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KIRKLEES COUNCIL

ECONOMY AND NEIGHBOURHOODS SCRUTINY PANEL

Tuesday 30th November 2021

Present: Councillor Harpreet Uppal (Chair)
Councillor Gwen Lowe
Councillor John Taylor
Councillor Robert Iredale

Co-optees Andrew Bird

In attendance: Lory Hunter, Commercial and Technical Development
Manager
Will Acornley, Head of Operational Services
Nigel Hancock, Programme Manager
Wendy Blakeley, Service Director Highways and Street
Scene

Observers: Councillor Will Simpson
Councillor Naheed Mather
Councillor Elizabeth Smaje

Apologies: Councillor Yusra Hussain
Councillor Martyn Bolt
Chris Friend (Co-Optee)

1 Membership of the Panel

Apologies were received from Councillor Martyn Bolt, Councillor Yusra Hussain, and Chris Friend (Co-optee).

2 Interests

Councillor Taylor declared an interest regarding his position as Alternative Director of Suez Ltd in relation to agenda item 8.

Councillor Mather declared an interest regarding her position as Director of Suez Ltd in relation to the Councils waste management contract relating to agenda item 8.

3 Minutes of the Previous Meeting

The Panel considered the minutes of the previous meetings held on 19th October and 2nd November 2021 (special meeting).

RESOLVED -

The Minutes of the meeting held on the 19 October and 2nd November 2021 were agreed as a correct record.

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4 Admission of the Public

All items were considered in the public session excluding agenda item 10.

5 Deputations/Petitions

No deputation or petitions were received.

6 Public Question Time

No questions were received from the public.

7 Work Programme 2020/21

The Chair of the Panel gave an update in relation to the following items on the work programme.

Ad-hoc scrutiny Panel on residential housing stock health and safety compliance - The overview and scrutiny management committee had requested that an ad-hoc Panel be established in March 2021 to consider health and safety compliance across the residential housing stock. Further to a report submitted to Cabinet in respect of fire safety improvements to four high rise blocks, the Panel had met on 5 occasions and had established a work programme that extended to April 2022. The Panel would produce a final report including its recommendations once work had concluded.

Cultural Heart update – The Scrutiny Panel had requested regular informal updates. The Chair was briefed on progress, and it was agreed it was important to ensure a clear pathway through scrutiny for recommendations to be made and responded to. There were plans for an update of progress of the Cultural Heart to be presented to the Economy and Neighbourhoods Scrutiny Panel in March 2022 and it was agreed the update would include a response to the recommendations given by the Panel in September 2021. The recommendations were also responded to in the Cabinet report which was considered on 16th November 2021.

Councillor Taylor expressed that the period between the reports presentation to scrutiny and Cabinet was too long and significant progress had been made by the time it was considered at Cabinet.

Trans Pennine Upgrade – A report was submitted to full council on 17th November 2021. It was agreed that the Economy and Neighbourhoods Scrutiny Panel would consider the upgrade as part of their work programme. The Panel would be fully informed of the information that contributed to the withdrawal of the formal objection, and due to the nature of the information, it was agreed to be considered in private.

Councillor Taylor noted that April felt too long to consider the upgrade given a decision was taken in October 21.

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RESOLVED – The Panel noted the Work Programme 2020/21 and it was agreed that:

1. The Panel were clear on the timescale of reports being presented to Scrutiny in relation to consideration at Cabinet.
2. The Chair would consider the timetable with Officers to ensure efficient scrutiny.
3. An additional private meeting of the Panel be held prior to April 2022 in relation to the Trans Pennine Route Upgrade.

8 Procurement Options for Waste Management

The Panel considered the report Procurement Options for Waste Management presented by Lory Hunter, Commercial and Technical Development Manager, Will Acornley, Head of Operational Services, Nigel Hancock, Programme Manager and Wendy Blakeley, Service Director Highways and Street Scene. Councillor Naheed Mather, Cabinet Portfolio Holder for Environment and Councillor Will Simpson, Cabinet Portfolio Holder for Culture and Greener Kirklees were also in attendance.

Will Acornley highlighted that the outline business case was the latest in a series of documents that had been presented to Scrutiny which would help the Panel to understand how the Council planned to transition to a new contract for Waste Management.

A presentation was given by Lory Hunter and Nigel Hancock which set out the outline business case and highlighted that:

- The Council's ambition in relation to the waste and recycling strategy was set over the next 12 months to 5 years.
- There had been detailed engagement with residents and these discussions would continue as changes were made.
- There were elements critical to the outline business case which included, more plastics in the green bin, a glass collection trial towards the end of 2022, food waste collection, nappy recycling, improving household waste sites to achieve a 70% recycling rate, free additional garden waste collection and reduce and reuse initiatives.
- There were corporate and district priorities to consider which included, interim contracts, the climate emergency, the district heat network, the Kirklees local plan and the cultural transformation programme.
- Consideration was to be given to related national policies and legislation including the Environment Act 2021.
- The introduction of statutory requirements on local authorities and the ways in which these would affect the budget were still unknown, but there was flexibility within the contract to take account of these.
- That the Interim contract would include, an energy from waste facility, recycling facility, 2 waste transfer stations, 5 household waste recycling sites, 1 transfer pad and 2 closed landfill sites.
- That a conditioned survey had been completed in 2017 which indicated Suez had maintained the facilities well, and an updated survey was in progress.

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- That a review by the Department for environment, food and rural affairs (DEFRA) had made some suggestions for re-procurement which had been incorporated.
- The Infrastructure and Projects Authority and Treasury Office were considering the expiry of PFI contracts.
- A strategic business case was developed to consider 3 options for waste management.
- This had included liaison with Central Government, the appointment of a technical, legal financial consultant (who specialised in waste PFI contracts) an update of the conditions survey and workshops all of which informed the outline business case options.
- Option 1 was not the preferred choice due to limited market opportunities. It would involve the re-procurement of all facilities and the treatment to food waste.
- Option 2 considered splitting the facilities into smaller specialist companies, creating 5 separate contracts including, core facilities, household waste sites, closed landfills, processing food waste and garden waste collection. All would need to be reprocured separately and would need separate management.
- Option 2 was not the preferred choice due to the complexity of procuring 4 or 5 contracts and managing those contracts, which was difficult and didn't provide any advantage.
- Option 3, the preferred option had been refined following the strategic business case. This option considered reprocuring on the energy and waste facility and bringing the majority of other services in-house.
- Option 3 was the preferred choice because it provided the flexibility and efficiency that was needed in relation to changes made by central Government
- The workshops identified a strong ambition to bring services in-house, giving the Council greater control over the contract.
- Significant issues were highlighted through the COVID-19 pandemic regarding the lack of control the Council had over services.
- Additional work was to be carried out to consider in-house delivery of household waste sites, processing of food waste, MRF Provision and Close Alignment with District Heat Network.
- A variety of elements were assessed as part of the development of the preferred option which included, workshops with the public and councillors, a technical specialist, DEFRA representatives, and consultation with the market.
- There were also opportunities to implement public facing roles i.e., apprenticeships, employee development protocol etc...
- There was a reduced appetite and market for household waste sites, therefore bringing the service in house would improve attractiveness and value for money.
- In relation to procurement, there was still lots of work to be done over the next 12 months, which included writing a whole specification and scoping out the elements the Council wanted to deliver in line with Corporate ambitions.
- The plan over the next few years was to be presented to scrutiny around August / September 2022 including a more detailed specification and the results of detailed studies.

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- In October 2022, the Council would move forward with procurement and introduce outline solutions to tenderers, then select a preferred bidder around Spring 2024.
- Spring 2024, the proposal would go back to scrutiny with a key decision on a full business case with a view to starting new contracts 31st March 2025.

The Panel acknowledged the comprehensive information provided and valued that open and full engagement had been ensured throughout the process. The Panel also expressed that clear and transparent reasoning had been presented for the preferred option and were supportive of the chosen approach. The Panel highlighted the need to continue good communication with members and the public and Councillors.

The importance of educating children on the new approach to waste and recycling through engaging with schools was noted, and the Panel were also keen to help share information within local communities and schools. Councillor Mather highlighted strong dedication of staff involved throughout the process, noting how this could be used as an exemplar of good decision making.

Lory Hunter acknowledged Panel Members comments in relation to transparency and good decision making and welcomed the offer from the councillors to pilot schemes.

The Panel asked about the process for nappy recycling and about whether the brown bin collection (garden waste) would be a no cost option to residents, and if so, what challenges this would bring?

Lory Hunter responded to the question in relation to nappy recycling, advising that there were 2 facilities and the procedure involved separating the materials found within nappies before recycling them. Lory highlighted that the council were keen to support the scheme and confirmed that the Council would continue to monitor how nappy recycling progressed and improved over time.

Responding to the question regarding garden waste, Lory Hunter advised that there was a proposal by Central Government within the 2018 National Resources and Waste Strategy which consulted on free garden waste across England. The Council were awaiting a response in relation to this but were keen to include the potential for a free collection should it be mandated by Government and should the correct funding be provided.

Will Acornley also added that introducing a free garden waste would put a taxable burden on each household, including those without a garden. A chargeable service would only apply to those who required the service.

The Panel noted that most processes in option 3 were being outsourced and questioned how the specific expertise needed would be obtained. The Panel also asked a question in relation to the energy from waste facility (incinerators), querying that if input into the incinerator was changed, would the emissions from the chimneys change and what were the plans to avoid further pollution.

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In response, Will Acornley explained that the energy from waste facility was heavily regulated and controlled by the Environment Agency through live feeds which monitored very specific (dangerous) emissions. Baseline modelling had also been carried out which would be combined with the materials identified in option 3 to provide an estimate of input and output from the incinerator. The Council had also invested early in BREATH which was the next set of air quality regulations.

Responding to the question about obtaining the required specialist expertise, Will Acornley advised that the majority of services not brought in-house required specialist expertise and could only be delivered by specialist contractors. Household waste sites were the only proposed service to be brought in-house, but capacity and expertise were a current issue. A detailed business case would help to understand what the business model would look like, the cost incurred and how it could be delivered long-term.

Will Acornley responded to a question from the Panel in relation to the plans for engagement and communication with the public and the management capacity to deliver this. It was advised that there was a programme of communication planned for early 2022 which involved speaking with councillors to identify how some issues, such as contamination could be resolved, as well as writing to residents and providing them with information booklets. 64 recycling champions had also been trained to deliver this information directly to the community.

Regarding management capacity, Will Acornley shared that the existing team had increased in capacity and had been re-shaped ready for the re-procurement. There was also external consultant capacity which included technical specialists. Will highlighted the importance of not using a wholly outsourced staff model and that retaining the experience and journey of the re-procurement was valuable knowledge.

Will Acornley responded to a question regarding how the energy from waste facility would link into the district heat network. Will acknowledged this was a different project and shared work was on-going to determine what the model would be. Will advised that the mechanisms would be written into the specification to allow for variation and change moving forward.

Will highlighted the facility to date was one of the best performing in the SUEZ group across Europe and had been maintained very well. The Council were keen to secure the facility to provide confidence and stability moving forward into a new contract. Lory Hunter added that the district heating specification would reflect the requirements of the contract.

Councillor Smaje highlighted the long period of time between Cabinet reports from 2021 to 2024. Councillor Smaje acknowledged that large projects take a number of years but suggested that interim Cabinet update be presented at key points of development.

Councillor Mather noted the need for public Cabinet updates and shared that Scrutiny would be updated with developments, and other regular updates would be provided at leadership management team meetings.

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Wendy Blakeley highlighted that the project was of public interest and agreed on the importance of including the public in the process. Wendy also shared there would be a Members Panel established to involve all members in the process.

Lory Hunter added that there would be lots of public updates throughout the development of the Waste Strategy, but highlighted that caution needed to be taken in relation to procurement and evaluating bids against each other.

Lory Hunter responded to a question relating to staff engagement and advised that there was a very rigid legal process to follow. Lory shared that some elements were redacted from the report to ensure staff confidentiality. It was advised Suez were regularly briefing staff and that they were kept up to date as the business case developed.

Lory Hunter responded to a question in relation to food waste and advised that in the Waste Strategy this was planned for 2025, but in the short term there would be a composting scheme starting in 2022. Lory shared there were 3 disposal options to be considered and these would be included in the business case.

RESOLVED:

The Panel noted the Procurement Options for Waste Management report and thanked all officers and Cabinet members involved in the process, highlighting that the information provided was clear and transparent which helped members to understand the process that identified the preferred option. The Panel commended the approach taken noting it as an exemplar of good pre-decision scrutiny and decision making.

It was agreed the following comments and recommendations raised be referenced and responded to:

1. That clear timescales be set in relation to communication and public engagement.
2. That engagement with residents continued to be a key focus moving forward, including the education of children and communities in the changing approaches and attitudes to waste.
3. That further monitoring was undertaken around the energy from waste facility and any changes to emissions.
4. That further investigation was undertaken to provide clear details of the connection between the energy from waste facility and the district heat network.
5. Where there was a long period of delegated authority, public updates should be provided to the Cabinet.
6. That visits to waste sites be arranged for Panel members.

9 Exclusion of the Public

The Panel noted that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information, as defined in Part 1 of Schedule 12A of the Act.

- 10 Procurement Options for Waste Management**
The Panel considered the report Procurement Options for Waste Management in private session as per the above reasons.