

SOMERSET WASTE BOARD

Minutes of the Meeting of the Somerset Waste Board held in the Council Chamber, South Somerset District Council, Brympton Way, Yeovil, on Friday 14 December 2018 at 10.00am.

PRESENT

Cllr P Berry	Cllr H Prior-Sankey
Cllr M Dewdney	Cllr J Roundell-Greene
Cllr D Hall	Cllr N Woolcombe-Adams (Vice Chair)
Cllr D Hill	Cllr D Yeomans (Chair)
Cllr J Parbrook (substitute)	
Cllr M Pullin	

Other Members Present: Cllr M Lewis

Apologies for Absence: Cllr B Maitland-Walker (Cllr Parbrook substituting), Cllr G Slocombe, Cllr N Taylor

511 **Declarations of Interest** – agenda item 2

Members of the Waste Board declared the following personal interests:

Cllr D Yeomans	Member of Curry Rivel Parish Council
Cllr H Prior-Sankey	Member of Somerset County Council
Cllr M Pullin	Member of Mendip District Council

512 **Minutes for the meeting held on 28 September and the Extraordinary Meeting held on 2 November 2018** – agenda item 3

The minutes of the meeting of the Board held on 28 September 2018 and the Extraordinary Meeting held on 2 November were taken as read and following endorsement by the Board they were signed as a correct record by the Chair.

513 **Public Question Time** – agenda item 4

There were no public questions.

514 **Waste Board constitution and membership 2019/20** – agenda item 5

The Chair invited the Strategic Manager for Governance and Risk, Scott Wooldridge, to outline the report which set out the proposed revisions to the Waste Board's constitution and membership for 2019/20 as a result of the forthcoming creation of the new Somerset West and Taunton local authority on 1 April 2019.

Mr Wooldridge explained the proposed changes to the constitution and board membership require the Board to recommend to all partner authorities the agreement to establish a new Waste Board with an amended constitution to reflect the revised membership.

The Chair moved the recommendations.

Somerset Waste Board **RESOLVED** unanimously to:

1. **Endorse the proposed revision to the draft Constitution (Appendix A) for the Somerset Waste Board and recommend this for approval by all partner authorities and the new Somerset West and Taunton Shadow Authority by 1 April 2019.**
2. **Delegate authority to the Board's Treasurer in consultation with the Administering Authority's Monitoring Officer to update the Inter-Authority Agreement (IAA), as set out in Appendix B, to reflect the various changes agreed previously by the Board.**
The Board is further requested to agree for the amended IAA to be recommended for approval by all partner authorities and the new Somerset West and Taunton Shadow Authority by 1 April 2019.
3. **Recommend to the partner authorities and the new Somerset West and Taunton Shadow Authority that with effect from 1 April 2019 the current Board and its membership (comprising six partner authorities) is dissolved and to then agree the formation of a new Somerset Waste Board (comprising five partner authorities) and appoint members to that Board.**
4. **Delegate authority to the Monitoring Officer of the Administering Authority to take forward the above recommendations in conjunction with the partner authorities and Somerset West and Taunton Shadow Authority.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

515 Financial Performance Update 2018/19 and Draft Budget 2019/20 - agenda item 6

The Chair invited SWP Finance Officer Martin Gerrish to explain the report which set out the financial performance against the approved Annual Budget for the first 7 months of the current financial year from April to the end of October.

The Board was also updated on the draft budget situation for the annual budget for 2019/20 and were asked to note the current financial position with regard to funding available for the Recycle More project.

Mr Gerrish also explained that there was a potential windfall for the districts this year. There was a budget set aside of £262,000 for the provision of vehicles that used to be leased and this had been kept in the budget as the fleet was elderly and there was a possibility that one or more of them would need replacing. However, if this was not required for the year there could be the potential of this being able to be used to put into the Recycle More project.

He also explained that there was a decent underspend on the disposal side. Many of the reasons for this were one off such as estimating the tonnages in March which were estimated at one level and turned out to be almost non-existent. It was

the officer's view that there was still enough money in the pot to deal with the procurement and mobilisation period for the Recycle More project up to March 2020 when the project was due to go live. However, there would still be a big lump sum payment to transition to Recycle More.

He also gave an update on the truck cartel situation and reminded members that SWP had been seeking to get agreement with about 200 local authorities to carry out a joint legal action against a number of truck firms that cartelled for 14 years to ramp up truck prices. There was hope that in the next month or two that this could be proceeded with no risk to the Board to get the additional money back on the vehicles that were purchased at ramped up prices.

Other points discussed raised included:

- In the budget there was an increase for the individual collection partner organisations.
- The main reasons for this was that the garden waste numbers were up on 6% on what was budgeted for this year.
- Landfill tax estimate for next year was just under £11m.
- The County Council has requested a number of savings from the Waste Partnership and asked for additional £225,000 – the majority of this could come from in-year savings agreed in September at little risk to the partnership.
- Any budgetary risk on disposal is wholly the County Council's and it would have to meet it if it if SWP couldn't make the difference.

There was a request for more information about the truck cartel claim and Mr Gerrish explained that this involved a lot of the big-name truck manufacturers who from 1997 to 2011 agreed to ramp up the gross list price for a truck which all the truck prices are based on. They have already been fined 1 billion euros collectively and most of them paid up. Therefore, anybody who bought or leased trucks during this time have paid a premium that should not have been paid. SWP leased trucks in this period and the contractor would have also passed on some the costs to SWP. SWP does not have the legal resources to fight a battle on its own but an investment firm is willing to fight this on behalf of about 200 local authorities for a percentage of the return. The truck firms have already settled a lot of claims including a very large sum with the Royal Mail.

There was further information about Kier and members were informed this was in the public domain already. Investor confidence in Keir is concerned about the level of debt they hold which had risen from £186m net debt in June to £624m by October. Kier had sought to address this by giving existing shareholders the opportunity to buy more shares and explaining if they don't it is likely the price per share will go down. It was hoped to raise about £250m this way to reduce the debts. Since this time, they have lost 40 per cent share value and are no longer part of the FTSE 250 index. Members were assured SWP was watching the situation closely and that Kier were still trading and it was business as usual. Mr Gerrish reminded members that SWP did own all the vehicles and had access to all the depots should the anything detrimental happen to Kier but he did not think this likely.

The Chair moved the recommendation.

Somerset Waste Board **RESOLVED** unanimously to:

- **note the summary financial performance to date as contained in this report, and how this will impact on the budgetary requirements for 2019/2020.**
- **approve a Draft Budget of £46,111,300 for 2019/2020 as set out in paragraphs 2.6-2.7 below, taking into account the potential savings requests from the County Council as set out in paragraph 2.7.**
- **note the financial position to date with regard to the Recycle More project, and affirms the position on capital financing of vehicles and depot infrastructure as set out in paragraph 2.4 below.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

516 **Somerset Waste Partnership Business Plan 2019 – 2024** - agenda item 7

Members were reminded that the Draft Business Plan for partner consultation was approved by the November 2018 meeting of the Board. This report updated the board on the partner consultation and sought approval to the business plan.

SWP Managing Director Mickey Green said that there had been no recommended changes from the partners and there had been some really good conversations about this. The expected Resources and Waste Strategy was highlighted along with the significance of that. When this is published members would be given further information including what SWP needed to do in relation to this. Other points made included planning and how future housing developments needed to be built with waste in mind, the ongoing plastics debate and the support for the schools' programme.

There was a question about garden waste and the plans to reduce this in black bins. Members were informed that this would be promoted in the run up to Recycle More. This was also being looked at in relation to fees and charges with a possible move to a rolling year system for this. There were other plans to try and reduce costs for garden waste collections which might lead to an ability for SWP to reduce garden waste collection fees.

The Chair moved the recommendations.

Somerset Waste Board **RESOLVED** unanimously to:

1. **note and considers feedback from the partner consultation process as set out in paragraph 3.2, and as verbally updated for those meetings that occurred after this paper was finalised (on 4 December)**
2. **approve the Business Plan 2019-2024, subject to any amendments arising from the feedback.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASONS FOR DECISION: As set out in the officer report and as debated at the meeting.

517 **Performance Report - April 2018 to June 2018** – agenda item 8

The report summarised the key performance indicators for the period from April 2018 to September 2018 and compared these to the same period last year where relevant. The new format, previously agreed by the Board, aimed to give a more rounded view of performance. Key headlines were:

- Recycling: The hot dry summer led to a significant reduction in garden waste, and there was a small drop in dry recycling (mostly street sweepings, and the ongoing trend in less paper). This led to a small drop in recycling rate to 54.1% (down 0.72% compared to the same period in 2017).
- Residual household waste: This fell slightly by 1.02% (2.49kg per household) compared to the same period last year. SWP remains on track to move away from landfill by 2020.
- Recycling sites: The number of visitors in July – September fell significantly (down 8%), probably due to the poor growing season. Tonnages also fell, the largest reduction being in garden waste.
- End use: around 90% of what is collected in the UK is recycled, with the proportion recycled in Somerset falling slightly due to lower levels of garden waste.
- Missed collections: Whilst not yet back to target levels, there has been a steady improvement, underpinned by Kier addressing some of the underlying issues (e.g. driver shortage). This would continue to be closely monitored.
- Fly tipping: A 9% reduction in the number of fly tips was seen compared to the previous year.

The report also highlighted the main risks which included inefficiencies due to customer services and partners IT systems not being joined up, lack of resources and complexity around implementation of new customer service system and reduction in contractor's management team or frontline staff. Members were informed these were being managed by increased senior management oversight, additional SWP resources, including increased ICT and legal support, partner ICT involvement in collection contract procurement process, joint working with partners to identify options on CRM system implementation. In addition, other options being pursued included working closely with Kier on recruitment and retention, increased direct engagement with front-line staff by SWP, continued secondment of experienced staff to Kier.

Members were also informed of the latest health and safety figures for Kier and Viridor.

Accidents to Kier operational staff is up by 10 to 33, with the trend from reporting to the Somerset Waste Board in the graph below. There were no injuries involving members of the public.

The number of accidents per 100,000 hrs worked has risen to 7.1, its highest for 2 years, but still well below the figures previously seen on the SWP contract.

Near Miss / Hazard Spot reports, used to identify potential hazards for review and any possible action required, has risen substantially again to 1,837, a further increase of 858, from 979 in June 2018. There were no RIDDORS, Environmental Incidents, or Dangerous Occurrences reported.

Viridior reported that accidents to members of the public increased to 10 (up by 1), including one trip injury, notified under the Reporting of Injuries Diseases & Dangerous Occurrences Regulations (RIDDOR). The ratio of accidents remained near constant at around 1 accident per 100,000 visits. Near miss reporting is up to 107 (+30%). There were 2 environmental incidents: both fires inside containers attended by the Fire Brigade, one in a metal container that ignited during compaction and the other inside a garden/organic waste container, assessed as having combusted due to the high summer temperatures.

Further discussion included:

- Successful promotion of SWP and its projects particularly on Facebook
- The use of fines regarding missed collections and getting the balance of this right.
- Ways of being able to improve collection at multiple occupancy residences through a programme of action – this was reflected in the business plan. SWP was nearer the end of the contract with Kier so would need to be realistic on what it could achieve.
- Processing of cardboard abroad and why 100 per cent of this was not in the UK.

The Chair moved the recommendation.

The Board RESOLVED unanimously to note the performance results in the Second Quarter Performance Management.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASONS FOR DECISION: As set out in the officer report and as debated at the meeting.

518 Recycle More Recycle More & Collection Contract Procurement: Update – agenda item 9

A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board in November 2018. This report provided a summary of progress since then. The Board had previously reviewed the outcomes of the evaluation and moderation of the permitted and variant bids received from the three bidders who submitted bids. It had been agreed that the service methodology should remain as it was and that SWP would not secure an additional depot. The risk share principle of 50/50 should be maintained, but amended to reflect the better value for partners that can be obtained by reflecting proposals from some bidders.

A number of dialogue sessions were being held with all bidders in this stage of the procurement to feedback on their bids, on the key issues around service methodology and depots, and to agree a consensus recycle risk share

mechanism which was consistent with the 50/50 risk share principle but reflected some of the proposals from bidders that would enable SWP to realise better value. This stage of dialogue was crucial to ensure that bidders proposals were robust and to secure the best value for money solution possible.

Other progress included refining the contractual and procurement documents to ensure that the procurement process is optimised to deliver the best value solution to partners.

The Chair moved the recommendations to move into confidential session so that further information could be given (see confidential minute).

Somerset Waste Board **RESOLVED** to:

- 1. agree the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential report and its appendices in confidence, as they contain commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.**
- 2. to exclude the press and public from the meeting for the consideration of the attached confidential report and its appendices where there is any discussion at the meeting regarding exempt or confidential information.**

Following a presentation and further discussion on this issue, the meeting was then brought back into public session.

The Chair then moved the recommendations and Somerset Waste Board **RESOLVED** unanimously to:

- note the progress made in procuring a new collection contract, in particular the proposed approach to sharing risk around recycle income**
- agree the recommendations contained within the confidential report.**
- authorise the Managing Director to progress the procurement of a new Collection Contractor.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

519 **Somerset Waste Board Forward Plan** – agenda item 10

The Board were updated by the Governance Manager on the latest position of the forward plan.

The Board RESOLVED to note the latest version of the Forward Plan.

520 **Information Sheet Issues Since the Last Meeting** – agenda item 11

There were none since the last meeting.

521 **Any Other Business of Urgency** – agenda item 12

The Chair formally acknowledged the hard work of Martin Gerrish who had been with Somerset Waste Board from the very beginning and was now leaving his position. He was thanked for all the good advice and business acumen over the years and members wished him all the best for future.

(The meeting ended at 12.30)

**COUNCILLOR DEREK YEOMANS
CHAIR OF THE SOMERSET WASTE BOARD**