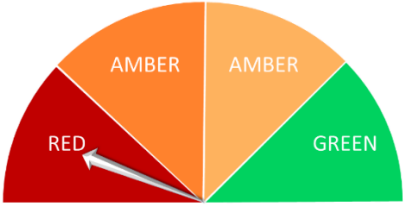


## 23/24 – Recycling Targets – Streetscene and Transportation- 17-2023/24

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Assurance Opinion:	Number of Actions		Risks Reviewed as Identified in Scope
 <p><b>Urgent system revision required</b></p> <ul style="list-style-type: none"> <li>• Key controls are absent or rarely applied</li> <li>• Evidence of (or the potential for) significant financial / other losses</li> <li>• System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources</li> </ul> <p><b>Conclusion: a lack of adequate or effective controls.</b></p>	Priority	Number	<p><b>Risk 1:</b> The service does not achieve the current target potentially resulting in a significant fine to the Council.</p> <p><b>Risk 2:</b> Current controls in place for managing recycling are not effective.</p> <p><b>Risk 3:</b> Proposed actions to mitigate the risk of non-achievement of target are insufficient.</p> <p><b>Risk 4:</b> The recycling data reported to Welsh Government is not accurate.</p>
	High (Red)	2	
	Medium (Amber)	2	
	Low (Green)	0	
	Total	4	

#### Audit Background

The Welsh Government (WG) has set statutory recycling targets for local authorities to achieve on an annual basis. Failure to achieve these targets could result in the Council receiving an infraction fine. The fine is based on waste tonnage recycled against total waste tonnage collected. Any shortfall is charged at a rate of £200 per tonne. It is within the remit of WG to levy the fine.

The service is responsible for managing waste collection, including the monitoring and reporting of recycling data. The service met the recycling target for 18/19 and 19/20 but has failed to achieve the ongoing targets since then and indications show that the current years target will also not be met. The target is due to increase in 24/25.

Year	FCC recycling	WG target	Recycling tonnage shortfall	WG Infraction fine	Comment
2018/19	69.16%	64%		-	
2019/20	65.85%	64%		-	
2020/21	63.98%	64%	17	£3,400	Fine not enforced
2021/22	60.08%	64%	3,314	£662,800	Enforcement fine to be determined
2022/23	61.51%	64%	1,784	£356,766	Enforcement fine to be determined
2023/24	Q1 66.59%	64%			66.59% but likely to reduce
2024/25		70%			

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The action taken to mitigate the risks against the achievement of target is shown in a range of ways.

1. Risk register
2. Operational performance monitoring
3. Medium Term Financial Strategy
4. March 2023 action plan to try and increase the Council's recycling levels.

The audit review sought to establish the effectiveness of risk management by the service in achieving the national targets set. Focus was placed on the adequacy of the controls in place / actions proposed to address the gap between current performance and target as well as the robustness of recycling data and operating model.

#### Areas Managed Well

- Controls are in place for the collection of recycling across the County.
- There is a clear process in place for validating recycling data for Welsh Government to ensure data is robust and reliable.

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Findings and Implications	Agreed Action	Who	When
<p><b>1 (R)</b></p> <p><b><u>ACTION PLAN DOES NOT ALIGN WITH RISK MITIGATION</u></b></p> <p>The Welsh Government Waste Strategy (Beyond Recycling 2021) set statutory targets for all local authorities to achieve a minimum of 70% of all waste to be recycled by 24/25.</p> <p>The outturn performance for Flintshire Council for 21/22 was 60.08% and 61.51% for 22/23. The expected target at this point was to achieve 64% which the Council failed to meet. The Minister is still yet to determine if a fine (total £1M) will be levied against the Council for a failure to meet these targets.</p> <p>In January 2023, a Waste Strategy review report was presented to Cabinet and a decision was taken to run a pilot scheme for 3 weekly collections in one area of the county. This decision was called in by other Members as concerns were raised over costs of the scheme, data integrity and benefits to changing the process. This resulted in the scheme not being conducted.</p> <p>An initial action plan (March 2023) was produced by the service at the request of the Minister in response to failing to achieve the statutory recycling targets in 2021/22. The plan was shared with Welsh Government for approval, however in June 2023, the Minister informed the Council that they could not support the plan as it was felt that the proposed changes would not provide sufficient assurances that performance would be improved to achieve 70% by 24/25.</p> <p>We reviewed the action plan (16 actions) and would highlight the following:</p> <ul style="list-style-type: none"> <li>• The plan contained a number of actions (12) that could potentially increase recycling collection rates and estimates were included for 6 actions (11-16%) with the monitoring of tonnages contributing an expected 7-12% increase.</li> <li>• However, none of these actions have been implemented as the action plan was not approved.</li> <li>• Work had commenced on 3 actions (additional Recycling, Compliance and Data Officers, WRAP support and an Environmental Improvement Co-</li> </ul>	<p>The work with Local Partnerships and WRAP has concluded on the Waste Strategy review and this has resulted in a new Resource and Waste Strategy being approved by Cabinet and adopted in March 2024.</p> <p>The Strategy includes five key priorities. In priority two, once action is to restrict the amount of residual waste that residents can dispose of in the black bin to encourage greater recycling by all residents either by reducing the frequency of collections or the capacity of the bin. This action is fundamental in achieving the statutory recycling target of 70%.</p> <p>Modelling data to support this action will be included in an operational report outlining what benefit a transition to this style of collection model would bring. This will indicate that a reduction to the capacity of residual waste collected is a key risk mitigation action.</p> <p>This Operational Report will be presented to Cabinet in June 2024 for consideration and approval.</p> <p><b>URN 03582</b></p>	<p>Regulatory Services Manager</p>	<p>30/06/24</p>

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<p>ordinator), however it is unknown what impact these will have on recycling rates.</p> <ul style="list-style-type: none"> <li>The plan included 4 actions which would have no impact on these recycling rates and focussed more on service improvement, for example, the supply of body cameras, handheld devices and RFID tags for garden waste. These actions have been completed.</li> <li>10 actions required additional funding for 2023/24 totalling in the region of £1.3M investment (£933K WG and £395K FCC). This was based on: <ul style="list-style-type: none"> <li>grant funding (£500K),</li> <li>increased income via improved tonnages (£125K),</li> <li>Cost of 10 additional Engagement Officers (£433K),</li> <li>Cost of 5 Enforcement Officers (£200K),</li> <li>Cost of 1 Improvement Co-ordinator (£50K).</li> </ul> </li> <li>To date, funding has been identified for 3 additional Engagement Officers and the Improvement Co-ordinator. No other funding has been obtained.</li> </ul> <p>Our review considered that these actions are now unrealistic given the current financial challenges the Council is facing.</p> <p>It should be noted that service is working with Local Partnerships and the Waste and Resources Action Programme (WRAP) to develop the Resource and Waste Strategy with clear and evidenced based actions. This is currently out to public consultation (December 23 – January 24) before a report is presented to Cabinet and the Minister in March 2024 for approval. Considerable reliance has been placed on the actions which WRAP may recommend and that these actions will need to be approved by Cabinet. (see #2).</p> <p>The risk is that this review has not been able to identify any interim risk mitigations which have been put in place to increase recycling collection rates. As a result, the risk of non-achievement of target is likely to materialise and a fine may be levied. This fine could be in the region of £1.2M for 2024/25 if current recycling levels remain constant.</p>			

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Findings and Implications	Agreed Action	Who	When
<p><b>2 (R)</b> <b><u>APPROVAL &amp; DECISION MAKING DOES NOT ALIGN WITH RISK MITIGATION</u></b></p> <p>The service is trying to mitigate against non-achievement of a statutory target; however, the Chief Officer cannot make unilateral decisions regarding what actions to take as these are policy decisions which require member approval.</p> <p>Member approval will require clear, accurate and a reliable presentation of information to inform risk management decisions to be taken.</p> <p>The service has provided communication to Cabinet, Council Members, the Welsh Government Minister, Local Partnerships and WRAP including progress on achieving recycling targets.</p> <p>In particular the service has delivered workshops and produced information for the Cabinet ‘Called In’ report in January 2023. A review of this information identified the service has presented a comprehensive range of options, including current tonnage levels and potential financial consequences of the fine. However, none of the options outlined in the Called In report were approved by Cabinet which is reflected in the original action plan, and which has driven service activity thus far.</p> <p>Actions which were approved i.e. education on recycling are actions which will take time to embed. The officers have only recently been recruited and have yet to commence employment in the new roles. There is a risk that the service has insufficient time to see the benefits of these actions reflected in improved tonnages by the end of 23/24.</p> <p>Data is showing that recycling collection tonnages are not improving, and residual waste tonnages are increasing. The service recognises and has highlighted that quarterly figures can mask the overall view due to variations in collection rates at different times of the year i.e. garden waste during summer months.</p> <p>It is unlikely that the service will achieve the 23/24 recycling target of 64%. A revised strategy and action plan is being developed and is being consulted upon. This will require approval from Cabinet prior to obtaining Welsh Government</p>	<p>Restricting the amount of residual waste collected is a key risk mitigation action. We are unable to deliver this without political approval and will present the Operational report on this basis.</p> <p>In March 2024, the Minister for Climate change wrote to the Leader of the Council requesting assurance that the Council was committed to implementing residual waste restrictions. Without political commitment the infraction fine (2021/22) still remains a possibility.</p> <p><b>URN 03601</b></p>	<p>Regulatory Services Manager</p>	<p>30/06/024</p>

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<p>approval. It is likely that the revised plan will contain difficult and challenging actions, some of which may have previously failed to gain approval.</p> <p>Current reporting has provided useful information for consideration when making decisions, however, there remains a risk that decision makers do not specifically identify those changes / actions which are critical to mitigating the risk and those which may be supportive / provide some improvement.</p> <p>There is a risk that Members decisions on whether to approve or not the actions suggested in the new action plan is not seen as fundamental to mitigating the risk of non-compliance with recycling targets. This has a significant bearing on the service’s ability to manage this risk and could result in financial penalties being placed on the Council.</p>			
<p><b>3 (A)</b></p> <p><b><u>RISK REGISTER DOES NOT ALIGN WITH RISK MITIGATION</u></b></p> <p>The Corporate Risk Register identifies risks in place in relation to waste recycling.</p> <ul style="list-style-type: none"> <li>• <b>RST07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected.</b> <ul style="list-style-type: none"> <li>○ Strategic Red Risk, current score of 12, target score of 2.</li> <li>○ Our review suggests that it is expected that continued non-compliance will remain into 2024/25 as the service will not achieve expected target.</li> </ul> </li> <li>• <b>RST12 – Lack of responsiveness to industry or market changes e.g. recycling income leading to financial budget pressures</b> <ul style="list-style-type: none"> <li>○ Operational Green Risk, current risk score 2, target score 2.</li> <li>○ Our review agrees that recycling income is monitored on a regular basis and data is well controlled.</li> <li>○ However, the levels of income collected could impact on this risk score.</li> </ul> </li> <li>• <b>RST43 - Inability to influence public behaviours and habits which negatively impacts service delivery and income streams.</b> <ul style="list-style-type: none"> <li>○ Operational Amber Risk, current risk score 9, target score 4.</li> </ul> </li> </ul>	<p>The key strategic risk is RST07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected.</p> <p>We have referred to this risk within the Resource and Waste Strategy Scrutiny and Cabinet reports. The operational report will identify the actions we intend to take to mitigate this risk which is currently out of tolerance.</p> <p>We will highlight that without taking the key mitigating risk action (restricting residual waste capacity), our ability to bring the risk back into tolerance to avoid the infraction fine will be limited.</p> <p><b>URN 03588</b></p>	<p>Regulatory Services Manager</p>	<p>30/06/2024</p>

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Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> <li>○ This risk has yet to be addressed. Actions have been included within the draft action plan but have yet to be fully delivered.</li> </ul> <p>Risk RST07 is a strategic risk and in line with the risk management framework escalation depends on the worsening of risk score which currently is scored at 12. COT have oversight of all strategic risks.</p> <p>This risk is that additional mitigations have not been put in place; significant reliance is being place on the delivery of a new action plan and its subsequent approval as being sufficient for the mitigation of this risk.</p>			
<p><b>4 (A)</b></p> <p><b><u>MEDIUM TERM FINANCIAL STATEMENT DOES NOT ALIGN WITH RISK MITIGATION</u></b></p> <p>The MTFs statements produced in advance for 23/24 identified a number of proposed efficiencies which could be achieved by the service. Some of these efficiencies relate to changing the approach to collection of waste and levels of recycling.</p> <p><b><u>The data below is as was presented within the MTFs statements.</u></b></p> <ul style="list-style-type: none"> <li>• Charge for assisted waste and recycling collections (+£20K);</li> <li>• Charge for Disposals on waste streams (+£TBC);</li> <li>• Charges for replacement containers (+£20K-£120K);</li> <li>• Compost Charges at HRC's (+£TBC);</li> <li>• Enforcements for recycling in residual waste bins (+£50K);</li> <li>• Food Waste Bags (+£10K);</li> <li>• Greenfield development as a regional waste facility (+£TBC);</li> <li>• Increase Charges, Reduce Collections Frequency for Garden Waste Collection (+£25K);</li> <li>• Introduce 2 Weekly Collections, bin reduction (+£200K);</li> <li>• Introduce 3 Weekly Collections (+£400K-£500K);</li> <li>• Introduce 4 Weekly Collections (+£600K-£800K);</li> <li>• Recycling Collections offer to businesses (+£TBC);</li> <li>• Reduce Frequency for Garden Waste Collection (+£50K);</li> <li>• Review provision on HWRC's (+£TBC); and</li> </ul>	<p>For financial year 2024/25, all portfolios were tasked with finding cost reductions.</p> <p>Restricting residual waste collections were included as a potential cost reduction option; however, following feedback from Overview and Scrutiny meetings held in February this proposal was removed from final budget setting, as detailed in a Cabinet Report of 20<sup>th</sup> February 2024.</p> <p>Following adoption of the Resource and Waste Strategy, and consideration of the operational report in June, the financial savings from restricting the capacity of residual waste collected will be included in the 2024/25 MTFs (if there are in year savings) if approved.</p> <p>The infraction fine, if imposed, would have to be met from the Corporate Contingency Reserve as a potential fine cannot be classed as a budgeted item in the MTFs.</p> <p><b>URN 03589</b></p>	<p>Regulatory Services Manager</p>	<p>30.06.2024</p>

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<ul style="list-style-type: none"> <li>One budget pressure was also identified relating to Garden Waste Income Grant (-£50K annual).</li> </ul> <p>From our review of statements:</p> <ul style="list-style-type: none"> <li>Whilst the MTFS statements were drafted and submitted by the Chief Officer, the actions have not yet taken place;</li> <li>Significant amount of efficiencies are dependent on approval which was not received;</li> <li>The financial context has changed, and this should be reflected in the revised action plan; and</li> <li>There is nil mention as a pressure of the potential fine which may be levied.</li> </ul> <p>The risk is that the MTFS statements and the revised action plan are not aligned.</p>			

Distribution List	
To be determined	Accountable Officer Responsible for the Implementation of Agreed Actions
Katie Wilby	Chief Officer, Streetscene and Transportation
Ruth Tulley	Regulatory Services Manager, Regulatory Services
Neal Cockerton	Chief Executive, Flintshire County Council



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Audit Priority:

Appendix A

Priority of Audit Finding	
Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area
Low (Green)	Action encouraged to enhance control or improve operational efficiency

### Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	<p><b>Strong controls in place (all or most of the following)</b></p> <ul style="list-style-type: none"> <li>Key controls exist and are applied consistently and effectively</li> <li>Objectives achieved in a pragmatic and cost effective manner</li> <li>Compliance with relevant regulations and procedures</li> <li>Assets safeguarded</li> <li>Information reliable</li> </ul> <p><b>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</b></p>
Amber Green – Reasonable	<p><b>Key Controls in place but some fine tuning required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact</li> <li>Some refinement or addition of controls would enhance the control environment</li> <li>Key objectives could be better achieved with some relatively minor adjustments</li> </ul> <p><b>Conclusion: key controls generally operating effectively.</b></p>
Amber Red – Some	<p><b>Significant improvement in control environment required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively</li> <li>Evidence of (or the potential for) financial / other loss</li> <li>Key management information exists but is unreliable</li> <li>System / process objectives are not being met, or are being met at an unnecessary cost or use of resources.</li> </ul> <p><b>Conclusion: key controls are generally inadequate or ineffective.</b></p>
Red – Limited	<p><b>Urgent system revision required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>Key controls are absent or rarely applied</li> <li>Evidence of (or the potential for) significant financial / other losses</li> <li>Key management information does not exist</li> <li>System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources.</li> </ul> <p><b>Conclusion: a lack of adequate or effective controls.</b></p>