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Dear Paul

Waste procurement review feedback

Between April and July 2021, we followed the Council's waste service as it procured a new contract to manage and operate the Council's three Household Waste Recycling Centres and two Waste Transfer Stations. The aim of the review (as noted in our Project Brief of 20 January 2021) was to seek assurance that the Council had included all relevant and reasonable considerations as part of its procurement arrangements for waste, to ensure a sustainable service.

To inform the review we undertook document reviews, observed meetings and interviewed the key Council officers involved in the procurement process. We'd like to take this opportunity to thank the Neighbourhood Services team for giving us the opportunity to follow their procurement process in real time and for allowing us to observe their meetings.

We found that the procurement process went well overall and the small team involved worked hard to successfully issue the contract on time. However, we also noted some potential improvement areas for consideration. Given the review's focus on sustainability, we have grouped our observations during this process in line with the five ways of working that underpin the Well-being and Future Generations Act's sustainable development principle.

We hope that our observations in this letter will prove useful as the waste service goes out to tender for the haulage and treatment of dry mixed recycle materials. Similarly, many of the observations may apply to future procurement processes undertaken by other service areas.

Collaboration

- The waste service collaborated effectively with several internal and external partners to support and strengthen the procurement process.
- Officers engaged the Council's procurement team and sought input from Council finance and legal officers where necessary.
- The Council also sourced external procurement expertise to support Council officers to prepare for and undertake the HWRC and Waste Transfer Stations procurement process. This appeared appropriate and proportionate given the small size of the Council's procurement team and the large value of the contract. To prepare for the procurement process, in 2018 officers worked with an independent consultancy, Eunomia. In 2020, following advice from the Council's procurement team, the Council engaged the services of Atebion Solutions (a Cardiff Council owned company who provide procurement services to the public sector) to help refine the contract, develop a suitable evaluation matrix that took into account both cost and quality measures, and provide support and advice throughout the procurement process.
- The arrangements allowed independent overview of the process and provided assurance to Neighbourhood Services staff that the tendering process was performed correctly and fairly.

Prevention

- The Council recognises the need to monitor the HWRC and Waste Transfer Stations contract and at the time of our review, were putting in place arrangements to do so. For example, the Council has developed a suite of performance measures and there will be a dedicated contract manager to oversee and review performance against the contract. The Council will need to use accurate and real-time data to manage waste flow, identify problems in advance and take action accordingly.
- Although timescales for evaluating the tenders was compressed due to a tight schedule, we did not observe any shortcomings in the procedures followed and a decision was taken in a timely way to ensure the contract was awarded in sufficient time as to not disrupt future service delivery.
- Neighbourhood Services staff told us that it had held a 'lessons learned' session to consider learning from this process and to help inform the dry recycling tender process later this year.

Long-term

- Officers inform us that Welsh Government's 'Towards Zero Waste' strategy and Collections Blueprint set the high-level strategic direction of the service. But we felt the Council would benefit from a local waste

management strategy setting out its long-term vision and priorities for waste and recycling services in Monmouthshire. A local strategy would allow the Council to articulate its own priorities for the service, e.g., a focus on service quality or cost, and how these fit into wider Council priorities. Without a local strategy in place, it was difficult for us to assess to what extent the procurement exercise was aligned to and helping achieve the waste service's vision beyond contributing to improving recycling rates.

- Without a strategy there is also a risk that decisions regarding waste and recycling are made without considering impacts on the whole service, or on other Council service areas. Undertaking procurement exercises in the context of a wider strategy would allow the Council to:
 - consider whether there are any 'knock-on' impacts of decisions;
 - understand the potential financial impact of implementing the strategy so this can inform the Council's Medium-Term Financial Plan, e.g. cost of fleet replacement, meeting future targets, potential new waste and recycling receptacles and services required etc.; and
 - ensure that evaluation criteria for future contract tenders are aligned with strategic aims for the service.

Involvement

- The Council consulted with residents on Monmouthshire's HWRC provision in Spring 2020. The survey was widely promoted and received a good response rate. As well as seeking views on proposals to reduce the number of HWRCs and their opening hours, the survey also sought to understand what is important to HWRC users and how they use the sites. Some of the service users' priorities are reflected in the tender evaluation criteria. However, demonstrating clearer links between the outcome of the survey and the final contract design and evaluation process would further enhance the consultation process and make it easier for the public to see how their priorities informed the tender process.
- The wider proposals for changes to the HWRCs went through the democratic process, providing elected members with opportunity to scrutinise the plans before agreeing them. Whilst there was limited engagement with elected members and the public specifically in relation to the tender of the HWRC and Waste Transfer Station contract, this appears to be due to the nature of the contract rather than any unwillingness to engage. Although the value of the contract is large, it relates to the continued management and operation of the Council's three HWRCs and two Waste Transfer Stations rather than any fundamental service changes. It's therefore reasonable that the decision to award the contract was delegated to officers.
- The Council undertook a cost analysis of bringing the management of the HWRCs in-house based on 2019-20 financial assumptions. The in-house

model focussed solely on projected costs at the time and was not included in the 2021 evaluation of tenders. It also did not consider quality measures and so was not assessed against the same evaluation matrix as external tenders for this contract.

Integration

- The Council clearly understands the Welsh Government's statutory targets for recycling and these were considered and incorporated into the procurement process.
- Despite the lack of a waste management strategy, there are some clear links between the aims of the HWRC contract and the Council's Corporate Plan and priorities. For example, the HWRC contract will help contribute towards increasing the percentage of waste recycled – one of the Council's corporate measures. A waste management strategy would further strengthen integration by helping identify potential 'clashes' in activities across the Council.

I hope that this summary of our work is useful to you; please get in touch if you would like to discuss further.

Yours sincerely,

Charlotte Owen
Audit Lead

cc Gareth Lucey, Audit Manager
Allison Rees, Senior Auditor