

Report to the Audit and Governance Committee



Report reference: AGC-017-2010/11
Date of meeting: 15 November 2010

**Epping Forest
District Council**

Portfolio: Environment.

Subject: Waste Management Stock Take & Level of Risk to the Council.

Responsible Officer: John Gilbert (01992 564062)

Democratic Services Officer: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To receive a report on the stock take and financial risk to the Council, as required by the Committee at it's previous meeting;
- (2) To note the value of wheelie bins at the last stock take in October 2009 of £281,677 and further note that the stock take for 2010 is in the process of being arranged;
- (3) To note the value of blue boxes and sacks at the last stock take in October 2010 of £70,650; and
- (4) To agree that the current arrangement of stock take of wheelie bins, large communal bins, kitchen and kerbside caddies before the onset of the winter season when at the same time all stock is wrapped in plastic sheets, to protect from weather, although does not strictly comply with the Standing Orders requirements of a stock take at the end of a financial year, is acceptable as it offers protection to the Council's assets.

Executive Summary:

The last meeting of the Committee on 20 September received a report from Internal Audit which provided a limited assurance to the Waste Management Service. The reason for this was a departure from Contract Standing Orders requiring stock take at the end of a financial year. The Committee resolved to receive a report at the next meeting confirming that a satisfactory full stock reconciliation had been performed and details of the level of financial risk faced by the Council for not performing the procedures properly.

Although this report sets out the current stock take it has not been possible to undertake a full physical stock take of all items, as required by the Committee. The stock take of remaining items is being arranged and will be performed imminently.

The stock take of wheelie bins at the North Weald Airfield is performed before the start of winter when all bins are wrapped in plastic to offer protection during the winter months.

Reasons for Proposed Decision:

At the last meeting the Committee asked for a report on the current status of stocks and

financial risks to the Council for non compliance with Standing Orders.

Other Options for Action:

To not present a report setting out the current stock take and financial risk to the Council, as agreed at the last meeting of the Committee is not an option.

To not agree with the current arrangement of stock take of wheelie bins and containers before the winter months when the stock is wrapped in plastic sheeting and instead to carry out stock take at the end of financial year, as required by Contract Standing Orders, will cause damage to some stock if left open to elements during the winter months (Option 1).

To carry out two stock takes a year for wheelie bins and containers stored in open air at the North Weald Airfield, once before the winter and again at the end of financial year, this will require additional resources due to the logistics involved in moving, stacking and counting wheelie bins and rigid containers (Option 2).

Report:

1. The Council provides residents a number of containers to partake in the waste and recycling collection services. Some containers are for long term use for example wheelie bins which have an expected useful life of 7 to 10 years. Other containers like blue boxes and sacks are supplied more frequently.

Wheelie Bins and Rigid Containers:

2. The Council maintains varying levels of stocks of wheelie bins, for residual waste; 140, 180, 240, 340 litres, for food and garden recycling: 5 litre kitchen caddy, 23 litres kerbside caddy and 180 litres wheelie bin. There is also a limited stock of larger bin sizes of 1100 and 660 litres. The Council has a rolling programme of introducing these larger bins in flats and multiple occupancy communal dwellings.

3. The wheelie bins can get damaged by the lifting mechanisms of refuse freighters, sometimes they end up in the refuse freighters and can not be retrieved. On other occasions bin lids or wheels get damaged. The wheelie bins are repaired, if possible, and reused. The residents are issued a replacement as soon as practicable.

4. The wheelie bins and rigid containers are stored at North Weald Airfield. The storage area is fenced with temporary fencing, the storage in sheds and hangers is more costly. Following advice from internal audit in previous years to not leave the containers open to elements the bins are wrapped in plastic sheeting. This is to protect the bins from rain and weather. If left unwrapped rainwater seeps into the bin stacks and downward weight and pressure causes damage to the lower bins in the stacks.

5. The Council has a policy of encouraging residents to recycle and reuse as much as possible. The Council will in some circumstances provide residents one free compost bin. These are issued to residents who can not take part in food and garden recycling service, for example if there is no storage space for a food and garden wheelie bin. It is for this purpose that a stock of compost bins is maintained. These bins are stored in a locked room at the Langston Road Depot. The total value of wheelie bins and other containers at last stock is presented in table below.

Wheelie bin inventory :

	Date of stock take	Physical stock count	Total estimated value of stock
180 litres residual waste bin	26 Oct 2009	940	£17,314
Kerbside Caddies	2 Feb 2010	9124	£31,934
Kitchen Caddies	2 Feb 2010	2900	£3,770
180 litres food and garden bin	26 Oct 2009	5895	£108,585
240 litres for residual waste	26 Oct 2009	286	£10,130
340 litres for residual waste	26 Oct 2009	1134	£61,224
140 litre residual waste bins	26 Oct 2009	2436	£48,720
Compost bins	30 Sept 2010	738	£13,284
Total			£ 294,961

Blue boxes and sacks:

6. There are three types of sacks in use within the Council. Clear sacks for dry recycling, black sacks for residual waste collection from those properties that can not take part in the wheelie bin collection service and green sacks for garden waste arisings under the Mow and Grow scheme operated by Voluntary Action for Epping. The sacks are stored in three different locked areas in the Langston Road Depot. Physical stock count of the dry sacks is carried out on a weekly basis. Black sacks and garden sacks are held in the secure stores with very restricted access and stock takes are taken only on issuing of stock and at the end of the financial year.

Blue box, clear sacks, garden sacks and black sacks inventory:

	Date of stock take	Physical stock count	Total value of stock held
Blue Boxes	25 Oct 10	548	£1326
Clear recycling sacks	25 Oct 10	3312	£36,432
Garden recycling sacks	25 Oct 10	492	£31,881
Black sacks	30 Sept10	97	£1,011
Total			£70,650

Requests for Issue:

7. The requests for issue of wheelie bins, containers and sacks are all received in the Customer Contact Centre of the Environment and Street Scene Directorate. Some requests are more routine than others for example there are 51 outlets that provide recycling sacks to residents. These outlets request sacks when their stocks run low. Residents can directly make a request for a wheelie bin or container that is lost or damaged.

8. The requests are entered into the M3 database, which links the request to a property address. The requests are then assessed and instructions issued to the waste contractor Sita to deliver the item. Once the delivery is complete the M3 database is updated.

Inventory control:

9. Every movement of each container type or box of sacks has a corresponding worksheet on the M3 database. These worksheets are used to calculate the numbers of containers or sacks issued at any given time. Deducting the numbers issued from the previous physical stock take provides the numbers held in stock. In respect of dry sacks and blue boxes stock take is carried out on a weekly basis, this is because these items are easy to handle and an easy target for theft.

10 The inventory control of wheelie bins is managed slightly differently than that for sacks and blue boxes. This is because of the logistics and resources involved in physical stock take. The requests and issue of wheelie bins are logged in the same way as sacks and blue boxes and numbers are managed by use of the M3 database. However physical stock take is carried out less frequently. This is where the breach in Contract Standing Order has arisen.

11 Wheelie bins and containers are received by the Council in bulk and stored at the North Weald Airfield for deliveries to residents as and when required. The stock take of these containers is only possible with the help of manual resources to move containers around. The last physical stock take was undertaken on 26 October 2009.

12. Internal Audit has advised in previous years that in order to protect containers and bins from the elements the remaining stocks should be wrapped in sheeting before the onset of the winter season. A contractor is employed to manually rationalise/re-organise the storage area, to prepare the containers for winter by wrapping them in plastic and to undertake a stock count. By organising this the Waste and Recycling Team complied with the previous Internal Audits recommendations. The wrapping of the containers is again imminent and whilst this is being undertaken in preparation for this years winter the latest stock take of bins will be taken in the near future. This does not comply with the requirements of the Contract Standing Orders which require that a stock take be taken at the end of the financial year in March 2011 (**Recommendation 4**).

13. Normally all caddy stocks would be taken at the same time as the wheelie bins as these are prepared for winter in the same way as the larger containers. In February 2010 the stock of caddies was relocated to a slightly different location on the Airfield and the opportunity was used to take an additional stock count. This would not normally happen.

Resource Implications:

All stock take for blue boxes, sacks and compost bins is carried out by officers of the Waste and Recycling Team however the wheelie bins and containers are heavier and it is not possible to carry out a stock take without employing a contractor and lifting equipment. The services of a private contractor are employed to move the bins, count and sheet wrap the containers. The cost of this operation once a year is around £5,000. There is current budget allocation to undertake only one stock take a year. The report sets out the reasons for carrying the stock take at the onset of winter rather than the end of financial year. However additional resources will be required if a second stock take is carried out at the end of financial year.

The alternative of carrying out a stock take at the end of a financial year will not require additional resources however this is likely to cause damage to stock during the winter months.

Legal and Governance Implications:

The Council has a duty to manage and look after it's assets and reduce the risk of financial loss.

Safer, Cleaner and Greener Implications:

Provision of waste and recycling containers is not possible without the use of prescribed containers.

Consultation Undertaken:

No external consultation undertaken.

Background Papers:

Previous Audit report on the outcome of internal audit

Impact Assessments:

Financial risks of lack of compliance with Contract Standing Orders:

The Council's Contract Standing Orders require a stock take at the end of each financial year, any deviation from this is a breach, this is the case in respect of some of the stock held by the Waste and Recycling Team.

The report sets out the methodology of stock control employed for various containers and sacks stocked by the Council. All stocks issued are logged on the Environment and Street Scene's database system. The financial risk to the Council arises if the electronic stock levels do not reconcile with the physical stock count. This risk is managed by carrying out physical stock take of the high risk stocks for example sacks which are susceptible to theft.

However the wheelie bins stored at North Weald Airfield are not subject to the same level of stock take and inventory control. It is not possible to carry out a full physical stock take without the use of a fork lift to move the bin stacks. Current budget allocation only allows for once a year expenditure to hire labour and mechanical plant. Officers have in the past year combined the exercise of bin wrapping before winter with a stock take and hence saved costs. However this has resulted in a non compliance with the Contract Standing Orders.

It is an officer view that the risks to the Council are best managed with the current arrangement, the stock is taken before the onset of winter and at the same time it is wrapped and protected from the weather in the winter months ahead. The alternatives of not carrying out the stock take at this time of the year would either mean that the stock would be open to rain damage or additional resources will be required to carry out a second stock take at the end of the financial year.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A