

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 and level of risk to the Council

Responsible Officer: John Gilbert (01992 564062)

Democratic Services Officer: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To note the value of wheelie bins at the last stock take in October 2009 of £279,176 and the value of blue boxes and sacks at the last stock take in October 2010 of £70,650;
- (2) To note that the annual detailed stock take of wheeled bins and other assets stored at North Weald Airfield takes place in October each year prior to the winter period;
- (3) To agree that a supplementary stock take of wheeled bins and assets stored at North Weald Airfield will be undertaken as at ~~the 31st of~~ March each year in order to inform the preparation of the Council's final accounts; and
- (4) To further investigate the costs associated with the provision of covered secure storage for wheeled bins and other assets stored at North Weald Airfield.

Executive Summary:

The last meeting of the Committee on 20 September received a report from Internal Audit which provided a limited assurance in respect of the Waste Management Service. The reason for this was a departure from Financial Standing Orders which require a stock take at the end of each financial year. The Committee resolved to receive a report at this 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 yet 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 detailed 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 and it is recommended that a supplementary stock take also be undertaken at the end of March each year.

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 of non compliance with Financial Standing Orders.

Other Options for Action:

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 a stock take only at the end of financial year, as required by Financial Standing Orders,

Report:

1. The Council provides residents with a number of containers to enable them to make full use of 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 and 340 litres; and
_____ food and garden recycling: 5 litre kitchen caddies, 23 litre kerbside caddies and 180
_____ litre wheelie bins

3. _____ 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 at flats and multiple occupancy communal dwellings.

43. Wheelie bins can get damaged by the lifting mechanisms of refuse freighters, sometimes they end up in the refuse freighters and cannot be retrieved. On other occasions bin lids or wheels get damaged. Wheelie bins also go “missing” from residents’ homes – some 1,500 in the last 12 months. –The wheelie bins are repaired, if possible, and reused. Residents are issued a replacement as soon as practicable.

54. Wheelie bins and other rigid containers are currently stored at North Weald Airfield. The storage area is out in the open but is fenced and secured. Following advice from Internal Audit in previous years to not leave the containers open to elements, the bins are wrapped in plastic sheeting ahead of the winter period in late October each year. This is to protect the bins from rain and weather since, if left unwrapped, rainwater seeps into the bin stacks and the downward weight and pressure causes damage to the lower bins in the stacks.

65. The Council has a policy of encouraging residents to recycle and reuse as much as possible. The Council will, in some circumstances, provide residents with one free compost bin. These are issued to residents who can not take part in food and garden recycling service, for example where 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 the last stock is presented in the 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 litre food and garden bin	26 Oct 2009	5895	£108,585

240 litre for residual waste	26 Oct 2009	286	£10,130
340 litre for residual waste	26 Oct 2009	1134	£61,224
140 litre for residual waste	26 Oct 2009	2436	£48,720
660 litre residual/recycling	01 Nov 2010	22	£2,090
1,100 litre for residual	01 Nov 2010	1	£125
Compost bins	30 Sep 2010	738	£13,284
Total			£ 297,176

76. Although numbers appear high, it should be noted that we are still in the process of rolling out recycling services to flats and other communal buildings, and containers are needed for these new services. Furthermore, bulk purchasing of containers reduces the overall cost. With the exception of the 140 litre and 340 litre bins, all the bins are 'old' stock, in that they have been used previously and swapped. Steps to reduce the numbers of 140 and 340 litre bins are underway, with the 340s being used in flats etc, and, instead of purchasing further 140 bins for the garden service, green lids have been purchased providing us with flexibility between the garden service and the residual.

Blue Bboxes and Ssacks:

86. 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 cannot 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 Forest. 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:

97. Requests for the 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 makedirectly make** a request for a wheelie bin or container that is reported as lost or damaged.

108. The requests are entered into the M3 database, which links the request to the 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 Ccontrol:

119. 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 since these items are easy to handle and an easy target for theft.

129. 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 undertaking a 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 a physical stock take is carried out less frequently and this has caused the breach in Financial Standing Order has to arise.

134. 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. A detailed stock take of these containers is only possible with the help of physical resources to move containers around, often requiring a fork lift truck. The last physical stock take was undertaken on 26 October 2009.

142. 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 Audit 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 Financial Standing Orders which require that a stock take be taken at the end of the financial year in March.

153. 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:

The 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. An additional detailed stock take will require an additional £5,000.

The additional costs associated with covered storage are between £50,000 and £75,000 per annum dependant upon the cost per square meter required. The current external storage area takes up around 25,000 square feet. It is not easy to reduce the scale of the space required since it is not practical to stack bins to a greater height without risk of damage to the

bins or to those who have to move and remove them.

Legal and Governance Implications:

The Council has a duty to manage and look after its assets and reduce the risk of financial loss. The law on the provision of receptacles for waste is contained within section 46 of the Environmental Protection Act 1990, and is complex. This Council has taken the view that it should provide receptacles for waste to residents free of charge, rather than making residents provide them or through levying a charge. This is a common position amongst local authorities, especially where recycling arrangements exist and where residents are required to separate their recycling into separate material streams.

The Waste Management partnership Board has recently given consideration to the introduction of a charge for replacement bins, but concluded that the present arrangements should remain in place.

Safer, Cleaner and Greener Implications:

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

Consultation Undertaken:

None.

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 Financial Standing Orders require a stock take at the end of each financial year. Any deviation from this is a breach and 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 an accurate physical stock take without additional resources to move the bin stacks. Current budget allocation only allows for this to be undertaken once a year. Officers have in the past year combined the exercise of bin wrapping before winter with a stock take and hence saved costs.

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.

It is however recognised that, given the value of the assets stored at North Weald, a stock

take at the end of the financial year is essential. However, for the reasons set out earlier, this cannot be another detailed physical check. –It is therefore proposed that at a minimum a count is made of the physical stacks to enable a gross error check to be made against the detailed stock take undertaken the previous October and the records on M3 of the bins and containers issued. Should any major discrepancy arise a detailed physical stock take will have to be undertaken which will have resource implications. This additional check will then be available to inform the process of closing the Council’s accounts for the year in question.

Other Risks

As stated in the report the wheeled bins are currently stored in the open air at the Airfield, albeit within a locked fenced enclosure. However, there is no 24/7 security presence at the Airfield and therefore this arrangement is not fully secure and losses of wheeled bins have occurred in the past (77 bins in July – value £1,400). –Co-incidentally, around the same time Harlow DC also suffered from theft of wheeled bins. –Officers are looking into a short term solution for the introduction of CCTV around the compound.

Consideration has previously been given to the use of fully enclosed storage such as a hangar at the Airfield or private storage facilities. –This has not proven to be fruitful either because of availability, accessibility and /or cost. –The cost of the land used at the Airfield is just over £7,000 per annum, for around 25,000 square feet. To replicate this storage in a hangar or similar building would cost between £50,000 and £75,000 per annum. –Officers will continue to investigate other options.

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.