



- Contract award
- Service provision and monitoring
- Contract amendment and variations
- Finance
- Contingency planning and risk management

3.4 Potential risks were also identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor, the Contract Services Manager and the Contract Development and Enforcement Officer. These were incorporated into the standard programme.

3.5 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

- Helps to achieve external green, clean and safe corporate objectives by effectively managing the delivery of the waste collection contract.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in September 2017 was also reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 Reporting of complaints should show the number of complaints received for refuse collection and recycling, how quickly they were resolved and whether this was to the satisfaction of the customer.	The performance monitoring reports only show the number of formal complaints at departmental level and not for individual services within each department. There are very few formal complaints received in relation to refuse collection and recycling, so it is not thought that this information is required in the reports. Issues raised by customers such as missed collections etc. that do not reach the formal complaint stage are separately monitored with measures being included in the team operational plan.	There are rarely formal complaints about refuse collection and recycling. Most complaints are resolved within five working days and therefore do not reach formal complaint stages. Statistics are monitored and reviewed regarding missed collections and these are shared quarterly as part of the service area measures and discussed with the contractors at monthly meetings.

## 4.2 **Contract Award**

### 4.2.1 **The contract may not have been awarded to the most appropriate company or followed an inappropriate tendering exercise.**

The contract for waste management has been in place since 2013 and therefore the procurement and letting processes have been covered in previous audits so the testing has not been completed as part of this audit as the findings would remain the same.

The contract was due to end in March 2021, but an extension was sought and agreed to allow alignment with Stratford District Council for a joint waste contract from Aug 2022. Relevant documentation and terms have been updated and signed accordingly and the correct process has been followed allowing the one-year extension of the contract.

## 4.3 **Service Provision and Monitoring**

### 4.3.1 **Staff may be unaware of what the council aims to achieve in relation to the services that are being provided.**

The terms of the contract are clearly set out within the agreement and accompanying method statements. The information provided in the documents is detailed enough for the contractors to understand what is expected of them and to allow the contract officer to manage and monitor all aspects of the contract.

There are various measures and key performance indicators included in both the contract documents and the service area plan. These include monitoring of the number of missed collections reported and the time taken to rectify it, ensuring it is within the contractual timeframes.

### 4.3.2 **Contractors may not be aware of the services to be provided.**

As mentioned above (para. 4.3.1) method statements are provided with the contract documents. These were agreed before the contract was signed to ensure the Council's needs and requirements are met. The statements are clear and set out how the contractors will meet the conditions of the contract and the expectations of the Council.

### 4.3.3 **Works may not be undertaken to agreed standards.**

There is a nominated contract manager in place to oversee the management of the contract. Day to day monitoring and liaison is completed by a contract officer.

The contract not only sets out the required standards and comprehensive schedules there are also default penalties detailed should the contractor fail to meet the standards within set timeframes.

Meetings are held with the contractors on a monthly basis with the contract manager and / or a contract officer. The meetings have an agenda and minutes

are taken. The agenda has standard items which include performance measures, complaints, and actions from the last meeting.

In addition to the meetings, performance statistics are gathered and monitored. They collate reports of missed collections and the time taken to resolve them. These are monitored on a more frequent basis within the contract management team and shared quarterly as part of the service area plan measures. The statistics provided for the audit show that for the current financial year over 95% of missed collections are rectified within the same working day. The contract allows up to five working days, so performance is well within the required standards.

Customer satisfaction surveys are not carried out. Feedback is gathered through reports of missed collections or complaints. Additional feedback is not sought as the responses could be difficult to manage with customers potentially wanting a more bespoke service; examples could include: more or less frequent collections, only wanting to use one bin, wanting to pay less towards collections and so on.

Over the last twelve months there have been 37 complaints logged regarding waste management. The way complaints are logged means some of the complaints are about other waste contracts not just the waste contract. Complaints include: noise of bin lorry, dangerous driving, missed collections and recycling boxes/bin put out or returned to the wrong place. The complaints are resolved within an average of five working days. The three outstanding complaints on the system are regarding other contracts so further investigations have not been completed as part of this audit.

On reviewing the complaints logs, the minutes from meetings and the statistics that were obtained, no substandard work was identified. Complaints and concerns are resolved quickly and missed collections are rectified within the timeframe specified in the contract. Actions raised in the meetings are relevant and allow the service improvements. One recent action regarding clinical waste allowed the team to identify a number of locations which no longer required collections which meant they could be removed from the list saving them time on waste collection rounds.

#### **4.4 Contract Amendments and Variations**

##### **4.4.1 Permanent changes to the contracts may not be formally agreed.**

There have been very few permanent variations to the contract since the last audit, this has included an update to data protection to incorporate GDPR legislation and the update for the contract extension. Electronic and hard copies of the updates are retained by the Council and signed by all relevant parties.

##### **4.4.2 The council may be paying for work that has not been previously agreed.**

There have been several ad-hoc works undertaken. A spreadsheet is maintained which documents the work, the costs and which cost code the invoice will be paid by. The ad-hoc work is requested for and authorised by an appropriate

contract officer. Ad-hoc work often involves additional bins and collections for other services areas such as events. In these cases the events team will be recharged for the work.

#### 4.5 **Finance**

##### 4.5.1 **Budget variances may not be limited as the budgets may not be set appropriately in line with known areas of income and expenditure.**

The budgets are set appropriately according to the contractual amount and taking into account previous spend. This financial year there has been some over-spend where unplanned costs have been incurred. These costs have been for ongoing Covid-19 related spending, additional legal fees for negotiations of the contract extension and legal support for an issue at the depot. Other budgets are healthy with spending at or below the level expected at this point in the financial year.

##### 4.5.2 **The council may not be aware of any potential budget variances.**

The budget position is reviewed regularly with monthly check-ins between the contract manager and the nominated accountant. Where variations are identified reasons and actions are discussed and noted. The contract manager is aware of the current overspend and was able to provide reasons for this (see para. 4.5.1).

##### 4.5.3 **Payments may not be valid and accurate or not processed in accordance with the appropriate conditions of contracts.**

The work carried out by contractors is not checked for this contract. There are monthly reviews and meetings, as mentioned in para. 4.3.3, that allow the opportunity to discuss any concerns or complaints received. Missed deliveries are reported by members of the public and these reports form part of the statistics gathered to help monitor the contract. Due to the nature of the contract, checking the standard of work completed is unnecessary as members of the public will report any missed collections or sub-standard work. That said, ad-hoc checks are completed by the contract management team.

Payments are made on a monthly basis to the contractor. The payments include a standard monthly amount to cover the annual contract sum and any ad-hoc work completed. The payments are authorised appropriately by the contract manager.

#### 4.6 **Contingency Planning & Risk Management**

##### 4.6.1 **Contingency plans may not exist to ensure that the service can continue to be provided.**

The method statement within the contract sets out the contingency plans. An updated business continuity plan was shared in response to the Covid-19 pandemic. This detailed expected communications between the contractors and the Council and set out guidelines and reporting procedures in line with the government guidance and restrictions in place. The continuity plan is thorough

and detailed including HR and payroll processes, operational plans and measures, travel arrangements and symptom reporting.

**4.6.2 The council may be financially disadvantaged should the contractor fail to provide a service.**

A performance bond is held for ten percent of the annual contract sum, £209,002. The bond is signed and both a hard copy and electronic copy are held by the Council. The original bond held expired when the contract was due to end in March 2021. When the contract was extended a renewal of the bond was obtained, for the same value, expiring in March 2022. This bond helps to safeguard the Council against financial loss should the contractor fail.

**4.6.3 The council may be liable for any claims received due to the work of the contractor.**

Up-to-date copies of the insurance documents were made available on request for the audit. The insurance in place expires in December 2021 and provides the minimum cover as specified in the contract. This includes employers liability for £25m, which is well above the required £5m stated in the contract. Other insurances held are at or above the contractual required amounts and include vehicle insurance and public and product liability.

The Contract Development and Enforcement Officer is responsible for obtaining up to date insurance documents and retaining copies for the Council.

**4.6.4 The council may not be aware of the risks in relation to the services provided (where it retains responsibility) and has not taken steps to address them.**

The Neighbourhood Services risk register is currently undergoing an update. The draft document was shared for the purpose of this audit. The register identifies generic contract management risks such as service disruption, contractor failure and health and safety issues for both staff and members of the public. There are also risks identified specific to the audit area including loss of depot and lack of appropriate disposal sites. The updates to the register incorporate risks associated with the Covid-19 pandemic and associated restrictions. Appropriate actions are in place to help reduce, remove, or share the risks such as insurance, regular liaison and reviews of continuity plans.

**4.6.5 The contractor may not be aware of the risks in relation to undertaking the contracted services and has not taken steps to address them.**

Copies of the contractors risk assessments were shared for the audit. There were 33 in the folder covering a wide range of risks both at the depots and when working within the district. There were both generic risk assessments for risks such as manual handling and fire procedures as well as role-specific risk assessments for traffic management and handling and disposal of clinical waste. The risk assessments are easy to understand and clearly set out making it easy to find the appropriate risk assessment for the situation. The risk assessments are all dated and have review dates logged.

The Contract Development and Enforcement Officer is responsible for obtaining up-to-date risk assessments from the contractor and retaining copies for the Council.

## 5 **Conclusions**

5.1 Following our review, in overall terms we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Refuse Collection and Recycling are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3 There are no recommendations arising from the review and therefore no action plan is included with this report.

Richard Barr  
Audit & Risk Manager