

**MINUTES OF A MEETING OF THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
HELD REMOTELY - VIA MICROSOFT TEAMS ON THURSDAY, 30 JUNE 2022 AT 09:30**

Present

Councillor – Chairperson

H T Bennett	F D Bletsoe	JPD Blundell	P Davies
J Gebbie	W R Goode	RM Granville	S J Griffiths
M L Hughes	M Jones	RL Penhale- Thomas	JC Spanswick
T Thomas	G Walter	A Williams	AJ Williams
HM Williams			

Officers:

Deborah Exton	Deputy Head of Finance
Laura Griffiths	Principal Solicitor
Lindsay Harvey	Corporate Director Education and Family Support
Rachel Keepins	Democratic Services Manager
Meryl Lawrence	Senior Democratic Services Officer - Scrutiny
Claire Marchant	Corporate Director Social Services and Wellbeing
Jessica Mclellan	Scrutiny Officer
Janine Nightingale	Corporate Director - Communities
Zak Shell	Head of Neighbourhood Services
Mark Shephard	Chief Executive

1. ELECTION OF CHAIR

RESOLVED: That Councillor Alex Williams be elected as Chairperson of the Corporate Overview and Scrutiny Committee for the Municipal Year.

2. APOLOGIES FOR ABSENCE

None

3. DECLARATIONS OF INTEREST

Councillor Heidi Bennett declared a personal interest in the report on Revenue Budget Outturn 2021-22 and a prejudicial interest in the report on the Nomination to the Public Service Board Scrutiny Panel.

Councillor Paul Davies declared a personal interest that his partner worked for the Meals at Home service in Bridgend County Borough Council.

4. APPROVAL OF MINUTES

RESOLVED: That the Minutes of the meetings of the Corporate Overview and Scrutiny Committee dated 1 December 2021, 12 January 2022 and 2 March 2022, be approved as a true and accurate record.

5. **CALL-IN OF CABINET DECISION: RECYCLING AND WASTE SERVICE POST 2024**

The Democratic Services Manager presented a report the purpose of which was to enable the Committee to consider the decision of Cabinet of 14 June 2022 in relation to the report on Recycling and Waste Service Post 2024.

She confirmed that, in accordance with Rule 18 of the Overview and Scrutiny Rules in the Council's Constitution, 3 Members of the Overview and Scrutiny Committees, and a Scrutiny Chair, had requested that an Executive decision made by Cabinet on the 14 June 2022 be Called-In.

She advised that the Committee was recommended to consider the Cabinet decision of 14 June 22 relating to Recycling and Waste Service Post 2024 and to determine whether it wished to:

- i) refer the decision back to Cabinet for reconsideration, setting out in writing the nature of its concerns; or
- ii) decide not to refer the matter back to the Cabinet.

The Chairperson invited the Members who had signed the Call In to speak on the reasons for the Call In.

Members stated the main reasons for the Call In included:

- The short-term contract was presented as the only option with no discussion regarding the viability of other options such as bringing the service in-house as a temporary measure which could potentially allow the Local Authority to tailor the service towards what the future provision may be. This option might have been cheaper and less disruptive, yet it had not been considered by Cabinet.
- The possible contractual difficulties of the decision to outsource service with the authorisation to purchase Kier's existing plant had not been properly considered. Concerns about the contractor being reliant upon operating the plant that the Authority would own and queries about who would be liable for breakdowns, given its age.
- The rationale of purchasing an old plant and old vehicles rather than newer alternatives or out-sourcing, and leasing brand new fuel efficient, low emissions or even electric vehicles.
- The £75,000 per annum additional revenue cost for the Hydrogenated Vegetable Oil (HVO). The need to reduce carbon emissions was acknowledged however it had not been clear from the Paper whether the £75,000 was the Council's share or whether that was the total which the Council would pay half of.
- There had been no mention of cost in the report to Cabinet, other than the HVO, and therefore the cost of the procurement exercise was unknown. Other unknowns were the estimated contract cost over the two years, whether the contract might have a clause to extend beyond 2026 or the profit that the contractor would be expected to make.
- The last contract awarded to Kier for collection contained errors such as no provision for the collection of sanitary waste which resulted in a retro scheme with purple bags being implemented which residents had problems with. There had been no provision in the contract for the cleaning of food waste bins in communal errors which resulted in residents living with food waste bins not having been cleaned in

three years and no stakeholder to clean them. Scrutiny was required to ensure the input of all Members to act as a Critical Friend.

The Cabinet Member for Communities:

- Welcomed questions and the scrutiny process. He clarified that the only decision that had been made was to seek tenders for the interim two-year contract. There had been no decision made on how the contract might look in the future, whether that be in-house or an arms' length company but that those options had been in the Paper. He reiterated that it was the beginning of the process and not a fait accompli.
- In relation to the objection that no alternative options had been considered, he stated that all options had been discussed prior to the Cabinet decision. There were various reasons why a short-term two-year contract was the quickest, easiest and cheapest option and the professional advice had been that it was the best value option. He referred to the uncertain times and that the Welsh Government's targets on collections and methodology post 2026 were unknown.
- In relation to vehicles, he stated that the current ones still had some life left in them and were bespoke vehicles. He acknowledged that the bespoke vehicle might change post 2026 dependent upon the type of collection or service at that time. Therefore, the proposal was for things to remain the same for 2024 to 2026 with slight amendments possible for areas such as Wildmill with communal collections and with negotiations to take place on the value of the vehicles. He continued that the real change and challenge would be post 2026.
- In relation to the concern that there had been no cost benefit analysis undertaken, he advised that it was being undertaken as part of the tender process. He stated that tenders had to be sought to see what was available whilst, in parallel, other options were considered including what could be done to bring the service in-house. He advised that resources were very thin in the Communities Directorate and therefore, resources would likely need to be brought in to assist with the service and considering all options.
- In relation to procurement costs, he acknowledged earmarked reserves of £300,000 for the procurement of the future contract. However, there would likely only be a small percentage of that spent as procurement was currently being dealt with in-house.
- Whilst there would be a minor amount of money spent currently, he acknowledged that in the future, larger amounts would be needed either to procure a new contract or to support the work needed to be done to look at in-house solutions, either directly or through an arms' length company.
- In relation to the HVO, he clarified that the additional £75,000 was to be shared equally between Bridgend County Borough Council and the contractor. He acknowledged that it was a judgement call as to whether that was value for money and that there could be other options. However, there were only seven years to get to net zero carbon with nearly 30,000 tonnes of carbon still to be saved to get to that position.

The Cabinet Member for Resources:

- Reinforced that the purpose of report was an information gathering exercise as good, sound evidence was needed on which to base decisions. He stated that that

could only be done by testing the market to see what interest was received in the collection of waste for the two-year period between 2024 and 2026. The reasons for the short extension, i.e. no future Welsh Government recycling targets, producer responsibility, deposit return schemes and vehicle types, which had been a subject of a Scrutiny Committee in July 2021 were still valid due to uncertainty post 2026 over what the shape of collection was going to look like.

- Acknowledged that any decisions and procurements contracts could be challenged and therefore cautioned the need to keep in line with procurement law. He also commented on the need for the Welsh Government to provide clarity around the uncertainties of what would be expected to be collected to shape the future contract.

The Chief Executive:

- Clarified that the decision made previously was an intention to extend the contract with Kier for two years, which had been an option in the existing contract, particularly considering the uncertainties around Welsh Government recycling targets, the need to move towards less diesel reliant vehicles and producer responsibilities. It had become apparent in 2021 that Kier were moving out of the market and that timescales had dictated that options were more limited.
- Stated that the Council was not able to determine what a long-term future contract would look like which would require public consultation and a lengthy and complex process. Therefore, the report had been prepared was based on procuring a short-term contract. There was a possibility that the service could potentially be brought in-house, although it would still use the same vehicles and the same methodology for that two-year period. What was being discussed was an interim period only.
- In relation to post 2026, he agreed that a much work was needed to understand what would be required to increase recycling targets. He emphasised that Bridgend remained one of the best performing authorities in Wales in terms of recycling and in terms of cost and missed collections.
- Explained that vehicles used were bespoke to meet the methodology and could not be bought or leased off the shelf. They needed to be designed and procured which was not cost efficient for new vehicles, for a two-year period, when the methodology may change in few years. The advice had been that the existing vehicles had sufficient life left in them. They had been introduced on a phased basis with the age of the vehicles being around six or seven years. Therefore, it was sensible to use the existing plant and equipment.
- In relation to the cost of HVO fuel and the prospect for alternatives, he stated that action had to be taken and highlighted the advice in terms of the carbon reduction had been that this was a very low cost in terms of the carbon reduction result compared to some of the other more difficult decisions that might need to be taken over the next five years, if the authority was to meet the carbon reduction targets by 2030.
- Did not feel that the report suffered in terms of detail and options. He recognised that the report was designed as a summary and any lack of detail had not been intentional to prevent information being disclosed. He highlighted that the report brought forward recommendations to Cabinet based on knowledge and professional advice. He reiterated that other options had been looked at and recalled a report to Scrutiny in July 2021 where some of the other options were covered in some detail.

The Deputy Leader and Cabinet Member for Social Services & Early Help stated that the role of the Council was to move business along. She highlighted paragraph 9.5 of the original report and stated that Cabinet had authorised Officers to bring back a future recommendation on how the service would be run. She also raised the issue of the increased cost of drivers which had been a further implication to be considered.

The Chairperson invited any Committee Members who had Called In the decision to ask questions or comment.

Members highlighted that the rationale behind the Call In was the need for clarity to the public on how money was being spent for their benefit. Whilst decisions may have been made in the background, these needed to be explained in the public domain.

Members noted that the cost of procurement, up to £300,000, had only been known at the Committee meeting and as a result of the Call In. Members asked what the estimated contract cost would be and how much profit a contractor was anticipated to make. In addition, what sort of contractor would take on a two-year contract and what would happen if no one came forward to supply the contract.

The Cabinet Member for Communities clarified that there were earmarked reserves of £300,000 for the future procurement tender process and was not what would be spent on the current process that was being done in-house.

The Chief Executive confirmed that the earmarked reserve was based on it being unknown which option would be taken. The option of a short-term two-year contract was the cheapest in terms of procurement because the contract was already written and was utilised by internal procurement and legal staff. When internal resources were used, this was not usually identified in a Cabinet report. If it was determined in the future, for example, that the service would be brought in-house, then the procurement cost would be much higher. There would be up to 70 waste streams rather than doing it through companies that already had those kinds of procurements in place. He clarified therefore, that £300,000 was not being spent on the procurement of the interim contract which would be a minimal cost based on the existing contract and methodology.

In relation to who would be likely to take on the interim contact, he advised that soft market testing had suggested that there was some interest. He acknowledged there would be some profit margin as they were commercial companies. He highlighted that the cost of all current transport contracts had increased significantly and therefore the cost was anticipated to be higher regardless of the methodology. However, the purpose of going to the market and looking at the alternatives was to determine whether the costs were the best value for money.

Members queried whether the possibility of bringing the service in house from 2024 had been considered and whether it could still be a possibility.

The Chief Executive confirmed that it might be an option but that it was unknown. He stated that it was sensible to commission support for feasibility to determine whether it would be realistic and practical. In the longer term, from 2026, the service being brought in-house was an option that would be considered fully. However, he felt that the tender for the interim two-year contract was important to avoid being left with no provision and no service. The Authority had not had an in-house service since 2003 and as a result, no longer had the infrastructure or the staffing. Careful consideration would be needed for the program of works and investment that would be required to bring it back in-house. He reiterated that the recommendation to Cabinet was to go out for a procurement for a two-year contract or risk the contract ending and being in an emergency.

The Cabinet Member for Communities advised that the timescale was very short. Research of other authorities indicated that the process to bring the service back in-house took a minimum of two years. He highlighted the 76 different waste streams and the very limited resources and timescale which would make it almost impossible to be achieved in the less than two years remaining.

The Head of Operations - Community Services stated that there was a report to Scrutiny in July 2021 which explored what was then the proposed two-year extension with Kier and questions had been asked about bringing the service in-house. They had committed to bringing the matter back to Scrutiny to fully explore all the options but not for the immediate duration of the two years.

He continued that it would be big decision and big piece of work to bring the service in-house and would be on a completely different quantum compared to procurement. He highlighted that it was sensible to utilise the existing vehicles particularly considering the current uncertainties.

Members noted that the future contract had been a subject of Scrutiny in 2021 which would have given three years to look at the potential of bringing the service in-house. It was also noted that Officers had highlighted the lack of staff for procurement and queried whether the Committee was being told that the cost of procurement was minimal as it was taking place internally.

The Head of Operations - Community Services clarified that there were two separate aspects. One was the procurement for the extension - a single procurement exercise with staff in place to undertake it. The alternative involved bringing 76 individual supply streams in-house and he confirmed he did not have the staff for that.

Members queried whether the amount of work required to bring the service in-house could realistically be achieved in four years' time with no team in place and whether the cost of purchasing the fleet back was known as Cabinet had given Officers authority to make those decisions.

The Cabinet Member for Communities clarified that there was a difference between 2024 and 2026 and that there was a realistic option of the service being brought back in-house post 2026.

The Head of Operations - Community Services confirmed that the exact cost of purchasing the fleet was not known but confirmed that the contract which provided for the option to buy back contained some indicative costs. There was likely to be a variant fleet profile but that there was an indication of the vehicle cost per type of vehicle.

In response to a question over the age of the fleet, he confirmed that the vehicles would be around six to six and half years old at the end of the contract. He confirmed that some waste collection contractors were running the vehicles up to 10 years although he did not recommend doing so as the cost of maintaining older vehicles would be higher and risked issues with reliability. He advised that he was comfortable running vehicles for around eight and a half years as a reasonable expectation. The vehicles did not do a lot of mileage but some of the anticipated issues might be consumer boards, brakes and clutches needing to be replaced as a matter of course but which were not particularly expensive. In addition, there was the possibility of a few gearbox issues but, he confirmed, they could comfortably go for a few more years and that it would make good economic sense at a fraction of the cost of buying new.

He continued that the ultra-low emission vehicles marketplace was developing and to purchase ultra-low emission waste collection vehicles was almost double the cost of the

diesel equivalent. He stated that there were some hydrogen powered vehicles coming into the UK and whilst electric vehicles were a little more common, they tended to work well in city centre collection areas but would have issues with distance required to travel in the valley areas and to go to Swansea for tipping waste. Therefore, the market needed time to develop and it was felt that the most sensible way to buy time was to use the existing vehicles.

The Head of Operations - Community Services stated that whilst it was possible to hire refuse vehicles, the recycling vehicles were bespoke and not available off the shelf. The configuration of compartments was aligned to the tonnages and materials that Bridgend produced.

In relation to the fuel cost, he clarified that £75,000 was the total and that they would be looking to negotiate to share that cost with Kier. He referred to other carbon reduction schemes undertaken in the past and stated that for approximately £30,000, nearly 1,000 tonnes of carbon reduction seemed to be good value and that a reduction would protect the environment for future generations. In relation to the hydrogenated vegetable derived fuel, he stated that it was a cleaner material and burned less nitrous oxides than diesel fuels. Nitrous oxides, he stated, were known to cause people to develop respiratory problems and diseases. The environmental benefit outweighed the relatively small amount of money proposed to be spent.

In response to a query, the Head of Operations - Community Services confirmed that the new contractor would run and maintain the vehicles and operate them under their own licence.

In relation to what the cost was for transferring Kier staff in 2024 with the potential to do so again in 2026, the Head of Operations - Community Services advised that whilst it might be fair to ask what the cost of procurement would be, the transfer of staff would happen between the existing contractor and the new contractor so there would not be a direct cost visible. The Deputy Leader and Cabinet Member for Social Services & Early Help advised that the TUPE transfer did not incur any cost. An employee would transfer from being an employee of one organisation to being one of the other.

The Chairperson invited any other Members of the Committee and who had signed the Call In to speak and then invited any other Members of the Committee to ask their questions.

Members noted that waste management contracts appeared less lucrative to the commercial sector and sought reassurance of a contingency plan to ensure longevity of service in the event of a short-term contractor discontinuing service.

The Chief Executive advised that Kier had been public about leaving the market but confirmed that they were contractually committed to provide the service until 2024 and there had been no indication that they did not intend to do so. The reason for procuring the short-term contract was to ensure that in 2024, there was an alternative in place. He advised that there were provisions that local authorities could make in emergency situations, where, for example, there was no means of providing the service through normal practice.

In response to a query as to whether there was a formal risk strategy for the decision to procure a short-term contract for the two-year period, the Chief Executive confirmed that that the risk assessment had been part of making the recommendation to Cabinet. One of the risks was the increase in cost, similarly to other contracts involving vehicles. A further potential risk was that no one bid for the contract but highlighted that there had been soft market testing. The indication was that there was an interest in providing the

service as it would be relatively simple, taking on the same vehicles and methodology. Following the risk assessment, pursuing a short-term contract was seen as the potentially the least risky option compared to rushing an in-house model which was seen as riskier.

Members sought reassurance that public consultation would include a variety of measures.

The Chief Executive confirmed that public consultation was not necessary where the methodology was kept largely the same. However, if the service was to move in-house or the targets from Welsh Government were such that the methodology would have to change to accommodate, comprehensive public consultation, engagement and information would be required.

The Head of Operations - Community Services stated that when the service was previously changed, there had been a lot of consultation with a range of engagement exercises and reassured that this would be the same if the service changed.

Members expressed concerns over the timeframe, cost and value for money and, with the rising cost of living, queried whether it would be sensible to explore other options alongside testing the market to end up with value for money in the long run.

The Chief Executive highlighted the limited amount of time until 2024 and that there were relatively limited options; either to procure an outside contractor to provide the service or, with sufficient time, potentially bring it in-house but there been no staff or infrastructure to run the service in-house since 2003. It was likely that contractors would come in with increased costs due to the nature of the market where vehicles and fuel were involved. The procurement was felt to be the easiest, least expensive and least risky option. The market would dictate the cost and it would then be necessary to assess whether it was value for money whilst, in parallel, considering the option of bringing in-house.

The Head of Operations - Community Services advised that the waste market had typically been a fiercely competitive marketplace. Whilst there were likely to be cost increases, due to driver shortages and fuel prices, going out to tender typically brought best value. He referred to the situation in the construction industry being different and their prices increasing multiple fold but that as there is more demand than can be delivered, the marketplace is not competitive which affects the cost. In the waste sector, the number of suppliers and contractors had been quite consistent. Therefore, whilst there was likely to be fundamental material cost uplifts that caused all the bidders' costs to go up, he was not concerned that there would not be competitiveness to achieve best value.

In response to a query over the sustainability and availability of HVO, the Head of Operations - Community Services confirmed that HVO was the next stage of vegetable derived fuels. He referred to previous similar versions where vehicles used chip fat which turned into a form of diesel. He advised that technology and science had moved on and that there was now a much more refined process with a much higher-grade fuel.

In relation to the supply, he confirmed that the exact origins were unknown and would be subject to negotiation with Kier. He advised that there seemed to be an adequate and plentiful supply of HVO but highlighted that HVO was an interim step which would provide a large benefit for a relatively small investment. It would reduce carbon by stopping burning fossil fuels and adding to the problems associated with nitrous oxide but confirmed that if there was not an adequate supply the authority would not sign up to it.

The Cabinet Member for Wellbeing & Future Generations confirmed that he had asked Officers to try and procure HVO through the most sustainable option, such as from waste crop, to try and achieve as much of an impact on the economies and saving on carbon.

Members expressed concerns that the cost risk of the two-year procurement proposal was being underestimated referring to the Competition and Markets Authority in 2017, which looked at how long it took waste companies to recover costs as part of procurement which concluded that it was a minimum of five years. Although companies might be willing to bid for the two-year contract, they could put up their costs, which were usually spread over five years into two years, thereby increasing their proposals at exorbitant cost to the Council. Members therefore encouraged a solid contingency plan to mitigate against the relatively high risk of being in a situation where there was not a cost-efficient solution available.

The Chief Executive acknowledged that companies ordinarily made a profit after five years and that was why waste contracts were usually for seven years. However, what had been established through soft-market testing was that the contract offered was a reasonably simple one for companies already in the market to provide as it was to use the same methodology, the same vehicles and the transfer of the staff already providing it. He believed there would be competition as companies would not need to take a long-term view or invest large amounts to make a profit in the two-year term.

In response to the query regarding the contingency plan, he confirmed that once any contract was outsourced, risks arose but that there was a risk by outsourcing to an external provider or, similarly, a risk by bringing the service in-house. He did not believe that there was a third option which did not carry a level of risk and confirmed therefore, that there was a need to manage the risk in the most effective way.

In relation to the set-up costs not being able to be spread over several years and the cost being significantly higher, the Head of Operations - Community Services advised that the big setup costs were usually a large capital investment in vehicles associated with the contract and route planning. He explained that the contractor would be provided with 99% of the fleet required and would be expected to use the same 200 or so routes already established. Therefore, whilst costs had risen, the contractors would not have to put in the upfront investment that typically had to be paid off.

Members queried, as Kier were leaving the market, whether it was possible for them to novate their existing contracts to the authority as part of the transfer and for the authority to continue with almost the same service that Kier offered.

The Chief Executive reiterated that there was a combination of different procurements, some were waste streams, some software and some routing. However, in parallel to the procurement, there was an element of feasibility to be undertaken to progress, for example, the in-house option in the case of the procurement being unsuccessful or unacceptable but also in preparation for 2026. The novation argument may have been suitable for some contracts but, he doubted, for all.

Members proposed that it was worthwhile to look at the market as part of the contingency plans given the risk of either a high bid or no bids.

Members queried the potential of the service deteriorating and whether the contract would outline clear standards that needed to be met and, if not met, whether there was a possibility of penalties or sanctions being used to deter the quality of the service not being maintained.

The Head of Operations - Community Services confirmed that this would be included in the contract.

Members referred to report on the options and risks of progressing with the new contract post 2024, that went to the Subject Overview and Scrutiny Committee 3 in 2021 and queried what recommendations were made and how they had been incorporated into the Cabinet report. Furthermore, the report noted that the Corporate Management Board (CMB) had considered what might be achievable and deliverable in the time scale and that those had been internal discussions with one preferred option presented to Cabinet. Members asked whether all options could be put into the public domain and issued to the Committee for their consideration. They also asked whether the Cabinet Member was satisfied that there would be a competitive tender process in the short period of time available or whether there was a risk of having to accept the highest tender due to it being the only option to provide a waste service.

The Cabinet Member for Communities referred to paragraph 3.5 of the Cabinet report which he said summed up the present position; that *‘the short-term interim contract period would allow time for the development of the complex future waste collection model post 2026, including key decisions around how the service was provided, to be made at time when there would be less uncertainty. This would ensure that the most cost-effective service and innovative technology is deployed, which is critical if the Council is to achieve its ambition of being the best recycling and waste service in Wales. The Council will work on the interim contract and in parallel use this time to look at all service delivery options available, including a new contractual arrangement or bringing the service back in-house, possibly via an arm’s length arrangement.’* He reiterated that the decision had not yet been made and welcomed more discussion and scrutiny in the future.

He clarified that all options were being considered currently and would not wait until 2024. He advised that if, in 2024, there were uncompetitive bids or excessive bids, it might be necessary to accelerate the process of bringing the service back in-house as the prices would be available then. He reiterated that there was other work taking place in parallel to ensure that there was more than one option available.

The Chief Executive stated that at the time of the Scrutiny Committee in 2021, the clear preferred option was a two-year extension to the existing Kier contract. The paper that went to CMB in December was when it became clear that Kier was moving out to the market and there was, therefore, a limited time scale to consider other options. He confirmed that a version of what was presented at that point could be shared but confirmed that there were only really two options; procure someone separately for the two-year term or, in parallel, seek to bring it in house but with all the caveats that had already been explained.

Members confirmed that it would be helpful to see CMB’s service continuation models, which they considered and rejected in favour of their preferred option for Cabinet’s approval.

The Head of Operations - Community Services recalled the recommendation from the Scrutiny Committee in July 2021 was that the Committee did not support the two-year extension with Kier given all the uncertainties and recommended looking to procure to ensure best value. At the time, the direction of Cabinet was to continue with the extension, for all the reasons presented in the report. However, as Kier did not want to extend, the recommendation of the Scrutiny Committee to go out for a short-term procurement was what was now being pursued.

The Chairperson invited Members of the Committee, having regard to whether it was satisfied with the responses, whether it wished to:

- a) Refer the decision back to the Cabinet for reconsideration, setting out the reasons and rationale for the request;
- or
- b) Decide not to refer the matter back to the Cabinet.

A number of Members remained dissatisfied with the report and asked to refer it back to Cabinet with recommendations. They expressed that Cabinet needed to be explicit that they were considering other options for the two-year period and were uncomfortable with the delegation to Officers when the cost of buying back the equipment remained unknown.

Other Members commented that they felt reassured that the Cabinet Member for Communities and Officers were focused at looking at best value and best service and therefore supported the report but, based on paragraph 9.5 of the report received by Cabinet that said, '*...future waste service model, commission specialist advice if required and report back to Cabinet on the new service model as developed*', recommended that any specialist advice and any commissioning processes reported back to the Scrutiny Committee for consideration before going to Cabinet.

Members highlighted the importance of scrutiny, the quality and detailed questions which reinforced the value of scrutiny before corporate decision making. Without engagement with scrutiny, there was ambiguity, a lack of knowledge and understanding which created dissatisfaction.

It was proposed that the Corporate Overview and Scrutiny Committee should take ownership of the waste contract.

There was also some concern over the timeliness of the process and the risk of losing valuable time by referring the matter back to Cabinet.

The Chairperson clarified that if the decision was made to refer the matter back to Cabinet that they were constitutionally obliged to convene within 7 working days to reconsider.

RESOLVED: Following consideration and detailed discussion with Officers and the Executive, the Committee agreed by majority that it would not refer the matter back to Cabinet for further consideration but to send a report to a future Cabinet meeting recommending the following:

- a) That any future consideration of the Waste contract be presented to the Corporate Overview and Scrutiny Committee at a suitable time so as to enable pre-decision scrutiny and effective input into any forthcoming decision. The Committee requested that this incorporate any specialist advice that is commissioned for the future waste service model, before referring on to Cabinet, as mentioned at paragraph 9.5 of the Cabinet report;
- b) That going forward, contingency measures as well as a deeper look at other possible options for waste service provision is fully and openly considered and deliberated;

- c) That the other options that were considered in order for Cabinet to arrive at the current decision for a short-term waste contract from 2024 to 2026, be published in the public domain to ensure full openness and transparency.

6. **REVENUE BUDGET OUTTURN 2021-22**

The Chief Officer – Finance, Performance and Change presented the report the purpose of which was to provide the Committee with an update on the Council's revenue financial performance for the year ended 31st March 2022.

The Chairperson thanked the Chief Officer – Finance, Performance and Change and her teams for the comprehensive report and invited Members' questions or contributions.

Members noted the impact Covid-19 had had on the budget, both positively and negatively and queried how easy it had been to work with Welsh Government regarding additional funding and how effective it had been.

The Chief Officer – Finance, Performance and Change confirmed that the last financial year had been the second of the hardship fund and therefore, the systems and processes in place to claim the money were already well established by the time of the claims last year. For 2021-22, the increased expenditure was claimed monthly and lost income was claimed on a quarterly basis to help with cash flow issues. The payment process had also been quicker during 2021-22 than in the previous year as Councils adapted to the system.

She advised that claims were scrutinised by Welsh Government but if any queries arose, they were sent back for clarification and monies released as soon as possible following the clarification. Additionally, if one element of a claim was being scrutinised, the other elements of the claim were paid in the meantime and did not, therefore, hold up the entire claim. The process had improved as familiarity with the systems improved.

Members asked for background regarding the amount of capital reserves held and confirmation as to why such large reserves were held.

The Chief Officer – Finance, Performance and Change confirmed that the reserves went up at the end of last year as a significant amount of money came through at year end which was unable to be spent effectively and efficiently so it had been carried forward. She confirmed that was one thing that reserves could be reused for.

In addition, a large sum had been moved into capital reserves to supplement the money from Welsh Government. She highlighted, particularly in the capital program, rising costs as material costs went up and supply chains were struggling, which had impacted on costs. In addition, the costs associated with the 2030 decarbonisation agenda and the Band B schools modernisation program were seeing increased costs so it was prudent to put some money aside to ensure that the commitment to that programme could be honoured. She reported that some spend on schemes involving highways and playgrounds were approved at the last meeting of Council and confirmed that some of the reserves were to help fund some big infrastructure projects whether funded alone or with some match funding from Welsh Government.

In relation to insurance costs, Members noted that the net budget set at £1.3 million had risen to an actual outturn of £2.84m and queried the nature and cause of the costs, whether there had been many small claims or several large claims and whether they were internal or external.

The Chief Officer – Finance, Performance and Change explained that in previous years and the first year of the pandemic, there had been a reduction but with a significant increase last year. Two years of claims might have been administered in the one year which built demand in the system. She confirmed that the position would be analysed and monitored carefully to understand whether it was going to be a long-term position requiring mitigation or whether the demand in the system had eased.

Members requested that following the analysis, information be provided to the Committee on the nature of the claims.

Members noted that a previous Corporate Overview and Scrutiny Committee had been told that there would be a fund of £1,000,000 to cover the payments that were not expected to be covered through Welsh Government funding as a result of the pandemic. With Covid-19 on the rise again, the Committee queried whether there would be any other monies held within the Chief Executive Directorate to provide support to other directorates if needed.

The Chief Officer – Finance, Performance and Change confirmed that within this year's budget there was a base budget allocation of £1,000,000 as it became known that the hardship fund was going to end in the current financial year. There only commitment against it was in relation to personal protection equipment. She confirmed that there were some other short-term commitments against the reserve and that the Corporate Director – Education and Family Support was doing a lot of work in schools to ensure monitoring and support. However, demand on the base budget was low.

Members queried the nature of the overspend and significant increase in childcare legal costs and whether it needed to be considered for future allocation.

The Chief Officer – Finance, Performance and Change confirmed that the pressure was due to an increase in complex childcare cases where a lot of work had to be outsourced to Counsel. She confirmed that it was being monitored closely.

The Deputy Leader and Cabinet Member for Social Services & Early Help highlighted the authority's responsibilities as Corporate Parents and that the increase was due to the number of children in court proceedings which required expert input. She advised that she expected the cost to increase due to the considerable increase in the complex needs of young people. However, she wanted to reassure Members that the Council would do its utmost to support those young people.

Members queried, with reference to paragraph 4.3.1 of the report relating to the retendering exercise, whether a further large rise in taxi and minibus contracts was anticipated.

The Corporate Director for Education and Family Support confirmed that inflationary pressures were going to be difficult to manage. In conjunction with the Association for Directors of Education in Wales, they were working closely with transport providers around the pressures with the rise in fuel costs to maintain the statutory requirement to provide home to school transport for eligible learner. However, a significant uplift was anticipated and the new contract was likely to attract further uplift which was going to be challenging.

Members asked with regard to the anticipated introduction of the Welsh Government review on learner travel, what the authority's preparedness was for receiving the report, considering its contents and how the authority was going to respond.

The Corporate Director for Education and Family Support advised the Leader had written to the Cabinet Member for Education and Welsh Language to ask for an update. He advised that over the last five years, Bridgend's home to school transport policy had become more closely aligned with Welsh Government expectations. He highlighted the good relationship developed over the last two years with Welsh Government and hoped that if there were going to be significant changes following the report, that Welsh Government would share the proposals with Directors at an early stage and prior to publication.

Members asked whether the section 106 monies were included in the reserve figures for education or whether it was being held elsewhere acknowledging it was a considerable amount of money.

The Deputy Head of Finance clarified that they were revenue reserves that had been established and that section 106 funding was separate. They were included in the accounts and in the statement of accounts but not held in the earmarked reserves.

Members queried how they would know how much monies were being held from section 106 funding for each Directorate.

The Deputy Head of Finance confirmed that the monies were not received per Directorate as they might be for a particular area to provide a wide range of service such as a, a playground, play areas, school, etc. She confirmed that there would be more detail contained in the statement of accounts and that the draft accounts would be presented to the Governance and Audit Committee in July but in the meantime, she could bring some details together.

The Leader confirmed that concerns around inflation of costs in home to school transport and other areas of inflationary pressures were being raised with the Welsh Local Government Association (WLGA) and could be reflected in the budget setting for Welsh Government.

In relation to the section 106 funding, the Cabinet Member for Communities advised that the Development Control Committee used to receive regular reports with the list of all 106 agreements. He acknowledged it was important for all Members to see and be aware of what agreements were within their wards, the amount and the time scales for implementing them.

Members noted the huge inflation in oil, diesel and petrol and asked what conversations were being held at WLGA level and with trade unions regarding the 45p per mile and supporting staff.

The Deputy Leader and Cabinet Member for Social Services and Early Help advised that she was the WLGA spokesperson for the workforce and that fuel costs and the cost of living were on the agenda for the next meeting of the Joint Council for Wales and reassured Members that those discussions were taking place.

In addition, she highlighted that Bridgend already paid staff at the rate of 47p per mile above the HMRC rate of 45p per mile. The Council needed to be clear on how it was going to sustain the position and noted that HMRC and the Westminster Government also needed to act on the issue.

In relation to junction traffic assessments, Members queried whether there would be ample assessments but not the ability to implement their findings due to lack of finances, whether revenue or capital.

The Corporate Director for Communities confirmed that there was an allocation this year of £3.5 million in the highway programme to address a number of issues, including road resurfacing, junction improvements and streetlighting. She advised that Cabinet had an ambition that it would be part of a rolling capital programme and therefore, any assessments would not be done in vain; the projects would be picked up but on a prioritised basis.

In relation to Appendix 3, Revenue Budget Monitoring – Year End Outturn, Members noted that there were going to be significant inflationary pressures that would impact on the services provided and asked whether any further support was expected from central government.

Additionally, Members noted the series of manifesto commitments which had been made by the executive and that delivery of those might be significantly affected by inflationary pressures. Members asked whether there was confidence that the Cabinet would deliver the manifesto commitments on time and on budget; particularly, whether they could deliver on their commitment to provide free school meals to all primary school children by September 2023.

The Chief Officer – Finance, Performance and Change confirmed that the revenue support uplift had been a one-off and was completely unprecedented. She acknowledged the inflationary pressures faced and reiterated the discussions taking place with the WLGA and the Welsh Government on the likely impact of them and trying to quantify it across Wales. It was uncertain whether any further monies would be forthcoming, but data was being collated to try and influence the settlement position for next year.

The Leader recognised that the roll-out of free school meals was a key manifesto for the executive and the Welsh Government and confirmed that the Welsh Government had been clear that they would provide the funding to deliver it and for the introduction of the 20mph limit on roads. He acknowledged the difficulties faced due to the rise in inflation and the cost-of-living crisis which made it difficult to make predictions regarding funding but confirmed that the UK Government was also being lobbied for funding.

The Cabinet Member for Education highlighted the importance of the manifesto commitment as no child should be hungry when attending school. He confirmed that the initiative would start in September with a phased approach with all infant school children expected to have free school meals by 2023. He acknowledged the exorbitant rate of inflation had meant that there were mild delays for junior school children but free school meals for all primary school aged children was expected by 2024 in line with the Welsh Government target.

He continued that there were about five schools in the borough that required extra equipment and space to be able to provide the free school meals and the rising costs and delays in planning meant that there would be a delay to 2024 but highlighted that it was within the term of this Council.

The Cabinet Member for Communities acknowledged the delays in the delivery of the manifesto commitment to increase investment in highways due to planning and resources but confirmed that it and the long-awaited investment in play areas would soon be visible.

The Cabinet Member for Resources confirmed that there were 121 manifesto commitments at various stages of fruition. In relation to free school meals, he advised that there was a £2 million project to get the kitchens ready to roll out the initiative. He was certain it could commence in September 2023 and hoped that that Welsh

Government would help to bring the ambition forward. He continued that it was a fantastic initiative that would be delivered as quickly as possible.

RESOLVED: The Committee noted the report and requested the following:

- Information be provided on the nature and source of insurance claims in 2021-22.
- Information be provided demonstrating the Revenue Reserves held by Directorate.

7. **CORPORATE PARENTING CHAMPION NOMINATION**

The Scrutiny Officer presented the report, which requested the Committee to nominate one Member as its Corporate Parenting Champion to represent the Committee as an invitee to meetings of the Cabinet Committee Corporate Parenting.

The Chairperson invited nominations, following which it was

RESOLVED: That Councillor Amanda Williams be nominated to represent Corporate Overview and Scrutiny Committee as an Invitee to meetings of the Cabinet Committee Corporate Parenting.

8. **NOMINATION TO THE PUBLIC SERVICE BOARD SCRUTINY PANEL**

The Scrutiny Officer presented the report, which requested the Committee to nominate three Members to sit on the Public Service Board Scrutiny Panel.

The Chairperson invited nominations, following which it was

RESOLVED: That Councillors Simon Griffiths and Freya Bletsoe be nominated by the Corporate Overview and Scrutiny Committee to sit on the Public Service Board Scrutiny Panel, and one further nomination be sought at the next meeting of the Corporate Overview and Scrutiny Committee in July.

9. **FORWARD WORK PROGRAMME UPDATE**

The Senior Democratic Services Officer – Scrutiny presented the Committee with the proposed draft outline Forward Work Programme (FWP) in Appendix A for discussion and consideration, requested any specific information the Committee identified to be included in the items for the next two meetings, including invitees they wished to attend, requested the Committee to identify any further items for consideration on the Forward Work Programme having regard to the selection criteria in paragraph 4.6 and asked the Committee to note that the Forward Work Programme for the Subject Overview and Scrutiny Committees would be reported to a meeting of COSC, following consideration in the July cycle of SOSC meetings.

Members referred to the Corporate Performance Assessment which identified several corporate risks, such as workforce issues, new legislation placing demands on services, inflationary pressures on service delivery and future procurement issues and asset management issues. It was proposed that the FWP be revisited following the scrutiny of the Performance Report at the next meeting of the Committee in July.

RESOLVED: The Committee considered and approved the draft Forward Work Programme, subject to consideration of

any potential topics that may be proposed following the scrutiny of the Council Performance against its commitments for the Year 2021-22 report at the Committee's July meeting.

10. **URGENT ITEMS**

None

The meeting closed at 12:45