

OVERVIEW AND SCRUTINY BOARD

13 NOVEMBER 2012

**FINAL REPORT OF THE
ENVIRONMENT SCRUTINY PANEL -
JOINT WORKING ARRANGEMENTS**

PURPOSE OF THE REPORT

1. To present the Environment Scrutiny Panel's findings, conclusions and recommendations following its investigation of the topic of joint working arrangements in Streetscene Services.

INTRODUCTION AND BACKGROUND

2. The scrutiny panel initially decided to investigate the topic of joint authority working on refuse collection and street cleaning as part of its 2012-13 work programme. However, this subject was widened to cover joint working across Streetscene and related services as it was considered timely to do so in the light of the Council's current difficult budget position. In addition, and in this context, in September 2012, the Overview and Scrutiny Board recommended that scrutiny panels should review work programmes and, where possible, focus on examining areas of service delivery to assist the authority in determining future priorities.
3. The panel investigated this issue as a short topic over the course of one meeting, held on 1 October 2012. A second meeting was held on 22 October 2012 to consider a draft final report. A Scrutiny Support Officer from Legal and Democratic Services co-ordinated and arranged the submission of written and oral evidence and arranged witnesses for the review. Meetings administration, including preparation of agenda and minutes, was undertaken by a Governance Officer from Legal and Democratic Services.
4. This report has been compiled on the basis of information submitted by the Assistant Director, Environment Services. A Scrutiny Support Officer from Legal and Democratic Services co-ordinated and arranged the submission of information to the scrutiny panel.

5. Meetings administration, including preparation of agenda and minutes, was undertaken by a Governance Officer from Legal and Democratic Services. A record of discussions at panel meetings, including agenda, minutes and reports, is available from the Council's Eagenda System, which can be accessed via the Council's website at www.middlesbrough.gov.uk.
6. The membership of the scrutiny panel was as follows:

Councillors Kerr (Chair); Clark (Vice-Chair), Davison, C Hobson, Lancaster, McPartland, Saunders and P Sharrocks.

THE SCRUTINY PANEL'S FINDINGS

7. The scrutiny panel was advised that, historically, joint working possibilities have been explored in a number of areas involving services falling within the remit of the Environment aspect of the authority's Adult Social Care and Environment Department. In view of the Council's budget position, it was confirmed that this will continue to be the case and is possibly an area that can be developed further in the future. To date, joint working - which can result in savings from pooling of resources - has been introduced, or is being examined as a possibility in a number of areas that fall within this area.
8. Information was considered by the scrutiny panel in respect of the following issues and areas of work:
 - Current joint working
 - Future possibilities
 - Possible barriers to future joint working.

Current Joint Working

9. The Panel was advised that the biggest example of joint working at the present time is the **Joint Waste Management Contract**. This is the 20-year contract that was let by the former Cleveland County Council and which now involves Middlesbrough, Stockton, Hartlepool and Redcar and Cleveland Councils. Under a separate contract with each authority, household waste is disposed of via the Energy From Waste (EfW) incinerator¹, operated by Sita, at Haverton Hill.
10. Although the current contract runs until 2020, preparations have already begun in respect of the post-2020 contract. This is due to the complexities of the processes involved and the need to evaluate all waste disposal options that are now available as well as being developed. Under these circumstances, it is envisaged that the procurement process could take between five and seven years to complete.
11. It was explained that following the abolition of Cleveland County Council in 1996, a Joint Waste Management Group was established across the Tees Valley local authorities to oversee waste disposal arrangements. Monthly meetings of the group, which are attended by officers at Assistant Director level, discuss all relevant issues, including how such arrangements might best operate in the future. Middlesbrough currently acts as lead authority.

¹ Waste which cannot be recycled or composted is used to generate renewable energy, in the form of electricity and/or heat.

12. Given the current financial difficulties facing local government, the meeting is also used to highlight any employment vacancies in each of the constituent authorities, with a view to potential redeployment or secondment of staff, where appropriate. For example, the Tees Valley authorities have shared the resources of an Arborist, who was then seconded to Middlesbrough from Stockton approximately two years ago, as Middlesbrough did not have this expertise in the authority. This officer is now employed full time by Middlesbrough.
13. The Tees Valley Local Authorities also work together to ensure that there is a standard approach to the **construction and maintenance of highways** throughout the Tees Valley.
14. Another example of joint working is the current partnership arrangement in relation to **traffic signal maintenance and operation** between Middlesbrough and Newcastle City Council. Under this arrangement, Middlesbrough is responsible for operating traffic signals across the Tees Valley and Newcastle operates signals across Tyne and Wear. This arrangement allows vehicles, equipment and resources to be shared, with the main control room being located in Vancouver House in Middlesbrough.
15. Middlesbrough Council also has joint working arrangements with the other Tees Valley authorities for **Metrology Laboratory Services** (i.e. weights and measures) for which it is lead authority.

Future Possibilities

16. In terms of future possibilities in respect of joint working, the Panel was advised that the main issue being addressed, and as outlined earlier in this report, relates to the Tees Valley waste disposal arrangements after 2020. This will involve exploration of a number of options - for example whether to continue with the Joint Waste Management Group and joint waste disposal contract, whether each authority would utilise in-house contracts, whether the contract would cover only waste collection (as opposed to collection and disposal), or whether a Joint Waste Management Authority could be established (as is the case in Greater Manchester and Liverpool).
17. Reference was also made to emerging technologies in waste disposal and the possibility of exploring other technologies than the incinerator currently used with SITA in the present contract. As new solution may take between 5 - 7 years to develop, the Tees Valley authorities will be looking to put together a contract in 2013, steered by the Waste Management Group, in anticipation of the current contract ending in 2020. It is hoped that the new contract will provide an opportunity to realise financial savings. The length of the waste management contract will also need to be determined, with it being noted that any successful contractor is likely to require a longer term deal given the significant investment involved in the necessary plant and technology. For example, a new waste facility in Glasgow that will use a gasification process to treat residual waste and recover energy local use is to cost the company concerned over £150m.

18. The Council's current street lighting contract is due to end in April 2014, with the potential for a joint street lighting maintenance contract with the Tees Valley partner authorities being explored. The panel heard that, in Middlesbrough, approximately £1 million is spent annually on energy for street lighting and £2m on building energy. Given the scale of energy usage across the Tees Valley, there may be some benefits in looking at the possibility of joint energy purchasing.
19. This would potentially provide the opportunity for a lucrative contract with significant savings to be made, particularly if this could be linked to waste disposal/energy from waste. The current joint waste disposal contract with SITA utilises the Energy from Waste plant (incinerator), with energy produced being sold back to the National Grid. One possibility when agreeing a new waste contract is that there may be an opportunity for the authorities to buy back energy. A thorough appraisal of all available technologies and options will be required in order to maximise savings on energy costs and reduce waste disposal costs. Given the anticipated advances in waste recovery technology, it is possible that the value of waste could increase significantly - which could result in the potential for the authority to sell waste, for example to produce energy from incineration.
20. The Council is also exploring the possibility of providing fleet management and vehicle maintenance services for other local authorities. This could be used as a means of generating additional income. In addition, the authority, in conjunction with neighbouring authorities, is examining the potential of joint arrangements for maintenance of standby gritters in winter.

Possible Barriers to Joint working

21. The scrutiny panel heard that, under the Localism Act, local authorities have trading powers and are able to undertake most of the activities that can be carried out by companies/other trading bodies. As such, there are no problems in trading with other local authorities and public bodies and this is explored wherever possible. However, the position is less clear in authorities trading with the private sector. Although the position is still to be clarified, it is possible that a trading company or joint venture could need to be established.
22. It is noted that there can be difficulties in developing or progressing joint working in some areas. For example, Middlesbrough uses different domestic refuse bins to the other Tees Valley authorities. This means that, as the lifting systems on neighbouring authorities' collection vehicles are incompatible with Middlesbrough's bins (and vice-versa), joint working cannot be currently undertaken in respect of refuse collection. The panel was advised that, subject to identifying the necessary funding to replace bins, it might be possible to make progress in that area of work in future, for example when the Council's refuse collection fleet is due for replacement.
23. In terms of relationships and working arrangements with other local authorities, the panel heard that these generally work well. However, it can take some time to establish meaningful dialogue between authorities as there can be concerns that any joint working arrangements could possibly result in job reductions.

CONCLUSIONS

24. Based on evidence submitted throughout the investigation the Panel concluded that:

1. The authority's current difficult budget position means that all service provision must be examined with a view to working as efficiently as possible. Joint working, where appropriate, with other local authorities provides opportunities to make savings in this regard through the pooling of resources such as staff, expertise and equipment.
2. A number of joint working initiatives are already in place across various Environmental and technical services. This is welcomed by the scrutiny panel. However, the panel considers that there may be opportunities to make further progress, and realise further savings, in this area. The new waste management contract provides an example of a joint working initiative that could generate significant financial savings.
3. One of the barriers identified to joint working between authorities can be organisational culture and a perceived threat to working practices and staffing levels. Action is needed to promote the benefits and develop joint working wherever possible.

RECOMMENDATIONS

25. Following the submitted evidence, and based on the conclusions above, the scrutiny panel's recommendations for consideration by the Overview and Scrutiny Board and the Executive are as follows:
 1. That the Executive notes the number of joint working initiatives that have been developed across Environmental and technical services and the potential for these to generate financial savings for the authority.
 2. That, given the potential scale of the Waste Management contract which is due for renewal in 2020, careful consideration is given, in close liaison with the other Tees Valley authorities, to how this can be progressed most cost effectively to the financial benefit of all of the authorities concerned.
 3. That, in order to continue to promote and develop joint working initiatives with other local authorities, the issue is raised and highlighted at the highest levels politically and managerially across the Tees Valley authorities, including examples of successful initiatives undertaken to date.

ACKNOWLEDGEMENTS

26. The Panel is grateful to the following officer, who presented evidence during the course of this investigation:
 - T Punton, Assistant Director Environment Services.

BACKGROUND AND REFERENCE MATERIAL

27. The following sources were consulted or referred to in preparing this report:
 - Report to, and minutes, of the Environment Scrutiny Panel meeting held on 1 October 2012.

COUNCILLOR BOB KERR
CHAIR OF ENVIRONMENT SCRUTINY PANEL

October 2012

Contact Officer:

Alan Crawford

Scrutiny Support Officer

Legal & Democratic Services

Tel 01642 729707

e-mail: alan_crawford@middlesbrough.gov.uk