

Ref: RDB/PM/BD/08.12.15

11th January 2016

Councillor Bob Derbyshire,
Cabinet Member for the Environment,
County Hall,
Atlantic Wharf,
Cardiff,
CF10 4UW.



Dear Councillor Derbyshire,

Environmental Scrutiny Committee – 8th December 2015

On behalf of the Environmental Scrutiny Committee I would like to thank the officers for attending the Committee meeting on Tuesday 8th December 2015. As you are aware the meeting considered items titled 'City Operations – Quarter 2 Performance' and 'Cardiff's Commercial Waste Collection Service'. The comments and observations made by Members following this item are set out in this letter.

City Operations – Quarter 2 Performance

- At the meeting an officer explained that the sickness absence process could be improved by changing the definition of a sickness absence period; such a change it was felt could reduce sickness absence. Members would be grateful if you could provide details of these suggested changes so that they can be compared against the existing sickness absence policy.
- It was noted that the staff agency budget for City Operations had achieved 89% of the published annual budget by the end of month six. Members were concerned by this high level of spend and would like assurance that this budget will be better managed during the second half of 2015/16 to help ensure that budget and performance targets are met. Members still feel that staff upskilling is a key element which could be implemented to reduce agency spend; they also believe that it is a key

element which should be one of the main ingredients for the successful Infrastructure Services Alternative Delivery Model option.

- A Member asked if the 240 litre wheelie bins which were replaced by the smaller 140 litre wheelie bins as of the 2015 waste collection changes would be recycled. She was told that they would be recycled (melted down and reused) and that the very small tonnage produced would contribute to the Council's recycling target. I would be grateful if you could provide the estimated tonnage from recycling the old 140 litre wheelie bins and the recycling category into which the material would fall.

Cardiff's Commercial Waste Collection Service

- Members were very pleased at the progress that the Commercial Waste Service has made in recent years; in particular they were impressed at the level of business acumen within the team which has resulted in a steadily increasing income for the service. The Committee would like to commend the Commercial Waste Service for the recent work and improvements which have been made to the service.
- During the way forward Members noted the competitive advantage created by the Council's VAT exempt status when compared against other private sector commercial waste businesses. They felt that the Commercial Waste Service should use the advantage as a selling point to attract new business and maintain existing business. It was suggested that non VAT registered businesses in particular would benefit from the exemption and that it would help improve short term cash flow of all VAT registered businesses. Members noted with concern that the Council's Commercial Waste Service webpage did not promote the VAT exemption benefit to businesses. Other local authorities, for example, Oxford Direct Services have successfully used this tax advantage on their website and when prospecting for new business. The Committee feel that the Council's Commercial Waste Service should follow this example.

- An officer explained that a longer term objective of the service was to offer it a part of a solution based cluster of services for businesses. This, for example, would mean that the Commercial Waste Service elements of work would be packaged with services like grounds maintenance and general cleansing to offer a bespoke package for individual businesses. Members agree with this solutions based approach and strongly support the development of the idea. They feel that modern businesses want a packaged solution for a whole suite of services instead of having to manage a diverse number of contractors; the simplicity of this approach allows the business to focus on the most important part of the operation, i.e. making money.
- A Member was keen to find out how many businesses or individuals had actually used the frontage clearance service and how this service was promoted. I would be grateful if you could explain how this service is promoted and how many times it was used by business and individuals in 2014/15 and 2015/16.
- It was explained at the meeting that it was important to strike a balance between recycling and income generation when running Council's Commercial Waste Service. Any commercial waste collected by the Council still has to comply with statutory recycling targets (58% for 2015/16); this is in contrast to private sector waste collection services that currently don't have to comply with this target. Based on the current position Members support the approach taken by the Commercial Waste Service and understand the restrictions that they currently face. It was also explained that the new Environment (Wales) Bill may place the same statutory recycling targets against private sector waste collection services in the near future. Members saw this potential change as an opportunity for the Council as private sector waste collection services will have to manage the same recycling cost base as the Council, therefore, creating a level playing field. The Committee asks that development of the Environment (Wales) Bill is closely monitored and that if statutory

recycling targets are created for private sector waste collection services then the Council is ready to take advantage of the change.

- Members note that the Council is close to achieving access to a complete suite of sustainable waste disposal facilities which should give them a degree of control over waste disposal costs. The Committee would suggest that this is a good time to review if having these local facilities provides a local cost advantage which in turn could be a key ingredient for generating new business. I would, therefore, suggest that these disposal costs are reviewed and benchmarked against other private sector commercial waste providers operating in the area.
- The Committee were informed that the Commercial Waste Service is limited by how much of an income surplus it can generate. They also noted the progress that has been made by the service in recent years and that these improvements point towards a commercially viable business which could generate a healthy profit for the Council. On this basis they feel that the service could benefit from being a part of a wholly owned arms length company instead of being in a part of a modified in house option. Moving to a wholly owned arms length company would provide them with the ability to trade in the same way as an ordinary company and remove the restrictions which are placed on local authorities.

I would be grateful if you would consider the above comments and provide a response to the requests made in this letter.

Regards,

A handwritten signature in black ink that reads "P. D. Mitchell". The signature is written in a cursive, slightly slanted style.

Councillor Paul Mitchell
Chairperson Environmental Scrutiny Committee

Cc to:

Andrew Gregory, Director for City Operations

Tara King, Assistant Director for City Operations

Jane Cherrington, Operational Manager, Strategy & Enforcement

Paul Keeping, Operational Manager, Scrutiny Services

Joanne Watkins, Cabinet Office Manager

Members of the Environmental Scrutiny Committee