

## **SCRUTINY MANAGEMENT BOARD**

### **Minutes of the meeting of the Scrutiny Management Board held on Thursday, 21<sup>st</sup> June 2012 at 9.00am at the Civic Offices, Telford**

**PRESENT:** Councillors D.R.W. White (Chairman), A.D. McClements, C.N. Mason (substitute for M.G. Ion), C.P.R. Mollett, G.C.W. Reynolds (substitute for S.A.W. Reynolds), J.M. Seymour (substitute for V.A. Fletcher) and C.R. Turley.

Councillors S.Bentley, A.J. Eade and N.A. Dugmore (Call-in signatories)

Councillor S. Davies – Cabinet Member for Neighbourhood Services & Co-operative Council

**Also Present:** D. Hanley (Environment & Open Space Manager), J. Eatough (Assistant Director: Law, Democracy & Public Protection), J. Rowe (Assistant Director: Environment & Leisure Services), S. Jones (Scrutiny Group Specialist), P. Smith (Democratic Services Team Leader)

#### **SMB-1 APOLOGIES FOR ABSENCE**

Councillors V.A. Fletcher, M.G. Ion and S.A.W. Reynolds

#### **SMB-2 DECLARATIONS OF INTEREST**

None.

#### **SMB-3 CALL-IN REQUEST – WASTE MANAGEMENT SERVICES PROCUREMENT**

The Chair reported that a valid call-in request had been received following the publication of the following decisions by Cabinet on 31st May 2012:

(a) that the commencement of a formal procurement process for Waste Management Services, as detailed in the report and its appendices, be approved;

(b) that authority be delegated to the Assistant Director: Environment & Leisure, in consultation with the Cabinet Member for Neighbourhood Services & Co-operative Council and Cabinet Member for Resources & Service Delivery, to progress the procurement process until the Council is in a position to award the contract;

(c) that it be noted that a further report will be brought back to Cabinet detailing the outcome of the procurement process and to seek approval to award the contract at the appropriate time;

(d) that the current residual/municipal waste disposal to landfill contract be extended by one year to April 2014, for the reasons outlined in the report;

(e) that authority be delegated to the Assistant Director: Law, Democracy and Public Protection to execute any documents necessary to give effect to the above recommendations;

(f) that £0.27m available from Environment Services underspends in 2011/12 be allocated to fund project costs.

Attached to the agenda was a copy of the signed Call-in request form. Following a preliminary informal meeting between the Chair and lead Call-In member (Councillor Bentley) and consideration of background information, an amended proposal had been submitted by the lead Call-in member, and the Chair advised that this would be the document which the Board would vote on at the end of the meeting. In accordance with the Member Call-in Protocol, the lead Call-In member and the Cabinet Member: Neighbourhood Services & Co-operative Council each tabled a document summarising the arguments and points they would be making during the meeting. In addition, the Cabinet Member had previously circulated supporting papers and documents relating to the issues raised by the Call-in. Attached to the agenda was the report of the Assistant Director: Environment & Leisure Services that was considered by Cabinet on 31<sup>st</sup> May 2012.

The Assistant Director: Law, Democracy & Public Protection then outlined the procedure to be followed at the meeting, a copy of which was attached to the agenda.

Councillor Bentley (lead Call-in Member) presented the tabled document setting out the reasons for the Call-in and for calling on Cabinet to reconsider their decision. The revised proposal was as follows:

“After having heard the main points of argument from the Lead Member for Neighbourhood Services and Co-operative Council and having considered the background information provided by the Waste Management team I would ask the Scrutiny Management Board to accept the validity of the concerns set out in the amended call-in request and refer this matter back to Cabinet for their reconsideration, due to the failure to properly consider the following: -

1. The consequences and impact of a 20 year length contract with regard to service delivery, flexibility, costs in an unstable market and the potential of future disposal technology.
2. The financial case for:
  - the provision of a Council run facility for the bulking and transfer of waste
  - the volume and value of trade waste recycling and disposal

- the value of potential income streams from domestic and trade waste recycling and disposal.
3. Disposal of food and green waste.
  4. A revised and updated strategy for increasing recycling rates and / or reducing waste within the borough before the procurement process commences.
  5. A coherent borough-wide strategy for local disposal facilities”.

The Lead Call-in Member put forward the view that the Cabinet’s plans meant that the Council would not benefit from potential income generation streams associated with recycling of waste. For example, a waste transfer station controlled by the Council would generate income as well as allowing recycling facilities to be better managed. Examples of current prices being paid for recycled materials were provided. It was contended that the current procurement process should be suspended to allow Scrutiny to look at these issues, examine how waste management regimes were run elsewhere and see what other options were available. .

The Assistant Director: Environment & Leisure Services then presented the information contained in the supporting papers that had been submitted by the Cabinet Member. There were financial and service benefits in bringing together the current separately let contracts for different elements of the waste collection and management process. A considerable amount of evaluation, analysis and stakeholder engagement had taken place to look at the different procurement options, and Scrutiny and other stakeholders would be involved during the different stages of the procurement process. The length of contract had been considered very carefully, but a 15 – 20 year period was seen as optimum in terms of the costs associated with a contractor investing in a transfer station and with the replacement cycle of vehicles (every 7 years). In terms of a Council run facility for the bulking and transfer of waste, the review and analysis over the last 12 months had clearly indicated that the management of the transfer station could not be considered separately from the waste contracts. A Council operated transfer station would require significant capital investment of over £5m, as well as the loss of efficiencies and savings from bringing waste services together. As part of the procurement process, it would be made clear to potential contractors that a key requirement would be to allow the facility to be available for commercial waste. Similarly, dialogue and negotiations would take place with the contractor on the income from recyclables arising from domestic waste, and a share of third party income. Collection of food waste was included as an option to be considered by potential contractors. The Council had a Waste Management Strategy 2005-2021. This had been updated and amended over time, but the key principles of the Strategy remained valid. The provision of Community Recycling Centres would be reviewed with the contractor to ensure that they were fit for purpose.

Following a short adjournment, Board members asked a number of questions to both the lead Call-In member and the Cabinet member. These related to:

- How other local authorities manage their waste services;
- Why there wasn't an option for a Council run waste transfer facility;
- the length of the proposed contract and why different options had not been explored;
- the costs of bringing the whole waste contract in-house;
- the potential income that could be generated from recycling and whether this had been fully examined;
- the need to encourage private companies to recycle more, and to ensure that the new bulking station would maximise recycling opportunities;
- benchmarking of the proposed contract, and ensuring that the contractor was meeting performance targets;
- consultation and communication with local residents and businesses
- bulk collections

Having heard detailed responses from both sides to the questions, the lead Call-in member and the Cabinet member were invited to sum up. Councillor Bentley urged the Board to ask the Cabinet to suspend the procurement process in order to allow Scrutiny to have a proper look at all the issues and options. Councillor Davies stressed that no bids had been received, and many of the issues raised by the Call-in (eg having a Council run waste transfer station) had not been ruled in or out at this stage. The Council was not being too prescriptive at this early point of the procurement process, in order to allow potential contractors to come up with innovative and cost effective solutions to various waste/recycling options. Therefore, it was felt that the Call-in was premature at this stage, and that there would be ample opportunity for Scrutiny to be involved in the procurement process.

Having considered all the written and verbal evidence that had been submitted, and the responses to questions, the Board:

**RESOLVED –**

- (a) that the Call-in request and proposal, as tabled at the meeting, be rejected, and that the original Cabinet decision be noted;**
- (b) that Cabinet be asked to consider the following recommendations in relation to the waste management services procurement:**
  - That a detailed evaluation of the option of a Council owned and managed Transfer Station should be undertaken as part of the evaluation of solutions before going out to contract.**
  - That benchmarking reviews should be undertaken at minimum 5 yearly intervals throughout the term of the contract.**

- That scrutiny will be involved throughout the procurement process and the details of the timetable for scrutiny work would be discussed and agreed following the meeting.

The meeting ended at 12.02 pm.

**Chair:** .....

**Date:** .....