

GOVERNANCE & AUDIT COMMITTEE: 7 DECEMBER 2021

GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT WITHIN WASTE MANAGEMENT

REPORT OF THE DIRECTOR, ECONOMIC DEVELOPMENT AGENDA ITEM: 3

Reason for this Report

1. This report has been produced in response to the Governance and Audit Committee's request for an update on governance, internal control and risk management within Waste Management.
2. The Governance and Audit Committee has requested this update in respect of its role to:
 - Monitor progress in addressing risk-related issues reported to the committee.
 - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.

Background

3. The Governance and Audit Committee has maintained an interest in the internal control environment in Waste Management, which for a number of years received lower levels of audit assurance than other Council areas. The service has also been subject to investigations relating to matters of financial impropriety for which the Committee has received relevant confidential briefings.
4. Waste Management is working closely with the Audit team, to target difficult issues and provide more assurance in this area.
5. The Governance and Audit Committee has received regular information and updates. Most recently:
 - A meeting in March 2021 to discuss the control environment across the Economic Development Directorate, including Waste Management.
 - A response on the implementation of Internal Audit recommendations was provided to the Committee Chairperson in March 2021.

- In June 2021 the Audit Manager provided the Committee with a confidential briefing containing summary details and disciplinary outcomes of a largescale investigation which commenced in 2017. The briefing mapped out how assurance was sought in key associated systems of control in the following three financial years through a programme of targeted audits. This assurance work led to one further investigation for which relevant details were provided in the briefing. An updated position showing the management response to internal audit is provided within this report.
6. It has been agreed that in respect of the aforementioned largescale investigation that at the appropriate time, an independent Post Investigation Review will be undertaken, for which the Governance and Audit Committee will be informed of the terms of reference and approach.
 7. The following paragraphs describe the governance, internal control and risk management arrangements in place for the information of the Committee to support discussion and assurance relative to its terms of reference.

Issues

(a) Governance

Governance Arrangements

8. The Directorate has a number of arrangements in place to support good governance. Objectives are set out in the Corporate Plan, and performance is reported through the Council's performance management framework. There is a Directorate Delivery Plan which is reviewed and updated on a quarterly basis by senior managers, and discussed at the ED & RNS management team meeting. The Directorate Delivery Plan helps to inform the team plan, and vice versa. Team managers are consulted as part of the team planning process. The team plan is then cascaded via team plans and Personal Reviews, to ensure that managers and supervisors have clear roles and responsibilities.
9. In addition, systems of internal control are in place which provide an appropriate balance of preventative controls and system access. Access is aligned with separation of duties to enable methods of detection in the event of fraud, error or performance changes. Details of the independent assurance on this layer of governance can be found within Section b – 'Internal Control'.
10. We have a training and compliance team who provide and oversee training of frontline staff, ensuring that they are familiar with relevant safe systems of work and risk assessments. The team also oversees a training database to monitor compliance in relation to essential training such as Manual Handling, Fork Lift training, Driver CPC, First Aid Training, Fire Warden Training, and so on. The database is regularly reviewed and refresher training arranged as required.
11. Furthermore, frontline staff are overseen by supervisors who use an increasing amount of data and technology in delivering their role for assurance on efficiency, compliance and control. For example, Supervisors use Bartec to monitor round completion, and also now check tip weights daily. An additional layer of governance is provided by managers who undertake spot checks to ensure tonnages are as should be expected. Information and assurance from supervisors cascades and is reported up to senior management for their oversight. Where anomalies are identified, these are immediately drawn to the attention of Operational Managers who have mechanisms in place to deal with the matter robustly.

12. A further example of the use of technology, is the use of papertrail to log health and safety and site inspections. Through supervisors logging their inspections on papertrail, managers can monitor compliance of their teams in real time, and immediately take steps to tackle poor compliance.
13. As a result of lessons learned from previous audits and arising issues, regular meetings take place between operational managers and finance to monitor trends and investigate anomalies in relation to waste collection and disposal, ensuring we have multiple layers of governance in place.
14. Both the tonnage/finance information and papertrail compliance data are shared at Operational Improvement Meetings/Business Improvement Meetings, again ensuring an additional layer of oversight for compliance.
15. Operational Improvement Meetings (OIM's) take place bi-monthly. These ensure oversight of operations at a managerial level, and ensure all teams are working together. The OIM's have been strengthened over the past two years through inclusion of contract management and papertrail compliance. The agenda is as follows:
 - Collections Update
 - Bartec Contract Update
 - Trade Update
 - Neighbourhood Services Update
 - Waste Strategy Update
 - HWRC's/WTS/MRF Updates
 - Disposal Contracts Update
 - Business Support/Finance Update
 - Papertrail Compliance
 - AOB
16. Business Improvement Meetings (BIM's) also take place on a bi-monthly basis, on the opposite month to OIM's. These are attended by all senior managers in the service to consider the following:
 - Finance
 - Sickness
 - H&S Action Plan
 - Directorate Delivery Plan
 - Risk Register
 - Training/Personal Reviews
 - Audits
 - Strategy/Recycling Performance
 - Correspondence
 - AOB
17. BIM's have also been strengthened over the past two years, to ensure that data is shared and analysed to identify high risk areas, and enable us to target resources more effectively. A finance officer also now attends the meeting to provide an update on finance and tonnages. Through analysing spend and trends in these areas, there is far greater oversight in relation to potential anomalies. This in turn means that such issues are identified and rectified promptly.

18. Through these formal meetings, information is cascaded from the top down and the bottom up. Issues raised at the BIM/OIM can be escalated to the ED & RNS meetings and vice versa.
19. To support the management team meetings and ensure relevant data is presented and reviewed, the department has a Compliance Officer. The Compliance Officer provides data to senior managers to help track actions and performance between meetings. Areas monitored include Personal Reviews, sickness and training. This is essential in ensuring that all staff attend core modules and are aware of their roles and responsibilities in relation to finance and audit.
20. The Environmental Scrutiny Committee plays an important role in assessing service performance and informing service policy development across a range of Council services, including all aspects of waste management. On 23rd February 2021 the Committee considered savings proposals and delivery plans for the service, at which they were able to question officers and provide an independent challenge to proposals. Performance aspects for Waste Collections are again being considered by Environmental Scrutiny on 7th December – following the Governance and Audit Committee Meeting - thus providing an additional level of governance and assurance.

Governance Assurance

21. New directorate management arrangements were introduced at the end of 2019/20 when RNS moved to the Economic Development Directorate. Whilst the Assistant Director is currently absent, responsibilities have been reallocated to the Head of Service and the OM for Business, Policy and Performance to ensure Business Continuity.
22. A new schedule of cross directorate monthly management team meetings was introduced at the end of 2019/20, attended by the Director, Assistant Directors and all OMs. These meetings provide further assurance and ensure responsiveness to issues arising.
23. In addition to the above, the BIM agenda was refreshed to focus on key service issues and ensure actions were identified and addressed in a timely manner. As a result of close working between the Senior Management Team the following key service issues have been identified over 2020/21:
 - Implementation of the 4 day working week for waste collections – rolled out in February 2021 to address productivity and customer service issues.
 - Managing sickness absence levels – improvements have been made in the management of long term sickness absence cases, with regular case management meetings and sharing of data, including regular meetings scrutinised by the Chief Executive.
 - Developing a new Recycling Strategy – a report will be presented to Cabinet in Q3, outlining how the service will improve recycling performance to meet the statutory targets.
 - Improving corporate compliance. In March 2021 the directorate reported to the Governance and Audit Committee that 35 recommendations were completed out of a total of 80; the current position is 67 completed recommendations against a total of 82 issued (see table 2 in this report).

24. All RNS Operational Managers actively engage in the completion of the bi-annual Senior Management Assurance Statements (SMAS). Assurance statements are reviewed individually by management team and a rating allocated along with examples of evidence to support the rating provided. Where ratings are below a strong implementation, managers have identified actions to be progressed to raise the rating which are monitored at RNS BIM meetings as an agenda item.
25. Overall, there is a strong / embedded application of governance and control. A comparison of the ratings with the previous SMAS shows there have been some improvements in the mid year position in the Risk Management, Programme and Projects, Budget and Performance categories, as shown below:

<u>SMAS Category</u>	<u>2021/22 Mid Year Category Score</u>	<u>Comparison with previous year</u>
1: Risk Management	5	↑
2: Future Generations Act (FGA)	4	n/a
3: Compliance	3	↓
4: Programme and Project	5	↑
5: Budget	5	↑
6: Planning and Decisions	4	↔
7: Internal Control	4	↔
8: Fraud	4	↔
9: Performance	5	↑

Note: There were several new statements in the FGA category which makes this category difficult to compare with the previous SMAS.

The following action plan has been identified to improve category ratings and will be monitored at the RNS BIM:

<u>SMAS Category</u>	<u>Improvement Action</u>	<u>Responsible Officer</u>	<u>Completion Target Date</u>
2: FGA	Consider each statement in the FGA category and provide examples to be shared at BiM	RNS Management Team	March 2022
3: Compliance	Continue to work with Natural Resources Wales (NRW) and contractors to identify the root cause of the issue and implement a programme of works to bring the landfill site back into compliance	Graham Harris	March 2022

<u>SMAS Category</u>	<u>Improvement Action</u>	<u>Responsible Officer</u>	<u>Completion Target Date</u>
4: Programme and Project	Programme Board set up to support change relating to Recycling Strategy and action to improve recycling performance. A digital projects teams has been introduced following the recent restructure and programme of projects to digitalise the service is being developed.	Matt Wakelam	January 2022
6: Planning and Decisions	Further consideration is required on some objectives in the Corporate / Directorate Delivery Plan in terms of sustainability of services and Future Generations needs.	Matt Wakelam, Graham Harries, Claire Cutforth	March 2022
9: Performance	Team plans are in place across the service but some teams need further support to develop objectives and have strong application down to individual members of the team.	RNS Management Team	March 2022

26. Specifically within Waste, areas with high levels of assurance include Risk Management (see also the 'Risk Management' section below), Performance Measurement and Management, and Budget Management. The latter is facilitated by the embedding of finance within the management team through the regular meetings mentioned above, including the expansion to tonnage data reviews.
27. Compliance with Policies, Rules, Legal and Regulatory Requirements was identified as an area for improvement. Whilst many measures have been introduced to more closely manage and monitor compliance, an emerging issue has impacted performance in this area. As such, rather than there being a deterioration in compliance, there is actually better management information which has led to us identifying non-compliance. The particular issue in question relates to landfill permit compliance. The issue was highlighted as a result of concerns raised around Leachate leakage. However, our ability to identify and respond was strengthened by the following measures that we had already introduced as a result of lessons learned to increase compliance:
- Embedding licensing and permitting compliance within the role of Depot Manager, and ensuring permits are added as an agenda item in management meetings.
 - Ensuring there is visibility in relation to compliance, as well as potential escalation points, through presenting relevant compliance data at the monthly RNS Directorate level meetings.
 - Ensuring we develop our knowledge base within the service area relating to landfill aftercare by supporting relevant officers in obtaining industry related qualifications for managing landfill.

Table 1: Waste Mid Year SMAS Report 2021/22

Assurance Categories and Statements	1. Not in place	2. Limited Application	3. Mixed Application	4. Strong Application	5. Embedded		2020/21 Year End Level	2021/22 Mid Year Level	2020/21 scores compared with 2020/21 Mid Year
	No evidence of effective delivery.	Some evidence of application, but the effectiveness of delivery is limited.	Mixed evidence of effective application, with some good evidence and some gaps in application or evidence.	Clear evidence of effective application throughout the directorate on a consistent basis and, where applicable, through all collaborations and partnerships.	Clear evidence of effective application embedded into all operations and consistently applied throughout the directorate and, where applicable, through all collaborations and partnerships.				
Assurance Category 1: Risk Management							4	5	↑
1. Complete and Timely Risk Identification									
Matt Wakelam					✓	NRS	4	5	↑
2. Integrated Risk Assessments									
Matt Wakelam					✓	NRS	4	5	↑
3. Risk Review									
Matt Wakelam					✓	NRS	5	5	↔
4. Directorate Risk Response									
Matt Wakelam					✓	NRS	5	5	↔
5. Corporate Risk Management									
Matt Wakelam					✓	NRS	4	5	↑
Assurance Category 2: Compliance with the Future Generations Act: Positive Indicators of the Five Ways of Working								4	N/A
6. Understand current and future demand pressures									New
Matt Wakelam				✓		NRS		4	
7. Preventative actions									New
Matt Wakelam				✓		NRS		4	
8. Cross working									New
Matt Wakelam				✓		NRS		4	
9. Robust governance									
Matt Wakelam				✓		NRS	4	4	↔
10. Timely and complete reports									
Matt Wakelam					✓	NRS	4	5	↑
11. Decisions about changes									New
Matt Wakelam				✓		NRS		4	
12. Views of stakeholders									New
Matt Wakelam				✓				4	
Assurance Category 3: Compliance with Policies, Rules Legal and Regulatory Requirements							4	3	↓
13. Compliance									
Matt Wakelam			✓			NRS	4	3	↓
14. Compliance Improvement									
Matt Wakelam				✓		NRS	4	4	↔
Assurance Category 4: Programme and Project Assurance							3	5	↑
15. Programme and Project Initiation									
Matt Wakelam					✓	NRS	4	5	↑
16. Programme and Project Compliance									New
Matt Wakelam				✓		NRS		4	
17. Programme and Project Monitoring and Reporting									
Matt Wakelam					✓	NRS	3	5	↑

Assurance Category 5: Budget Monitoring							4	5	↑
18. Budget Delivery									
Matt Wakelam					✓	NRS	4	5	↑
19. Savings / Income Target Delivery									
Matt Wakelam					✓	NRS	4	5	↑
Assurance Category 6: Planning and Decision Making							4	4	↔
20. Business Planning									
Matt Wakelam				✓		NRS	4	4	↔
21. Business Cases									
Matt Wakelam				✓		NRS	4	4	↔
Assurance Category 7: Internal Control Environment							4	4	↔
22. Internal Controls									
Matt Wakelam				✓		NRS	4	4	↔
24. Accountability									
Matt Wakelam				✓		NRS	4	4	↔
25. Safeguarding Assets									
Matt Wakelam				✓		NRS	3	4	↑
Assurance Category 8: Fraud & Financial Impropriety							4	4	↔
26. Fraud Prevention and Detection									
Matt Wakelam					✓	NRS	5	5	
27. Fraud Prevention and Detection									
Matt Wakelam				✓		NRS	4	4	
Assurance Category 9: Performance Measurement & Management							4	5	↑
28. Performance Measurement and Management									
Matt Wakelam					✓	NRS	4	5	↑
29. Performance Reviews									
Matt Wakelam					✓	NRS	3	5	↑

28. Although issues relating to the landfill operation were raised by NRW, concerns regarding compliance were already identified and being investigated as a result of the recent management restructure and the reallocation of roles and responsibilities. This demonstrates that whilst there have been areas of non-compliance within the service area, these are being identified and addressed through the layers of governance and assurance now in place (See the 'Management Assurance' section below).

29. In addition, recent events demonstrate how not only a process, but also escalation points are in place to enable these matters to be highlighted at the relevant level within the directorate.

(b) Internal Control

Management Assurance

30. Over the past 2 years, the service has undertaken a coordinated approach to assurance. Working together with internal audit and other partners, the service has targetted a number of problem areas. The service has also refined and enhanced it's management controls. Measures include:
- a) Restructuring the management team, with new Operational Managers, clearer roles, responsibilities and accountabilities.
 - b) Refocussed BIM Meetings to effectively develop and use data to monitor performance and effectiveness.
 - c) Refined Operational Improvement Meetings (OIM's) to monitor effectiveness and efficiency of operations, employment of resources and compliance with plans and targets.
 - d) Enhanced finance meetings to monitor tonnages as well as financial information.
 - e) A newly appointed Weighbridge Data Supervisor also monitors waste trends and reports this data to senior managers on a weekly basis to ensure spikes in tonnage are identified and addressed quickly.
 - f) Consolidation of Asset Registers into one central database for the Service to ensure a consistent, coordinated approach to the safeguarding of assets. Furthermore, all requests for mobile phones have now been centralised to help prevent asset loss.
 - g) Contract review meetings take place on a 6 weekly basis to monitor contract compliance. Alongside this there is a contract management database and contract management reports are produced and circulated to ensure quarterly reviews are taking place as required.
 - h) Working with the Waste Management Industry Training and Advisory Board (WAMITAB) to ensure managers are Technically Competent and fully aware of their roles and responsibilities.
31. Several of these controls are discussed throughout the report to demonstrate their role in reinforcing and controlling the environment. It is worth noting however, that the restructure of the management team has been a significant development which overarches several of the measures introduced. Through redefining roles and accountabilities, issues have been identified that were previously overlooked and unaccounted for. By having the right people in the right posts, we are now in a much stronger position than before to take positive action to address issues, but also to ensure greater governance and control moving forwards.

Internal Audit Assurance

32. Waste Management Reports and recommendations are considered at the ED & RNS Management Team meetings. A table of audit actions has been created and is tracked both during the meetings and in between meetings. Actions are allocated, and followed up via subsequent meetings.
33. Tables 2 provides a summary of the audit programme since 2019/20 and the implementation status for each audit.

Table 2: Internal Audit Assurance

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
2021/22						
Waste Collections	Final	Insufficient with major improvement needed	2	0	2	Due 31.12.21 and 31.3.22
2020/21						
Recycling Centres	Final	Insufficient with major improvement needed	0	4	4	Completed
Follow-up – flytipping	Final	Insufficient with major improvement needed	1	12	13	1 due on 31.12.21
Follow-up – contracts in Waste Management	Final	Effective with opportunity for improvement	1	8	9	1 due on 01.02.22
Gatehouse	Final	Insufficient with major improvement needed	1	6	7	1 action date extended to 31.03.22
Trolleys	Final	Effective with opportunity for improvement	0	3	3	Completed
Asset management – Waste	Final	Insufficient with major improvement needed	2	2	4	2 due on 31.03.22
2019/20						
Follow-up – Lamby Way stores (2019/20)	Final	Effective with opportunity for improvement	5	3	8	5 due 31.12.21
Waste Management Health and safety	Final	Insufficient with major improvement needed	1	4	5	1 due on 31.03.22
Fly Tipping	Final	Unsatisfactory	1*	16	17	1 due on 31.12.21 (carried forward in follow up audit in 2020/21)
Bulky Waste Collection	Final	Effective with opportunity for improvement	0	5	5	Completed
Stock take observation - Lamby Way	Final	Effective with opportunity for improvement	1*	4	5	1 due 31.12.21

*These actions are also included in the follow up audit, and should not be included in the total number of outstanding actions, as they are shown twice within the table.

34. Firstly, it is important to note, that over the past 2 years, the Service has taken a substantial number of corrective actions. The waste management team is working closely with audit and have developed a constructive relationship to ensure improvement, but also to embed good governance and control.
35. A number of the audits have been undertaken at the services request in order to pro-actively identify any issues within areas of high risk. For example, the trolleys and the fly-tipping audit were requested to ensure adequate controls were in place.
36. Table 2 shows that, out of the 12 audits listed, 67 of the 82 agreed actions are completed. There are 13 outstanding audit actions. Of the outstanding actions they are all within agreed timescales.
37. The majority of actions relate to the Lamby Way Stores Follow-Up audit, and the Contracts Management Audit. Details of progress relating to the 11 outstanding actions from previous years can be found in Table 3 below. The 2 other outstanding actions relate to the recent Waste Collections Audit. Management actions have recently been agreed in relation to the audit report, and implementation is already underway.

Table 3: Longstanding Audit Recommendations

Audit	Report Status	Assurance Rating	Outstanding Actions	Completed Actions	Total Actions	Implementation Status
Recycling and Neighbourhood Services (RNS) / Waste						
Health & Safety	1 action remains open regarding compliance reporting. <ul style="list-style-type: none"> Management must consider how to ensure that the Papertrail system can be relied upon to provide robust and accurate exception reporting data for management to address Health and Safety Compliance. A format has been agreed for this compliance report, budget has been approved and the report is expected to be implemented by the end of March 2022. 					
Follow-Up Flytipping	1 action remains open from the follow up flytipping report. <ul style="list-style-type: none"> To review all processes and guidance for enforcement activities, including fly tipping to ensure they are complete. This recommendation is on track for completion by the end of December 2021. 					
Follow up Lamby Way Stores	5 actions remain open for this audit. The newly created Stores Supervisor post was recruited to at the beginning of this financial year. The supervisor is working closely with management and finance to deliver on the remaining 5 outstanding actions by the end of December 2021. <ul style="list-style-type: none"> Management may wish to consider making use of all available administrative warehouse stores staff to undertake goods receipting. This action is progressing well and is on track for completion at the end of December 2021. Management must ensure that stock levels are monitored to identify slow moving stock. Mechanisms have been put into place and this action is being monitored before the due completion date of December 2021. Non stock items must be recorded in an inventory – An inventory has been implemented for non stock items and the evidence is being gathered for completion by the end of December 2021. Anomalies as a result of stock counts must be rectified promptly – The Stores Supervisor and Senior Finance Officer are working together to ensure that anomalies are rectified promptly. The evidence for this action will be prepared in readiness for the action date of the end of December 2021. 					

	<ul style="list-style-type: none"> • A process should be formalised for periodic reporting to supervisors on the issue of PPE – Following meetings with OM's and Finance, the Stores Supervisor is preparing a monthly report for management highlighting PPE issues for both agency and permanent staff. Again, this action will be ready for completion by the end of December 2021.
Contracts in Waste Management	<p>*Follow up audit finalised in May 2021 – 1 action remains open regarding risk assessments for higher value contracts with a review date of 01.02.22.</p> <ul style="list-style-type: none"> • For Procurements with an estimated value in excess of £25,000 for goods and services and £75,000 for works, the Senior Officers shall carry out a risk assessment (proportionate to the nature and value of the proposed contracts) following the Risk Assessment template. Corporately, steps are being taken to amend the pro-forma of the Contract Management Plans to make them fit for purpose in terms of fully capturing a proportionate Risk Assessment, to include risk management and mitigation. In the interim, when the threshold is met, officers will follow the contract standing order and procurement rules and ensure plans and risk assessments are produced at the outset of all procurement processes and updated throughout.
Gatehouse	<p>*1 ongoing recommendation relating to the procurement of a new weighbridge software to address an audit trail recommendation associated with superusers.</p> <ul style="list-style-type: none"> • Management must take steps to explore development of the Gatehouse System and/or a replacement to include a full audit trail of changes to system, access or passwords. The weighbridge specification has been completed, an ICT officer assigned to the case and the procurement process is about to begin. The action date for this action is the 31.03.22 and management are working towards meeting this date.
Waste Asset Management	<p>2 actions remain open for the Waste Asset Management audit.</p> <ul style="list-style-type: none"> • The Depot Manager is progressing procurement of an asset management system (AMX) and is currently working with ICT to ensure completion of the Cloud Impact Assessment (CIA). A Project Manager has been assigned to assist the Depot Manager oversee this action. • Once the AMX asset management system is in place, the asset management strategy, policy and asset renewal plan will be introduced. The officers are working towards the action date of 31st March 2022.

38. As mentioned above, Contractor Performance is now being managed by holding regular meetings with Procurement to review all active contracts. During the meeting, discussions take place around any contracts that are due to expire, need to be extended, and any new procurements required. In addition, contract management plans have been prepared, whereby managers have to complete documentation for each contract they manage. This in turn prompts regular and appropriate reviews of contracts, including meetings with contractors, to ensure contracts are managed effectively.
39. The recently appointed stores supervisor has been in position for approximately six months. Regular meetings are held with the stores supervisor to address the outstanding audit actions. Revised completion dates of 31/12/2021 have been agreed and evidence is being compiled to address these actions. Operational Managers for the area also attend regular meetings to discuss the issues surrounding this audit.

External Assurance

40. In addition to internal assurance, there are certain reports received from independent assessors that provide intelligence and data on aspects of the service. These reports provide an assurance we are meeting recognised quality standards, enables us to benchmark our services with other organisations and enables the directorate to respond as appropriate to any improvement actions required. Meeting external standards and criteria gives us assurances that we are providing a high standard of service to our customers, enables us to be commercially competitive, our facilities are safe to use, and our management systems and processes are robust. A listing of the assurances for RNS is shown in the table below:

External Audit / Inspection Area	Provider	Report Date	Rating / Opinion	Number of Actions	Management Comments
BSI Assessment Visit	BSI	20.02.20	ISO9001: 2015	0	No Non-conformities
KWT LEAMS	KWT	2020	*	0	*94.2% Grade B and Above

41. In addition to the above, Waste Management and Street Cleansing submit data to APSE for review on an annual basis. Receipt of the Summary Report for 2020/2021 is imminent.
42. NRW regulate our environmental permit, and officers work closely with NRW to ensure compliance with legal requirements and permit conditions. This includes mandatory reporting on a quarterly basis of permitted activities.
43. The service has also commissioned external assurance, via organisations such as WRAP, who have recently provided a review of HWRC Performance, as well as a Waste Composition Analysis for both household and communal waste. These documents have helped to inform the new Recycling Strategy for Cardiff, which is fundamental in helping the Council to achieve statutory targets in relation to recycling performance.
44. The service is also involved with two very successful regional partnerships, which help to ensure best practice and value for money. In this way, the Prosiect Gwyrdd and CLARE Wales partnerships provide another layer of assurance.

(c) Risk Management

45. There are a number of sources of intelligence in relation to Risk Management. Risks can be identified by staff as part of project planning, and during BIM, OIM or Business Continuity meetings. Intelligence is also shared with other waste industry organisations via CLARE Wales and CSS meetings to ensure emerging risks are captured.
46. During business continuity meetings, as well as planning for matters such as winter maintenance, officers discuss emerging and potential risks. Since the pandemic and Brexit, these meetings have proven invaluable in identifying and mitigating risks such as HGV driver shortages and supplier issues.
47. Wherever, and whenever they arise, risks are promptly added to the Team Risk Register, whereby consideration is given to risk mitigation and possible interventions. Use of data is key in helping to identify and monitor risks – for example KPI's relating to missed collections, financial reports help to inform risks relating to income targets, and so on.

48. Risks are rated in accordance with their likelihood and severity, both prior to and post mitigation. Risks are then escalated to the Directorate Risk Register, as appropriate. The Directorate Risk Register is reviewed monthly at the ED & RNS Senior Management Team Meeting. Officers review and update the risk register, at which time the RAG status of risks is reviewed. Where appropriate new risks are added or expired risks are removed – this is not only done quarterly, but as and when new risks emerge. During the review, consideration is given to Corporate Risks – their current status, and again whether the risks have changed. Updates are then fed back to the corporate centre as appropriate. Any risks that are seen as high risk, or needing corporate awareness or management are highlighted at SMT.
49. An example of this process, is the recent procurement of cleansing sweepers. During the procurement process, it was identified that due to market pressures, the cost to replace the fleet would be far higher than the budget allocated. This matter was noted in a business continuity meeting, then discussed at the ED & RNS Senior Management Team meeting and added to the Directorate Risk Register. Through discussion at the senior management meeting, it was possible to realign funding to ensure that the cleansing procurement could proceed, thus mitigating the risk.
50. The most significant (Corporate) risk facing waste at present is the risk of fiscal penalties as a result of the Council's failure to meet the statutory recycling target of 64% by 2019/20. The Welsh Government can issue a fine for each year that the target is not achieved. Officers are working closely with WRAP and the Welsh Government to demonstrate how the new Recycling Strategy for Cardiff will increase Cardiff's recycling performance over the next 2 years to get back on track. The Strategy is being presented to Cabinet in December and will also be subject to public consultation. Work is already underway to improve Cardiff's recycling performance through the recycling of hygiene waste and the introduction of a Reuse Facility at Lamby Way in partnership with Wastesavers. A new booking system for the Recycling Centres has also seen recycling performance at centres increase from 70% to 87%.
51. As the Governance and Audit Committee already has good oversight over the Corporate Risk Register, I have appended the Team and Directorate Risk Registers.
52. Whilst the Directorate Risk Register is formally reviewed and reported on a quarterly basis, risk management is a dynamic activity that forms part of day to day operations and ongoing advice and guidance is provided by the Directorate risk champion.

Value for Money

53. Value for money is core to everything that we do. Two recent examples include 4 day working and the new HWRC booking system.
54. The new Waste Collections service model is helping to ensure value for money through:

Efficiency

- Increased productivity, by moving away from outdated working practices, which previously meant individuals might work less than 50% of contracted hours.
- Increased Productivity through re-modelling collection rounds using Routesmart Technology.

Effectiveness

- Better customer service, as the new system removes many of the issues associated with Bank Holiday Collections, and ensures waste is removed from the streets earlier.

Economy

- Reduced overtime costs, through removal of Monday collections (Economy)
55. Following the introduction of the new single shift, a period of adaptation was required whilst rounds were being refined. The 4 day week is now embedded, but operational issues are still faced as a result of external pressures such as Covid-19 and Brexit. Work will continue to improve the service in a number of ways:
- Ensure Contract Management and Review becomes an embedded practice.
 - Further digitise the service to ensure efficiency and effectiveness.
 - Implementation of a workforce plan to help address resource shortages in this area. In order to improve service resilience a number of apprenticeships have been created within the service, alongside a training programme which seeks to upskill and retain existing workforce.
56. The HWRC booking system is an example of how the service has embraced technology to improve customer service, whilst ensuring value for money. Following the outbreak of COVID-19, HWRC's were forced to close across the UK. Recognising that where HWRC's reopened there would be huge demand for services, officers realised that there was a need to safely manage this demand, particularly given the ongoing pandemic.
57. Introduction of an online booking system provided an opportunity to not only safely control the flow of traffic and people, but also to ensure the sites were run economically and efficiently, by introducing a no black bag policy at the same time. The no black bag policy requires residents to sort their waste before attending the sites.
58. Introduction of the online booking system has delivered a number of benefits including:

Effectiveness

- Significant reduction in the need to queue at HWRC sites, in turn ensuring far safer traffic management on and around the sites
- Greater ability to manage volumes of people and therefore social distancing at the site

Efficiency

- Greater ability to assess and sort the waste that enters the site, ensuring maximum recycling: the recycling rate has increased from 79% to 89% - one of the highest in the UK. The average across Wales is circa. 80%.

Economy

- Better material segregation has also meant increased income for materials, and a reduction in disposal costs. As well as increasing income for the service, the savings delivered have made it possible to create jobs and invest in further technology to facilitate the booking system – such as hand held devices for site staff.
- Ability to identify commercial traders misusing the household waste recycling centres: there has been a significant increase in the use of our commercial recycling centre, further increasing income for the service.

Legal Implications

59. There are no direct legal implications from this report.

Financial Implications

60. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

1) That the Governance and Audit Committee considers and notes the content of the report.

Neil Hanratty
Director, Economic Development

The following is attached:

Appendix 1: Team Risk Register

Appendix 2: Directorate Risk Register

Appendix 3: Governance and Audit Committee Presentation