

Minutes of the meeting of General scrutiny committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Friday 1 December 2017 at 10.30 am

Present: Councillor WLS Bowen (Chairman)
Councillor EJ Swinglehurst (Vice-Chairman)

Councillors: BA Baker, JM Bartlett, PGH Cutter, JF Johnson and A Warmington

In attendance: Councillors H Bramer (Cabinet Member), ACR Chappell, PP Marsh and AJW Powers

Officers: K Vigus – Waste Disposal Team Leader, C Ward – Solicitor to the Council, J Coleman Democratic Services Manager/Statutory Scrutiny Officer.

39. APOLOGIES FOR ABSENCE

Apologies were received from Councillors PA Andrews, PE Crockett and FM Norman, signatories to the call-in.

40. NAMED SUBSTITUTES

None.

41. DECLARATIONS OF INTEREST

Agenda item 7: Call-in of cabinet member decision in respect of charity shop waste disposal.

Councillor ACR Chappell declared an interest (category: other) because he had received training from St Michael's hospice.

42. MINUTES

RESOLVED: That the minutes of the meeting held on 13 November 2017 be approved as a correct record and signed by the Chairman.

43. QUESTIONS FROM MEMBERS OF THE PUBLIC

None.

44. QUESTIONS FROM MEMBERS OF THE COUNCIL

None.

45. CALL-IN OF CABINET MEMBER DECISION IN RESPECT OF CHARITY SHOP WASTE DISPOSAL

The Committee considered the call-in of the decision of the cabinet member contracts and assets regarding changes to the policy on charity shop waste disposal.

Charity shops were currently provided with permits to tip that allowed them to deposit waste at the council's expense. The changes proposed would introduce a limit on the amount of waste deposited by charity shops at the council's expense.

The decision had been called in accordance with the Scrutiny Rules at part 4 section 5 of the constitution by the following 7 Councillors: Councillors PP Marsh, JM Bartlett, AJW Powers, PA Andrews, PE Crockett, FM Norman and ACR Chappell. The grounds for the call in were: that there was inadequate evidence on which to base a decision and that not all relevant matters had been fully taken into account; and that the decision was disproportionate to the desired outcome.

The Chairman outlined the protocol for the conduct of the meeting a copy of which had been circulated to all members.

Cabinet Member - summary of his decision.

Councillor H Bramer – cabinet member – contracts and assets provided a brief summary of his decision. He made the following principal points:

- The decision sought to balance the good works the charity shops did with the cost to the Council of unlimited waste disposal.
- Some 800 tipping permits were issued in 2016/17 to charity shops with 400 tonnes of waste deposited at a cost to the council of £50k.
- The Council had no legal obligation to provide places for charity shops to dispose of waste for free. The proposal offered continued support at a level that was considered to be reasonable and affordable. It imposed a limit of between 12-48 permits a year to charities based on the scale of operation in Herefordshire.
- The policy reflected the benefit to the council of the recycling work charities did.
- Free disposal encouraged charity shops to accept poor quality materials from house clearances. It was important charities improved quality control to manage waste better.
- The implementation of the changes was proposed to be phased in over 3 years which would allow organisations time to adjust to the new arrangements.

Presentation of Reasons for the Call-in

Councillor Marsh as the lead call in member spoke on the call-in followed by Councillors Bartlett, Powers and Chappell. A short statement was read out on behalf Councillor Andrews. The following principal points were made:

- The council's corporate plan referred to encouraging and supporting even more local services to be run by communities themselves, reducing demand on statutory services and that the council recognises that it is in the unique position of acting as a hub for the public sector, the private sector and the 3rd sector and accepts the responsibility to work with our partners to provide leadership. It was questioned whether the decision on charity shop waste disposal demonstrated such support or leadership.

- The proposal would affect two charities: St Michael's Hospice and the British Heart Foundation. St Michael's was supported by a large number of volunteers providing a considerable reuse and recycling operation. The provision of recycled goods for local people was beneficial in the context of the low wage local economy. The decision only focused on the tipping of the unusable material.
- The hospice provided a valuable service reducing the burden on the council's social care budget, training carers and others and raising considerable sums through voluntary fund raisers.
- More could be gained and achieved by the council working in partnership with the charities.
- It was questioned whether the projected savings would in fact be achieved.
- It was possible that charities would become risk averse to accepting donations of items.
- It assumed that residents would dispose of waste responsibly. There was no analysis of the risk of fly-tipping.
- It was questioned how the policy would be enforced, at what cost and what evidence there was that the current system was being misused.
- The decision did not evidence or take account of all the issues.
- Several points were made in support of the work of St Michael's hospice and the contribution it made to the county and to the council, including a considerable contribution to the local economy.
- Currently one in four of the hospice patients were funded by donations through its shops.
- Its record in recycling and selling of clothes and books matched or exceeded the charitable sector's national average of 96%. This saved the council a considerable sum in waste disposal costs.
- The charity estimated that the removal of free permits would mean a cost of some £26k a year to pay for disposal through a commercial company. This would reduce resources available to the charity for care.
- The charity was keen to work with the council to keep as much waste out of landfill as possible
- The charity employed 197 staff (143 full time equivalents) and was supported by 990 volunteers many of whom could return to the local workforce following work and training with the hospice. Rehabilitation work also enabled many to return to work.
- The hospice had recently completed a new building costing £11.5m which had required no funding from the council. This contrasted with the financial support being given to the new university and the enterprise zone.
- The proposal was not cost effective and would be counterproductive to the hospice with negative economic consequences for both the charity and the council which would also suffer a damaging reputational impact.
- The collection and disposal burden resulting from the proposal would exceed the cost of free permits.
- As a point of principle the council should be supporting the much loved local hospice not hindering it.
- The hospice provided vital patient care including, for example, two weeks of free respite care per patient. This was equivalent to £42k per year per patient if the council had to provide it. Statutory services were provided by the hospice that would

otherwise have to be provided by the council. The money raised through the charity shops contributed to funding this care.

Cabinet Member Response

The Cabinet member invited the Waste Disposal Team Leader (WDTL) to respond to the detailed points raised. The WDTL commented as follows;

- Work on the issue had begun a year ago and it was acknowledged that it had been challenging. There remained a need for the council to make savings.
- The council did not have to provide free disposal and could choose to offer no support at all. However, the council was keen to support charity shops and had had detailed discussion with the two principally affected (St Michael's hospice and the British Heart Foundation) about the proposal.
- A public consultation had been undertaken. A slim majority had thought free disposal should stop. A greater majority had supported the introduction of a reuse credit. In discussion with the charities it had been concluded that this would place an administrative burden on the charities and the council. This had led to the current proposal. The permit limits suggested in the report were influenced by suggestions made by St Michael's hospice. The three year implementation period would allow time for the charities to adjust and for the council to review the policy. This was considered necessary because St Michael's hospice, for example, currently used some 500 permits a year and this would reduce to 148.
- Account had also been taken of the fact that St Michael's hospice and the British Heart Foundation offered a free house clearance service. This was a commercial activity in which businesses engaged and which other charities might also choose to undertake; and there was a question as to whether the council should pay for this.
- The proposal permitted a reasonable level of free disposal that reflected the good work that charities did, but did not expose the council to unlimited costs.

Questions from the Committee

The following principal matters arose during questioning:

- There was no tonnage limit per permit. A limit was imposed by the policy limiting the maximum gross weight of a vehicle to 3.5 tonnes. The average load was half a tonne with the potential for a maximum load of 1 tonne. Some authorities did impose tonnage limits but this required weighbridges or similar mechanisms.
- By law charity waste was classified as commercial waste. Only charity shop waste where someone had donated something for sale in a charity shop could be classified as household waste.
- The majority of waste tipped was mixed waste that was difficult to recycle and this went straight to the energy to waste plant.
- The policy was really only seeking to address the activities of two charity shops: St Michael's hospice and the British Heart Foundation who engaged in house clearance.
- Insufficient weight was being given to the value of the contribution charities made to the county.
- The report to the cabinet member on which he had based his decision included a letter from St Michael's hospice (page 33-34 of the agenda papers). This stated that "the two principal reasons cited by the council for ceasing free tip permits, namely the cost to the tax payer and encouraging more waste to go to landfill by rewarding poor

behaviour". The letter stated this logic was wholly flawed. The letter also highlighted that the clothing the hospice had diverted from landfill in the current financial year had saved £29k in landfill tax, more than the projected saving.

- It was questioned whether there had been sufficient consideration of the value of the existing arrangements to the council and whether the costs that might potentially be involved in changing them had been fully assessed.
- The WMTL commented that textiles, for example, were a valuable commodity and he considered that these would be collected by a range of people. The risk that any increase as a result of limiting free disposal was equivalent to or greater than the amount saved was reflected in the report to the cabinet member and the proposal for a 3 year implementation period was intended to allow for the impact of the change to be assessed. The number of permits would need to be monitored as would whether there was additional waste received at the household recycling centres.
- It was questioned whether more could be done to sort and recycle waste. The WDTL explained the sorting arrangements for waste at the two waste transfer stations. The information on the type of waste received was, however, limited. The council paid the contractor £120 per tonne of waste. This reflected the gain that the contractor could make from certain types of waste including the electricity generated at the energy to waste plant.
- The recycling of goods by charities provided a source of goods that low-income households could benefit from. There was a concern that if this facility was lost and waste removed by commercial firms who would be seeking to make a profit this could have an adverse effect on community welfare.
- Imposing costs on St Michael's hospice which commanded such wide support within the local community would be difficult to justify to that community.
- The social benefit provided by charities was immeasurable.
- There was a risk of unintended consequences with increased waste deposited at the household waste centres and an increase in fly-tipping.
- In relation to the proposed banding governing the issue of tipping permits the WDTL commented that this was a difficult issue. St Michael's hospice had 4 warehouses and the proposed limit of 48 (12 per warehouse) reflected a compromise proposed by the charity. Account had been taken of the operation of the British Heart Foundation, which had no warehouses, and the overall number of charity shops in Herefordshire. The proposal therefore reflected the Herefordshire context and sought to be equitable.
- It was questioned whether sufficient weight was being given to the reputational risk to the Council and whether in making the decision account had been taken of that. The WDTL commented that this had been considered, hence the proposal to continue to provide a level of support through an allocation of free permits up to the proposed limit. There was a question as to where that limit should be set. He acknowledged that there was some uncertainty on this point hence the proposed monitoring arrangements.
- It was questioned whether, if the principal concern related to waste from household clearances, the policy being proposed, in focusing on charity shops, was the correct means of addressing that concern. The WDTL commented that government policy encouraged local authorities to treat charities as businesses in this context and this was reflected in council policy.
- A view was expressed that charities should not be viewed as businesses mindful of the benefits a charity such as St Michael's hospice provided.

Summing up by Cabinet Member

The Cabinet member indicated that he would be content to consider the issues raised and respond accordingly.

Summing up by Lead call-in member

Councillor Marsh commented that:

- Insufficient weight had been given to the importance of upholding the principles in the corporate plan and how communities were rewarded for their contribution to the plan's objectives.
- The projected annual saving of £25k at the end of the three year period was very small. It needed to be viewed in the context of the £42k per year per patient St Michael's provided in respite care.
- The charity sector was expert at recycling and did this at no cost to the council. The council paid a fixed sum to its contractor per tonne of waste whether the waste was recycled or not.
- In environmental terms it should be noted that St Michael's was the third most productive charity nationally. It was in their interest to get the most benefit from the waste they collected.
- Consideration should be given instead to innovative award winning approaches such as those being pursued by Warwickshire Council.
- The decision sent a poor message to the community and did not show leadership or support.

Conclusion

The Committee upheld the call-in grounds and referred the decision back to the cabinet member for consideration making additional recommendations as set out below.

RESOLVED:

- (a) (i) **there was inadequate evidence on which to base a decision and that not all relevant matters were fully taken into account; and**
- (ii) **the decision is disproportionate to the desired outcome; and**
- (b) **the decision be referred back to the Cabinet Member – contracts and assets and he be asked to reconsider it, reviewing:**
- **the reputational implications for the Council,**
 - **the charity shop waste disposal policy as set out at appendix 4 to the report prior to the policy being implemented, such review to include the cost of administering the proposed policy and its enforcement; and actively considering partnership working to minimise waste tonnage from charity shops, and**

with the request that he consider an exemption for local county based charities that help to fulfil the council's corporate objectives.

46. DATE OF NEXT MEETING

Monday 11 December 2017 at 10.30 am.

The meeting ended at 12.10 pm

Chairman