bristol Waste was confident that the proposed reduction in operating hours at the centres would not impact residents or recycling rates; this situation would though need to be monitored closely.
9. Members were also concerned that current services must be monitored effectively. It was flagged, for example, that, as of the date of this meeting, the online service for ordering new bins, recycling boxes and lids was not currently available to residents via the Council's website. It was noted also that Bristol Waste would investigate and seek to resolve this as a matter of urgency (*note: subsequent to the meeting, this IT access issue was resolved*).



10. Members noted that a commitment had been given to free replacement bins being provided in circumstances where bins were damaged by crews; but also noted that a delivery charge would be in place. Again, members felt this ongoing situation should be monitored and kept under review as necessary.

11. Confirmation was sought about the arrangements for Bristol Waste's external auditors to sign off the company accounts in light of the one-year Business Plan. Members were again advised that Bristol Waste officers were confident about the Company's current resilience and that, for audit purposes, it would be regarded as a 'going concern'.

12. Members noted that (although the individual level of detail was not set out in the plan) each of the actions included in the Business Plan had been assigned an 'owner'.

13. In response to further questions, the Bristol Waste Finance Director clarified that:

- the 60% increase in overheads in 2023/24 resulted from a number of factors including allowance for contingency, corporate governance costs and costs linked to planning for changes ahead.
- the increase in the period over which assets are depreciated was due to a change in 'book-keeping' policy.

8 Exclusion of Press and Public

The Board **RESOLVED**:

That under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of schedule 12A of the Act.

9 Companies Business Plan: Bristol Waste - EXEMPT

During the exempt session of this meeting, a number of questions were asked of Bristol Waste representatives, and were responded, to in connection with risk issues and also to clarify some points of financial detail.

At the conclusion of the meeting, it was noted that the Chair would submit a summary of OSMB members' comments to the 7 March Cabinet meeting.

Meeting ended at 3.37 pm

CHAIR _____



