

**MINUTE**  
**of**  
**AUDIT & SCRUTINY COMMITTEE**

**Minute of meeting held at 1.00pm in the Council Chamber, Council Headquarters, Giffnock on 8 February 2023.**

**Present:**

Councillor Andrew Morrison (Chair)	Councillor David Macdonald (*)
Councillor Tony Buchanan (Vice Chair) (*)	Provost Mary Montague
Councillor Paul Edlin	Councillor Gordon Wallace
Councillor Annette Ireland	

Councillor Morrison in the Chair

(\*) indicates remote attendance

**Attending:**

Caitriona McAuley, Director of Environment; Andy Corry, Head of Environment (Operations); Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; Eamonn Daly, Democratic Services Manager; and Liona Allison, Assistant Committee Services Officer.

**Also Attending:**

Councillors Jim Mclean and Owen O'Donnell; and Grace Scanlin, Ernst and Young.

**DECLARATIONS OF INTEREST**

**315.** There were no declarations of interest intimated.

**ADDITION TO CHARGING FOR SERVICES 2023/24**

**316.** Under reference to the Minute of the meeting of the Cabinet held on 26 January 2023, the committee considered a report by the Clerk regarding the Cabinet's decision to increase the charge for a garden waste permit in 2023/24 from £40 to £60, and to introduce a new charge for an additional garden waste container for participating households of £60 for an additional permit; plus £60 to cover the cost of the new container, including delivery.

The Cabinet's decision had been called in in terms of agreed procedures.

Councillor Morrison welcomed to the meeting Councillor McLean, the principal signatory to the call-in and Councillor O'Donnell who was attending the meeting as a substitute for the Convener, Councillor Devlin, who was unavailable.

Councillor McLean was then heard in amplification of the call-in of the Cabinet decision, in the course of which he referred to the main objective of charging for services in the department, as being where possible to ensure the costs of delivering the service were recovered.

He referred to the lack of a breakdown of the costs of delivering the garden waste uplift service in the paper considered by the Cabinet, and to the lack of clarity over the overall costs associated with the garden waste and food waste elements of the service.

Having commented on the uncertainty of the results of the consultation exercise regarding the service, Councillor McLean then referred to current and projected income figures based on both an increase in charges and an increase in uptake, questioning the assumptions that had been made in the projected uptake figure.

Councillor McLean then made comparisons between the charges levied by the Council and those levied by other Scottish local authorities.

He highlighted the potential for residents to not renew their permit and use grey bins for disposal of garden waste due to the increased cost, and also to the potential for increased fly tipping. He acknowledged that the Council had difficult spending decisions to make, but suggested that there was no firm evidence around the number of residents who would renew their permits and that overall the increase of 50% based on the information provided to Cabinet so far was not justified and would place an unfair burden on service users.

Councillor O'Donnell was then heard further on the Cabinet decision. Welcoming the opportunity to clarify the Cabinet's decision he began by apologising for any confusion that may have arisen from the report, and that he hoped to clarify those issues raised in the call-in notice and the further matters referred to by Councillor McLean in his statement.

Councillor O'Donnell was then heard on the background to the proposals, and to the difficult financial situation facing the Council, with £30 million of savings to be achieved over the next 3 years and there being a need for the Council to make tough decisions to balance the budget whilst maintaining service levels.

He referred to the origin of the proposals and to the opportunity already available to opposition councillors to express concerns prior to the call-in.

Reference was also made to the recommendation of the committee in 2019 to develop proposals to generate new income or maximise potential from existing arrangements from various initiatives, including garden waste collection.

Councillor O'Donnell was then heard further on the rationale for the proposed charge, explaining that collection of garden waste was a non-statutory service. He clarified that it was not a profit generating proposal, but that the aim was to reduce the net cost of service provision. He reminded Members that the service was discretionary and that residents had the choice of whether or not to participate, but clarified that in the event residents did decide to opt out their food waste would continue to be collected at no additional cost. Further, he referred to the success of the current service and the value placed on it by residents and to the number of households participating in the scheme.

Thereafter a financial analysis of the costs of the service for 2022/23 and projected costs for 2023/24 was circulated, Councillor O'Donnell being heard in further explanation. It was noted that the analysis showed that the total direct cost of the service was expected to increase by £350,000 from 2022/23 to 2023/24. Reasons for the increase were explained.

It was noted that the increased charge would result in a reduction in the cost of the scheme of approximately £180,000 from 2022/23 to 2023/24 the net cost reducing from just over £610,000 to just under £430,000. Were the charges to remain unchanged the projected service cost would be £889,000.

With the introduction of a second bin charge the net cost was projected to reduce to £314.6k. Whilst this was an improvement of some £300,000 on the previous year, it demonstrated that the service remained loss-making.

Referring to fairness of the charges, Councillor O'Donnell suggested that it would be unfair for the costs of the service to be borne by all Council Tax payers and that the increase equated to £1.20 per week for a pickup, an increase of 40p per week. He also referred to arrangements that local residents were able to make to mitigate increased costs. This included sharing bins, self-composting and using recycling centres.

Councillor O'Donnell then commented on the arrangements in place in other councils, highlighting that service costs and frequency were being reviewed nationally, with some councils considering withdrawing the garden waste service altogether.

Having explained that the introduction of the option to purchase a second bin had been in response to public demand, Councillor O'Donnell commented on the implications of a lower charge. This included the need for the savings to be found from elsewhere in the Council as well as the possibility of a Council Tax increase. He then commented on the implications of a delay in the introduction of any new charges explaining this was why the proposal had been considered by Cabinet in January rather than waiting until the budget meeting of the Council in March.

Concluding, Councillor O'Donnell explained that the proposal was reasonable and balanced; offered good value; fulfilled the spirit and ambition of the committee's own recommendations on income generation; and helped to address the Council's budget savings challenge.

Councillor Morrison then invited contributions from members of the committee.

Councillor Wallace referred to discussions at Cabinet which suggested that the garden waste service operated at a profit. However the information provided at this meeting suggested this was not the case and he sought clarification.

In reply, Councillor O'Donnell acknowledged that the position regarding the service had been inaccurately described at Cabinet and that it was not operating at a profit. This was confirmed by the Head of Environment (Operations) who acknowledged the error he had made in his description of service income as profit and apologised to the committee for this.

Councillor Wallace referred to the discussions and explanations that had been given at Cabinet and that it was his view the Cabinet had been presented with inadequate information. He suggested that if the additional information and explanations provided at this meeting had been presented to the Cabinet initially the call-in may not have been necessary.

The Head of Accountancy (Chief Financial Officer) was heard, in the course of which she acknowledged that the difference between profit and a contribution to costs had not been made clear at the Cabinet and confirmed that charges were a contribution to costs. She also clarified that the initial financial information presented to Cabinet did not include an apportionment of the food/garden waste costs. This had now been included in the information tabled at the meeting.

Councillor Morrison then referred to different accounting methods that could be used in establishing service costs and enquired how the financial information presented would change if a decision was taken by the Council to discontinue the garden waste service entirely, as this should then make it possible to identify the cost of the service in isolation.

In reply the Head of Accountancy (Chief Financial Officer) explained why in practical terms this would be a difficult exercise to undertake, referring in particular to the costs of the Council's fleet of refuse vehicles and how these costs would remain regardless of whether the garden waste service was discontinued. The Head of Environment (operations) was also heard on some of the challenges in identifying accurately the service costs of collecting garden waste only.

Further comments having been made on the number of brown bins being collected and Councillor O'Donnell having clarified the projected increases over the next 2 years, Councillor Macdonald referred to the public concerns he was aware of regarding the increase in charges, and particularly the potential for further sizeable increases over future years. He suggested that the increase may discourage people from using the service leading to people putting garden waste in their grey bins, and also referred to the possibility of increased fly tipping.

Having referred to the potential reduction in the environmental benefits of garden and food waste being mixed if fewer people used the service, Councillor Macdonald sought assurances that going forward there would not be such sizeable year on year increases in charges.

The Director of Environment was then heard in reply, explaining why as the Council did not have any certainty on future financial settlements from the Scottish Government it would not be possible to give the assurances on charging that Councillor Macdonald was seeking.

The director acknowledged the concerns expressed at the increase however suggested that the initial report and additional information provided demonstrated that the service still provided value for money and that, as an optional service, people could choose to make other arrangements if they felt the service was no longer affordable.

The Head of Accountancy (Chief Financial Officer) then outlined current and future anticipated financial settlements, and confirmed at this stage it was only possible to set a one year budget. However she clarified that any future proposed changes to the charges would be subject to the Council's annual Charging for Services process, referring to the circumstances which had led to consideration of the charges being deferred this year. Councillor O'Donnell confirmed that any future proposals to alter the charges would be scrutinised by Cabinet as part of the Charging for Services process.

Councillor Buchanan welcomed the additional information that had been provided and suggested that it was unfortunate it had not been available at the time the matter was considered by the Cabinet. He outlined the history of the introduction of the charges and how this tied in with the committee's own suggestion that the Council should look at ways in which to generate income. Further, he referred to the increasing charges the Council was being faced with in relation to waste disposal. He highlighted that despite the introduction of the charge the number of people who signed up to the service was significant and also referred to other benefits such as the reduction in fly tipping and also the ability to retain more frequent waste collections. Councillor Buchanan also clarified that there were still gate fees for garden waste and so associated charges that the Council had to deal with in terms of disposal were incurred.

Councillor Buchanan concluded by acknowledging that providing the service was not simply a money making exercise but that the charges were a way of offsetting the cost of service provision. He also referred to the potential impact of reducing the service on jobs within the Environment Department.

In response to Councillor Buchanan's comments regarding potential job losses, the Chair invited the Head of Environment (Operations) to quantify this if possible. In reply the Head of Environment (Operations) explained it would be difficult to provide an accurate figure without proper analysis. However an initial estimate may be approximately 8 people.

Discussion then took place on how staff costs had been attributed, and how it wasn't possible to use the costs for the current model to project costs for a new model as there were a number of factors that would be different.

Provost Montague then commented on the proposals and whilst she acknowledged the reference to profit made at the Cabinet meeting, the director had clearly concluded that income did not meet the costs of the service. She also referred to local government funding in general and how this made it difficult to be able to give the type of long-term assurance regarding charges being sought by Councillor Macdonald. She also reminded the committee that this related to a non-statutory service. The Council was facing difficult financial times in relation to the delivery of statutory services and any change to the Cabinet proposals could not be viewed in isolation from the Council's overall financial position.

Councillor Edlin then commented expressing his disappointment that the information tabled had not been made available sooner. He sought clarification of how the 80/20 split between garden and food waste costs had been calculated. He emphasised that in his view there was no question that the service should continue. However because of the financial hardship being experienced by many residents the proposed increase was too much and may increase the potential for fly-tipping. He also commented on the capital costs that had been factored in to the calculations.

Responding to Councillor Edlin, the Head of Environment (Operations) explained that the 80/20 split was provided by SEPA and was based on returns submitted to SEPA by all local authorities. In relation to increased fly-tipping, he explained that whilst it was right to recognise the possibility of this, there had been no evidence of this happening in the past when service changes were introduced.

Furthermore, in response to questions from Councillor Morrison on potential maximum increases in charges, the Head of Environment (Operations) explained that any increases had to factor in charges that were outwith the Council's control such as increased gate fees for landfill waste.

The Head of Accountancy (Chief Financial Officer) then provided further information on capital charges in relation to refuse vehicles and how these were factored into the service cost. It was clarified that future costs of electric powered vehicles may be more expensive, but the capital costs included in the analysis related to the current fleet.

Councillor Macdonald referred to the Council's changing financial position from when the charges were first introduced. He clarified that he had no objection in principle to charges for services. However he explained that many people, such as those with disabilities or people with no personal transport may be unable to use the alternative facilities offered by the Council. In addition, he referred to the increased possibility of residents turning to private service providers, not all of which might operate within the law.

In reply the Head of Environment (Operations) acknowledged that residents' individual circumstances would vary, and that the service would work with people to achieve a satisfactory outcome where possible. He also referred to the earlier comments made about residents pooling and sharing to help mitigate costs.

Councillor Morrison then referred to the 48 respondents to the Council's budget consultation who had suggested the Council should consider increasing charges and/or altering the waste collection cycle. He noted a significantly higher number of comments expressing discontent on the increase in a local paper and questioned if there was a threshold below which the sample could not be considered to be significant.

In reply, the Director of Environment clarified that almost 1800 people had responded to the consultation with over 50.6% agreeing or strongly agreeing with service charges. The 48 respondents had been those who had used a free text section of the questionnaire who had made suggestions for change. In addition, responding to further questions from Councillor Wallace she clarified that there had been no proposed charge included in the consultation and that based on the information available it was not possible to establish how many of the 48 respondents used the service at present. Councillor Wallace suggested in light of that it was not possible to establish if the public considered a 50% increase in the permit charge acceptable.

Thereafter, responding to Councillor Morrison, the Head of Environment (Operations) explained the basis on which £40 had been agreed as the initial permit cost.

Councillor Ireland was then heard. She began by expressing concerns about the level of the proposed increase but also expressed concerns about the effect of no increase on the service. She highlighted that the charges in other areas referred to earlier by Councillor McLean were the current charges, and whether other authorities were looking to introduce or raise charges was not known.

Councillor Ireland then sought further information of how the 80/20 garden/food waste split was calculated. Furthermore, she sought clarification of the consequences for the Environment Department if an amount less than the proposed £20 increase in the permit charge was finally approved.

Councillor Edlin then commented on the proposed increase. He indicated that he was not opposed to an increase in the charge, but that in the current financial climate he was opposed to the level of the increase agreed by Cabinet, suggesting that an increase to something like £45 would be more appropriate.

Councillor Morrison reminded the committee that the call-in did stipulate an alternative whereby any increase should be contained within the current rate of inflation.

Thereafter Councillor O'Donnell set out the financial implications of no increase in the charge which would mean not generating the anticipated £460,000 additional income. This figure would vary depending on the level of additional charge levied. In relation to consequences, Councillor O'Donnell explained that the impact would be across the Council as a whole, with efforts needing to be made to make up the difference through further savings across all departments and services. He referred to the ongoing budget process and that it would be very difficult to identify savings of that magnitude. Secondly, the other alternative was to increase Council Tax by between 0.5% and 1% to fund the gap. He highlighted that this approach meant people being asked to pay more in Council Tax to subsidise a service they may not use.

Responding to Councillor Edlin, Councillor O'Donnell clarified the shortfall in the event a charge of £45 was levied and that his earlier comments about the need to identify savings or increase Council Tax still applied. In addition, referring to earlier comments by Councillor Macdonald on views on potential levels of charge, Provost Montague reminded Members that a reduced charge could not be considered in isolation but needed to take into account the need to make up the shortfall in other ways such as reduced services, increases in other charges or Council Tax increases.

Responding to earlier comments by Councillor O'Donnell regarding the ability of non-administration councillors to raise concerns, Councillor Wallace stated that he had made the Leader of the Council aware in December of possible concerns around the charges and yet the Cabinet had agreed the proposals. He also stated that he understood one of the reasons for delaying the report was to obtain the results of the consultation. However in the absence of seeking views on a specific level of increase he questioned the benefit of that approach. Regarding the timing issue now faced in terms of the budget, he suggested that based on the lack of universal support when the charges were first introduced, officers should have realised this would be a controversial issue. He reminded the committee that the charges had been introduced at a time when there was a freeze on Council Tax increases so it was prudent to look at options for generating revenue. He commended the Environment Department for identifying an area of operation where sufficient resource was already in place to deliver a service for which a charge could be made.

He suggested that in his view increasing the charge was being seen as an easy option and that he remained unconvinced with the financial information presented. He added that increasing the charge by 50% put an unfair burden on those already paying a significant sum for this service. He acknowledged that the impact of cuts may need to be spread across everyone that paid Council Tax and not just service users.

Councillor Macdonald again encouraged fellow Members to share thoughts on an appropriate level of increase. He acknowledged that any figure below that agreed by the Cabinet would have budgetary impacts, but it was then incumbent on councillors to identify alternative funding streams, for example reviewing the charge for bulk uplifts.

Councillor Morrison having reminded the committee that the call-in notice contained proposed parameters for an increased charge, Councillor Ireland was heard further. Whilst she supported the principle of commercialisation, she emphasised the need for the well-being of residents to be taken into account in any plans to raise charges or introduce new ones. In this regard she sought an assurance that the proposed increase was to cover the cost of the service and not to generate a profit.

In response to the earlier question on the 80/20 split, the Director of Environment assured councillors of the reliability of the figures that were produced by SEPA based on the returns submitted by local authorities. In relation to costings she explained that the figures provided were based on the model in use and demonstrated that the full cost of the brown bin service was not recovered from the income generated and so the service was not making a profit. She accepted that more information could have been provided in the original Cabinet report and this would be taken into account in future papers. The Head of Accountancy (Chief Financial Officer) confirmed the financial position regarding the garden waste service.

Councillor Wallace referred to the establishment of the Cabinet system including the call-in arrangements. He emphasised the importance of the reports being presented to Cabinet containing as much information as possible. This would ensure that in most cases non-Cabinet members could be confident in the decisions being made without the need for further call-in.

Responding, Councillor O'Donnell accepted the point made about the need for comprehensive information and that this was already being addressed by officers.

Councillor Morrison then summarised the position to date and clarified that there did not appear to be any opposition to the proposal to the £60 fee for a new bin and associated delivery. The issue was the increase in the cost of the annual permit and he sought views of Members on this matter.

Councillor Wallace then referred to the committee's role in scrutinising charges for non-statutory services. The cost of these services needed to be covered and it was in his view not necessarily appropriate for non-users of the service to subsidise it through increased Council Tax. He suggested that the mixed collection method made it very challenging to accurately separate costs of garden and food waste collection. He suggested that other options to increasing charges, such as reduced services might be an option but that if the intention was to maintain current collection frequency in his view an inflationary increase was appropriate.

In response to Provost Montague it was clarified that in the event the committee was minded to agree with the Cabinet's decision any potential increases thereafter would be considered on an annual basis as part of the Council's Charging for Services process.

Councillor Morrison then suggested that there appeared to be more members of the committee who were of the view that the proposed increase agreed by Cabinet should not be supported. He supplemented this by suggesting that in his view it was unreasonable to expect the same level of subscription to the service were the charge to be increased by 50%.

Further discussion then took place on the process for the committee to reach a decision where it was clarified that this should be in two stages. Firstly the committee needed to decide whether or not to accept the Cabinet decision, with it being implemented if it was the latter. If the decision was not to agree with the Cabinet, the next stage was for the committee to recommend an alternative proposal to be presented to Cabinet

Councillor Buchanan, seconded by Provost Montague moved that the committee agree with the decision of the Cabinet.

Councillor Morrison seconded by Councillor Wallace moved as an amendment that the committee do not agree with the decision of the Cabinet.

On a vote being taken Councillors Buchanan, Ireland and Provost Montague voted for the motion. Councillors Edlin, Macdonald, Morrison and Wallace voted for the amendment.

The committee having decided not to agree to the Cabinet decision, it then moved to consider an alternative proposal to be presented to Cabinet.

Councillor Edlin seconded by Councillor Wallace proposed that the cost of a garden waste permit be increased from £40 to £45 and that the system for setting the garden waste charges in future be reviewed with a view to related recommendations being submitted to the appropriate body in due course.

Councillor Macdonald moved as an amendment that the Cabinet be presented with a further paper on the costings of a reduced garden waste service to operate from mid-March to October each year, with the addition of a Christmas tree uplift in January.

In the absence of a seconder the amendment fell.

There being no further amendments the committee agreed to support the introduction of a £60 charge for the purchase and delivery of a second brown bin by residents, but that the cost of an annual garden waste permit be increased from £40 to £45 and that the system for setting the garden waste charges in future be reviewed with a view to related recommendations being submitted to the appropriate body in due course