

ENVIRONMENTAL SCRUTINY COMMITTEE

17 APRIL 2018

Present: Councillor Patel(Chairperson)
Councillors Philippa Hill-John, Owen Jones, Lay, Mackie, Owen,
Wong and Wood

56 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Lancaster.

57 : DECLARATIONS OF INTEREST

The following declaration was received in accordance with the Members Code of Conduct and the Local Government Act 1972:

Councillor Wood Agenda Item 5 Employee of Cardiff University

58 : MINUTES

The minutes of the meetings held on 6 March were approved as a correct record. The minutes of 27 March 2018 were approved as a correct record, subject to the deletion of the word 'offered' from paragraph 5 on page 14 (Minute number 54).

59 : RECYCLING & WASTE MANAGEMENT STRATEGY - 2018 TO 2021

The Committee received a report providing an update on the Recycling and Waste Management Strategy which is due to be received by the Cabinet on 17 May 2018. The Cabinet will be asked to approve components of the Recycling and Waste Management Strategy 2015-18 and update the strategy for the next 3 years.

Members were advised that Cardiff is the best performing Core City in terms of its recycling rates. Driving recycling rates, improving operational efficiencies and reducing service costs continue to be priorities for the Council and therefore the Council will update the Recycling and Waste Strategy to respond to challenges. Members were reminded that failure to increase recycling performance year on year could result in annual fines at £200 per tonne. It was estimated that if recycling performance stayed at 60% then recycling fines could potentially reach £10.45 million annually by 2025.

Global recycling markets were also having an impact on the cost efficiency of the service. Since the Strategy was approved in 2015 recycling markets have decreased in value and demands for quality recycling has increased. This has in turn increased pressure on the service to improve the quality of separation and clean materials from both kerbside and HWRCs.

Members were advised that the updated strategy will build on the strategy; outline the planned changes to drive forward the next phase of service deliver; and is designed to meet the Council's statutory obligations and the commitments set out in the Council's Capital Ambition document.

Legislative requirements require that the Council increase recycling from 60% to 64% by 2019/20 and to 70% by 2024/25. The Council is committed to ensuring that recycling targets are secured and that cost efficiencies are maximised. The updated strategy tests the Council's compliance with recycling targets and that it is cost effective whilst obtaining high quality recycling. It will look at the areas of recycling potential and the areas to focus on to improve recycling yields across the various waste streams in order to achieve the required recycling performance.

Members were advised that a gap analysis on the 2015-18 Strategy will be used to inform the next steps. Any areas identified that are not progressing are being reconsidered. The updated strategy will focus on how the Council performance against a range of measures in order to demonstrate how the Council continues to work towards the Welsh Government 'Collections Blueprint'.

The Chairperson welcomed Councillor Michael Michael, Cabinet Member for Environment, Clean Streets and Recycling and Jane Cherrington, Operational Manager, Strategy and Enforcement to the meeting. Councillor Michael stated that increasing recycling performance from 60% to 70% would be challenging and he would welcome the Committee's input in addressing this issue.

The officer was invited to deliver a brief presentation. The Chairperson then invited the Members of the Committee to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Members sought to clarify which areas the Cabinet Member felt that Scrutiny could review to help add the most value. The Cabinet Member suggested that if the Committee wished to look at best practice in other cities, and then make suggestions, then those observations may be useful and will inform decision-making.
- Members asked what input any consultation on the proposed collection methods might have. The Cabinet Member stated that engagement with the Committee or members of the public would be welcomed. Contributions to the consultation process would be 'listened to'.
- A Member commented that the goodwill of the public and Councillors was essential if recycling performance was to improve further. The Cabinet Member was asked to clarify whether the trial of separate containers for glass collection would be on a ward-wide basis or whether it would be concentrated in parts of those wards. The Cabinet Member confirmed that the trial would be conducted in areas identified within wards and not in the whole ward.
- Members asked whether the separation of glass from other recycling was the quickest way to reach the 70% recycling target by 2024/25. The Cabinet Member stated that the aim of the glass collection pilot was to secure high-quality recycling. A financial risk to improving quality has been identified and accepted. The separation of glass will also move the authority closer to the Welsh Government's waste collections blueprint. Furthermore, higher volumes and increased quality will result in higher income.

- The glass collection pilot is being undertaken on a cost neutral basis. A Member requested further information regarding the resources being committed, in particular the number of 'man hours' required. Officers agreed to provide the requested information.
- Members commented that kerbside collection did not always work well in other authorities and it was often not as efficient as Cardiff's collection method. The Cabinet Member stated that Cardiff has used the same collection method for a long time and the Council was considering ways in which collections might be modernised in order to find a better way of delivering the service. Members were advised that considerations included collections on Bank Holidays and night-time collections. The Committee agreed that a more flexible approach was needed, however, the authority needed to recognise the differences between wards in the City.
- In terms of the proposed expansion of wheeled-bin collections, Members asked whether the expansion would include terraced streets. Members were concerned that wheeled bins would create an obstruction to the footway in these areas. The Cabinet Member confirmed that it was not proposed to have wheeled bins in terraced streets as there was a tendency for residents to leave bins on the highway permanently. This scenario has been avoided previously. However, there are some areas with frontages that do not have wheeled bins at present. Members in wards affected will be consulted on the expansion of the wheeled bin scheme.
- A Member stated that litter bins in the City Centre have separation of recycling and other waste. The Member questioned whether these bins should be provided in other areas as a way of increasing recycling. Separate bins in the City Centre suffer contamination and a cultural change is going to be needed in order for on-street recycling to be improved.
- Members asked if there was an option for residents to opt-in to the wheeled bin collection scheme. Officers stated that this was not possible as collection methods are performed in rounds, so providing a bespoke service to certain residents within those rounds was not operationally possible.
- The Committee noted that global markets for recycling were shrinking and this has caused uncertainty. Members asked whether it was now time to think about how recycling could be processed locally. Officers confirmed that regional discussions have been taking place with a view to adding to recycling infrastructure and establishing reprocessing facilities near to where collections are. The establishment of an internal market for recycling in Wales is a strategic issue for the Welsh Government and it is one which Welsh Government supports.
- A Member asked whether providing wheeled bins for general waste was to the detriment of recycling rates. Members were advised that there was no evidence to support this view. Wheeled bins had a finite volume but residents are able to present an infinite number of green bags.
- Members asked whether recycling from festivals and other events in the City Centre is optimised. Officers stated that collection of recycling depends on the

type of event taking place. For example, event bins are placed at strategic locations for rugby matches, with limited success, as cross-contamination of the waste stream is common. There is more success collecting recycling at festivals.

- The Cabinet Member stated that the authority is not collecting as much recycling from commercial businesses as it should and businesses will need to recycle more in the future.
- Officers confirmed that volunteers who litter pick in their communities are provided with green bags. The waste that is collected is sorted and can be recycled.
- The Committee asked officers to comment on the efforts being made to develop a re-use strategy with 3rd sector partners. Officers stated that consultation with the 3rd sector is continuing. The authority is in discussions and is attempting to establish what materials partners in the 3rd sector require. In the longer term, and as part of the waste minimisation policy, the development of a re-use facility is an aspiration.

RESOLVED – That the Chairperson write to the Cabinet Member on behalf of the Committee to convey their comments.

60 : CARDIFF DISTRICT HEAT NETWORK

The following declaration was received in accordance with the Members Code of Conduct and the Local Government Act 1972:

Councillor Wood

Agenda Item 5

Employee of Cardiff University

The Cabinet is due to receive a report entitled 'Cardiff Heat Network' at its meeting on 19 April 2018. The Cabinet report sought to report the outcome of a detailed feasibility study on District Heat Network in Cardiff; presented the outline business case for the proposed Cardiff Heat Network; sought authority to commence the final steps of the project including grant applications and the development of the final business case; and to signal a future Council Capital Bid, subject to the other funding confirm and approval of a full business case. Members were asked to consider the contents of the Cabinet report and the business plan and to pass on any comments, observations and recommendations.

Members were advised that a heat network is a distribution system of underground pipes that takes heat from a central source and delivers it to connected buildings, therefore reducing their reliance on fossil fuels for heating. Potential heat sources include heat generated and energy from waste plant; heat recovered from industry and urban infrastructure; and heat harvested from natural sources such as canals, rivers and underground water sources.

Heat Networks can form an important part of plans to reduce carbon emissions and cut heating bills for customers. The Department of Business, Energy and Industrial Strategy (BEIS) established a Heat Network Delivery Unit (HNDI) to support action nationally. This has been supplemented by the Heat Network Investment Project (HNIP) which is providing loans and grants to kick-start schemes. The Welsh

Government is supportive of heat networks and has provided support for Cardiff's project through its Green Growth Programme.

The Council's Capital Ambition document commits the Council to develop sustainable heat network proposals for the City. The development of a heat network will also provide an opportunity to create a major new localised economic activity in the City and develop Cardiff's position as a forward thinking, low carbon business destination.

The Council's long-term strategic objectives were summarised as follows:

- To use Cardiff's multiple heat sources to provide low cost heat;
- To establish infrastructure allowing the long-term decarbonisation of heat supplies;
- To provide long term, secure and locally sourced heat supplies;
- To provide low cost heat as an economic development benefit for new and existing businesses;
- To provide benefits to the overall economy in Cardiff and Wales more broadly.

In 2014 the Council received grant funding to investigate the potential for heat networks in the City. Technical consultants were commissioned to conduct a series of feasibility and business case development studies that aimed to identify and test specific opportunities and options for the City, as well as identifying a recommended network to pursue.

The commissioned work programme delivered the follow:

- A Heat Mapping Report cataloguing existing and potential heat sources and identifying large user customer clusters that might be served by these;
- An Energy Masterplan outlining a number of potential areas across the city where heat networks might be feasible;
- A detailed City Centre Feasibility Study focussing on the immediate and specific opportunities presented by the Trident Park Energy from Waste heat source;
- An Outline Business Case for the Cardiff Heat Network.

A summary of each of these were provided in the report.

Members were asked to note that the Cabinet report is intended to formalise the Council's support for the scheme in principle. Further decisions will be required to approve the Full Business Case and this will be subject to securing the funding needed to underpin the assumptions made in the outline business case. The report set out the steps required to develop the project further.

The proposed delivery model for the Heat Network is the creation of a Special Purpose Vehicle (SPV) expected to be in form of a trading company. Further work is required to bring together more detailed proposals.

The Chairperson welcomed Councillor Michael Michael, Cabinet Member for the Environment, Clean Streets and Recycling; Tara King, Assistant Director and Gareth Harbombe, Operational Manager, Energy and Sustainability. The officers were invited to deliver a presentation on the Heat Network proposals.

The Chairperson invited Members of the Committee to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Members asked what the consequences would be should the project not realise a rate of return to repay that equity stake proposed by Welsh Government. Officers stated that the equity stake is not in the form of a repayable loan. Welsh Government are aware of the risks associated with the project and the calculations made assume that there will be no payback. The calculations also assume that there will be no private sector input.
- Officers were unable to estimate the number of jobs that would be created during the construction phase and beyond. The proposed route for the heat network infrastructure follows the 'path of least resistance' and efforts have been made to avoid certain areas. Notwithstanding this, there is likely to be considerable disruption during the construction phase.
- It was noted that the timescale for the project assumes a 40-year project lifespan. Members asked whether officers have considered longer term projections, and particularly whether the primary heat source would still be in operation. Officers stated that the Energy from Waste facility (EfW) has the capacity to take in waste from further afield. The heat network can also be supplemented by other sources of heat, e.g. from steel manufacturing and from groundwater. The various options were costed in the masterplan document. Heat source models such as the network in Copenhagen use multiple inputs and multiple outputs. The SPV constitution will allow this to happen in Cardiff.
- Members asked whether private sector customers would need to bear the cost of joining the heat network. Officers indicated that the Heat Network would cover the cost of delivering heat to a private sector customer and the cost of replacing a gas boiler with a heat exchanger, plus any on-going maintenance costs. These costs are assumed in the business plan. The Cabinet Member stated that the Council would seek to recommend that new developments in the City Centre have heating systems that are able to adapt to this technology.
- Members asked whether there was a limit to the amount of heat that is available and therefore, on the number of customers that can join the network. Members also asked what consideration has been given to the changes that may happen over the 40-year timespan of the project, for instance County Hall and Cardiff Prison are unlikely to remain at their present locations. The Heat Network will present significant commercial complexities that will need to be addressed. Officers stated that the Viridor contract is for 25 years and an agreement will need to be reached with Viridor. If County Hall and Cardiff Prison are relocated, then other developments will take their place. Supplementary Planning Guidance can potentially be used to firm up recommendations that new developments are able to join the heat network.
- Members noted that phase 1 of the scheme carried some risk in terms of funding and construction of the network. Members asked whether at the end of phase 1 the private sector would be able to purchase the Heat Network without having

carried any of the risks associated with its development. Officers stated that private sector investment in the Heat Network was an interesting prospect. However, in the first instance the project would be a public sector / public section joint venture.

RESOLVED – That the Chairperson write to the Cabinet Member on behalf of the Committee to convey their comments.

61 : CONSIDERATION OF THE ENVIRONMENTAL SCRUTINY COMMITTEE
DRAFT REPORT TITLED 'IMPROVING CARDIFF'S AIR QUALITY - TASK &
FINISH EXERCISE'

The Committee received the draft Task and Finish Inquiry report titled 'Improving Cardiff's Air Quality'. Members were asked to consider the contents of the report and delegate authority to the Chair to make alterations as necessary.

Members suggested amendments to a number of the recommendations in the Task and Finish inquiry report. The Principal Scrutiny Officer agreed to amend those recommendations and circulate that revised wording to Members of the Committee via email.

62 : ENVIRONMENTAL SCRUTINY COMMITTEE - WORK PROGRAMME

Members discussed items to be considered at the May and June meetings of the Committee. The Committee agreed to receive a further report on the Recycling and Waste Management Strategy at its next meeting, prior to the matter being considered by the Cabinet on 17 May 2018. Members proposed that the work programme be amended in order to accommodate this.

Members considered that there were a number of elements to the Recycling and Waste Management Strategy and the Committee discussed where it could best invest time in scrutinising the subject. Members agreed that a breakdown of recycling performance in terms of recycling by type and how it is achieved is vital in order to identify where the Council is performing well and where it is performing poorly, so that potential areas of improvement can be put forward. Members requested that this information be circulated in advance of the May meeting so that the Committee is afforded an opportunity to digest the information. The Committee also agreed to investigate operational issues in Cardiff and best practice in other local authorities.

The Principal Scrutiny Officer updated the Committee on the progress made in establishing the Task and Finish inquiry on Litter.

63 : DATE OF NEXT MEETING

Members were advised that the next Environment Scrutiny Committee is scheduled for 15 May 2018.

64 : CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

The meeting terminated at 7.30 pm