

Waste Management Review – Caerphilly County Borough Council

Audit year: 2022-23

Date issued: July 2023

Document reference: 3688A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Report summary	4
What we looked at – the scope of this audit	5
Why we undertook this audit	5
What we found	6
The Council understands why its performance has declined but has been slow to address this; and whilst the Council is developing a draft strategy there remain significant risks to its successful implementation	6
The Council has developed a medium-term draft strategy to meet statutory recycling targets but there are significant risks to its successful implementation	8
The Council has costed elements of its draft waste strategy over the short term but is not yet in a position to fully cost its longer-term approach	10
The Council has not determined how it will assess and monitor the value for money of the waste strategy or its contribution to the Council's broader strategic objectives	11
The Council is seeking to learn lessons to improve its recycling performance	11
Recommendations	12
Appendices	
Appendix 1: key questions and what we looked for	13

Report summary

- 1 The Council waste performance has deteriorated in recent years both in terms of the actual percentage of waste reused, recycled and composted and also relative to other councils in Wales.
- 2 The Council has failed to meet its statutory recycling target for three years in a row up to and including 2021-22, and at the time of writing was also projected to miss the target again for 2022-23. The Welsh Government can levy financial penalties for non-compliance with the targets, but to date it has not applied these to the Council.
- 3 We reviewed the extent to which the Council understands the reasons for the decline in its recycling performance and its plans to address this.
- 4 Overall, we found that the Council understands why its performance has declined but has been slow to address this; and whilst the Council is developing a draft strategy there remain significant risks to its successful implementation.
- 5 It will also be important for the Council to act quickly to make the changes it considers necessary if it is to meet its statutory recycling targets and avoid the risk of financial penalties.

What we looked at – the scope of this audit

- 6 We focused on the Council's approach to recycling waste including its performance against key indicators and its plans to drive improvement in its performance. This audit did not examine in detail all of the waste management services provided by the Council.
- 7 Our findings are based on document reviews and interviews with a selection of officers and executive members. We undertook these interviews during February and March 2023. We also analysed recycling performance data produced by Stats Wales over a number of years (see **Exhibit 1**). The evidence we have used to inform our findings is limited to these sources.
- 8 We set out to answer the question: **Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?**
- 9 We did this by exploring the following questions:
 - Does the Council understand the reasons for its recycling performance and how it might change over time?
 - Does the Council have a clear vision of what it wants to achieve for its recycling performance?
 - Is the Council working effectively with the right people and partners?
 - Has the Council resourced delivery of the plans to meet current and future statutory recycling targets so it can deliver long-term/preventative benefits?

- Is the Council monitoring and reviewing progress?
- Is the Council learning lessons from how it works to deliver against its recycling targets?

Why we undertook this audit

- 10 This audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 11 We sought to help:
- provide assurance that the Council has put in place proper arrangements to secure value for money in the use of resources and is acting in accordance with the sustainable development principle; and
 - provide insight into how the Council could strengthen its arrangements to secure value for money in its use of resources; and its application of the sustainable development principle.

Exhibit 1: key fact

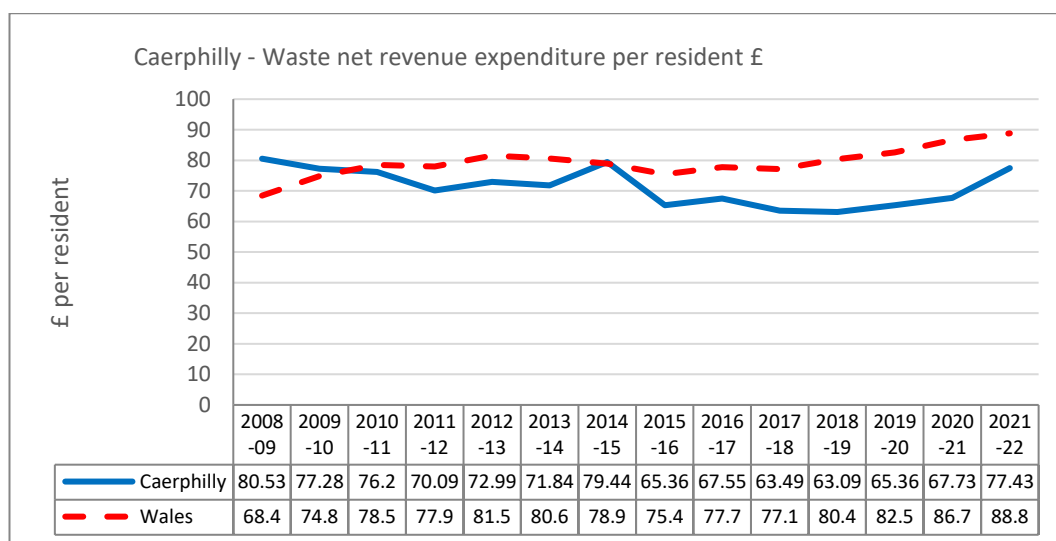
Key Fact

The Council's net revenue expenditure on waste services for 2021-22 was c. £14 million in total, which was approximately £77 per resident¹.

¹ Revenue outturn data, Stats Wales

Exhibit 2: the Council’s net revenue expenditure on waste per resident compared with other councils

The following exhibit shows the amount of revenue expenditure the Council spent per resident each year from 2008-09 to 2021-22 compared with the other 21 councils in Wales.



What we found

The Council understands why its performance has declined but is only recently beginning to take action to address this

- 12 The Council understands why its performance has declined but is only recently beginning to take action to address this. Welsh Government has set long-term targets for recycling and re-use of municipal waste. The Welsh Government can levy financial penalties for non-compliance. The statutory target for 2019-20 onwards was 64% and the target for 2024-25 rises to 70%. The Council has failed to meet the target for 2019-20, 2020-21 and 2021-22 and is projected to miss the target again for 2022-23.
- 13 Between 2017-18 and 2021-22 the Council’s relative performance has declined from the fourth highest in Wales, and well above the Welsh average, to the second lowest in Wales and well below the Welsh average, reflecting a significant decline in performance.

Exhibit 3: the Council’s performance of waste reused/recycled/composted: annual performance²

The following exhibit shows the Council’s performance and how this compares with the other 21 principal councils in Wales.

	Caerphilly County Borough Council annual performance (%)	National Ranking compared the other 21 principal councils in Wales	Wales average (%)
2017-18	66.7	4th	62.7
2018-19	65.1	6th	62.8
2019-20	62.5	20th	65.1
2020-21	61.9	21st	65.4
2021-22	59.7	21st	65.2

- 14 The Council draws on a wide range of evidence sources to understand the current factors affecting its recycling performance. These include analysis of waste data flows, data analysis provided by WRAP Cymru, contract performance and benchmarking its approach with other councils. This has enabled the Council to identify several reasons for its relatively poor performance including:
- a relatively high level of residual waste created within the county borough.
 - low participation in recycling amongst residents resulting in a high amount of food waste within its residual waste stream. Approximately 25% of residual waste is food waste.
 - its waste collection and enforcement arrangements have not kept pace with developments in neighbouring authorities.
 - proof of residency checks at household waste recycling centres (HWRC) has reduced the overall amount of waste deposited at these sites but also reduced the amount of recycling deposited.
- 15 The Council is seeking to understand the root causes of low participation rates of residents in recycling. It has commissioned external support to help it better understand the behavioural barriers to recycling amongst residents. This includes a series of public engagement sessions and use of data mapping to develop recommendations to inform the Council’s draft waste strategy.
- 16 Despite having a good understanding of the reasons for its declining performance, the Council has been slow to address them. We recognise that responding to the pandemic inevitably took priority during some of this period, however, the Council missed its statutory recycling targets for the last three years and is projected to miss them for a fourth year in succession. In missing the targets, the Council has

² [Annual reuse/recycling/composting rates by local authority \(gov.wales\)](https://gov.wales)

risked incurring financial penalties from the Welsh Government of £200 per tonne. To date the penalties have not been levied. However, based on the Council's recycling performance, had the Welsh Government decided to levy the penalties, for example, the cost to the Council would have been £1.2 million for 2021-22. The Council's relatively low recycling rates also potentially impact upon the Council's broader strategic priorities, for example, the Council declared a climate emergency in 2019.

- 17 The Council's performance framework consists of the following components: Corporate Performance Assessments (CPAs), Director Performance Assessment (DPA) Service Planning, and My Time Extra. CPAs are reported to the Corporate Management Team and Cabinet; and the DPA is monitored and reviewed at Director Management Teams on a quarterly basis.
- 18 The Economy and Environment DPA, where recycling data is contained, was shared with the relevant scrutiny committee up to February 2022. Despite the relatively poor recycling performance and missing of statutory targets over several years, there is no evidence of effective challenge or performance monitoring by the relevant scrutiny committee in recent years. Consequently, the Executive has not been transparently held to account for the Council's performance in this area

The Council has developed a medium-term draft strategy to meet statutory recycling targets but there are significant risks to its successful implementation

- 19 The Council has recently developed an overarching draft strategy designed to meet its statutory targets for the next five years up to 2027. It focuses on meeting the forthcoming 70% statutory recycling target during that period. The draft strategy has been developed at pace to meet its recycling targets and avoid the risk of financial penalties, and therefore it is not yet supported by fully resourced implementation/action plans.
- 20 If the Council is to improve its overall recycling performance at the pace and scale required to meet statutory targets, it will be important to ensure there is elected member endorsement of proposals, and that the Council acts quickly to make the changes to its waste services it considers necessary.
- 21 The draft strategy sets out the Council's commitment to applying the sustainable development principle to its approach to recycling and waste management and references the seven national well-being goals.
- 22 The Council has not yet considered the impact of the draft strategy on neighbouring authorities, although we have been told it intends to. This increases the risk of the Council not acting in accordance with the sustainable development principle, through considering if and how its actions might impact on the well-being objectives of other councils.

- 23 In 2019, the Council declared a climate emergency and committed to becoming carbon neutral by 2030. As part of these efforts, a Decarbonisation Strategy was adopted to support the Council to reduce its carbon emission. However, the Council has been slow to address the issues in relation to waste and recycling that impact on the priorities of the Decarbonisation Strategy. However, we recognise that the pandemic would have impacted on the Council's progress.
- 24 The waste department has worked with other departments in developing the strategy, for example, to understand projected population and housing growth. It is also considering ways to use resources differently across departments to deliver the strategy in ways that could deliver multiple benefits or make more effective use of resources with the potential to deliver multiple benefits. The identification and implementation of opportunities and initiatives to deliver multiple benefits are in keeping with application of the sustainable development principle. It also has the potential to improve the value for money secured from the Council's resources.
- 25 The Council has not yet determined its longer-term strategy. It recognises that its draft strategy is unlikely to be sufficient for the longer term, as the statutory targets are likely to increase. There remains a risk that the Council, in now needing to act quickly and prioritise short-term progress towards meeting recycling targets, is not able to balance its focus on the short term with longer-term considerations.
- 26 Following similar initiatives introduced by other councils, in October 2022, the Council opened its first Reuse Shop. This new drop-off facility has been successful in reuse and resale of more than 13,000 items. As well as generating income levels of approximately £1,000 a week, it has also reduced the amount of waste to be disposed. This should help the Council to meet its statutory targets whilst also providing a wider benefit to local communities.
- 27 The Council has not involved key stakeholders in the development of its draft strategy. As the draft strategy was developed urgently, the Council did not undertake significant involvement activity in developing it. It is therefore too early to assess how well the Council has involved stakeholders in the development of proposals. However, the Council intends to implement a whole population communications and engagement campaign for specific changes to waste services following consideration of the draft strategy by councillors. As the Council's recycling performance is reliant in part on the support and behaviours of residents, communication and engagement activity is likely to be key to the Council meeting its statutory targets.
- 28 The Council has not yet developed an Equalities Impact Assessment for all of the proposals in the draft strategy, but intends for these to accompany the proposals in the draft strategy when it goes through the political process. Assessing the impact of proposals on groups who share protected characteristics will be important for the Council to discharge its responsibilities under equalities legislation, but also to understand the impact of proposals on service users.

Partnership working

- 29 The Council has a track record of working with partners in the delivery of its waste services. For example:
- through Prosiect Gwyrdd, a consortium to dispose of residual waste collected from the kerbside.
 - working with The Furniture Revival (Rhymney) which is about partnership working to improve the circular economy is working well in terms of throughput and re-use of waste.
 - Working with Waste savers to run the Reuse Shop (see **paragraph 26** above).
- 30 The Council intends to explore more partnership working opportunities in implementing its draft waste strategy, such as potential collaborative working on recycling markets and disposal of difficult to recycle materials. But as the draft strategy has not yet been approved, the Council cannot finalise with whom and how it might collaborate to improve the value for money of its services. As all councils are dealing with similar issues in relation to waste and recycling, there are likely to be further opportunities to explore collaborative approaches to improve performance and secure value for money in the use of the Council's resources.

The Council has costed elements of its draft waste strategy over the short term but is not yet in a position to fully cost its longer-term approach

- 31 The Council has costed the short-term proposals in its draft strategy and has considered the resources it may need to meet statutory targets over the longer term. For example, the Council is aware that longer-term proposals may require significant investment in infrastructure, including the potential need for a new waste transfer station and investment in its fleet infrastructure. However, at this stage the longer-term proposals have not been costed as the Council is yet to finalise its longer-term strategy. To enable the Council to take informed decisions on the longer-term aspects of the strategy, it will be important that options are fully costed before decisions are taken.
- 32 The Council recognises that it needs to allocate resources to have deliver the strategy. The Council's current Medium Term Financial Plan does not specifically explain if and how funding will be prioritised to deliver the waste strategy in 2023-24, due to the strategy being in draft when the MTFP was produced. However, the Council is confident that resources will be allocated to deliver the proposals in the strategy. The Council also expects to realise efficiency savings from the implementation of some of the proposals in the strategy.

The Council has not determined how it will assess and monitor the value for money of the waste strategy or its contribution to the Council's broader strategic objectives

- 33 The draft strategy contains measures against its short and medium-term objectives to meet statutory recycling targets over the next five years. The draft strategy does not set out longer-term measures to meet the more challenging statutory targets that the Council anticipates will be introduced in the future. This means that the Council is well placed to monitor its performance over the short and medium term but is not able to communicate and measure progress against longer-term objectives. We are aware that the Council is developing its new Corporate Plan, which provides an opportunity for the Council to reflect on this.
- 34 The Council's latest Annual Self-Assessment report for 2021-22 identifies the need to improve the amount of food waste that is recycled, but the assessment does not contain an evaluation of the relatively poor recycling performance or mention that the Council has not met statutory targets for several years. The absence of this information reduces the ability of councillors and other stakeholders to understand the Council's performance in context and the risks associated with it. It also potentially reduces the usefulness of the self-assessment report to support learning and accountability.
- 35 The Council has not yet considered how to monitor and evaluate the value for money of the proposals in its draft strategy nor monitor the contribution of the strategy to the Council's broader strategic objectives. Without this information, the Council risks being unable to assure itself that its arrangements are securing value for money and that its approach is maximising opportunities to support the delivery of its wellbeing objectives.

The Council is seeking to learn lessons to improve its recycling performance

- 36 The Council is able to demonstrate that it is seeking to learn lessons to improve its performance. For example, it is taking steps to improve its contract management arrangements and is taking action to improve the performance of one of its key recycling contracts. The Council also compares the cost and performance of its waste service, including commercial recycling through its membership of a benchmarking club. Officers have used their knowledge of other councils' approaches to inform the draft waste strategy and the Council is also taking steps to understand the reasons why its food waste recycling rates are comparatively low.

- 37 It will be important for the Council to continue to review the effectiveness of its approach and take timely action to intervene, if it is to both improve and maintain its performance in line with statutory recycling targets.

Recommendations

Exhibit 4: recommendations

Value for Money and Well-being measures

- R1 The Council should set out how it will monitor and evaluate the value for money of its waste strategy once finalised and the strategy's contribution to the Council's Well-being Objectives.

Longer-term strategy

- R2 The Council should develop and agree a fully costed and resourced longer-term waste strategy capable of meeting both current statutory targets and in readiness for the potential increase in statutory targets in the future.

Appendix 1

Key questions and what we looked for

Exhibit 5: key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Level 1	Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?	
Level 2	Level 3	Audit Criteria (The Council has taken into account relevant recommendations and advice of the Future Generations Commissioner where appropriate)
1. Does the Council understand the reasons for its recycling performance and how it might change over time?	1.1 Is there is a thorough understanding of the 'as is' (ie current need/demand/performance/costs/issues to be addressed) and the reasons why/underlying causes?	<p>The Council has drawn on a range of information to develop a thorough understanding of the 'as is' and how it is likely to change.</p> <p>The Council benchmarks its costs, performance and processes from a value for money perspective.</p> <p>The Council has used its evidence base to identify actions that are likely to be most effective and why, including how they could address the root causes of problems, and informs decisions that seek to balance the need to meet short and longer-term objectives.</p>
	1.2 Is there is a thorough understanding of the long-term factors that will impact recycling performance and the challenges and opportunities that may result (eg risks and opportunities)?	
2. Does the Council have a clear vision of what it wants to achieve for its Recycling performance?	2.1 Is the Council planning over an appropriate timescale?	<p>The Council has considered what long term means in this context and set an appropriate timescale (eg ten years, 25 years or longer). It has considered how action can deliver the best impact over that timeframe, has set out measures that reflect short and long-term impacts, with milestones that reflect progress as appropriate.</p> <p>It has set out how the plans will be resourced over the longer term as far as is practical.</p>

Level 1	Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?	
Level 2	Level 3	Audit Criteria (The Council has taken into account relevant recommendations and advice of the Future Generations Commissioner where appropriate)
	<p>2.2 Has the Council thought about the wider impacts it could have, including:</p> <ul style="list-style-type: none"> • How it could contribute to each of the seven national well-being goals? • How delivery will impact on the other things it is trying to achieve (ie its well-being objectives and wider priorities)? • How delivery will impact on other what other public bodies are trying to achieve (ie their well-being objectives)? 	<p>The Council has considered the contribution to and links between social, economic, environmental and cultural well-being/the seven national wellbeing goals (including how this might help it deliver system-wide, preventative benefits).</p> <p>Staff have sought to integrate their work with that of their colleagues from across the organisation and partner organisations and have proactively shared information, are open and transparent with their colleagues and partners.</p> <p>The Council understands what colleagues and partners do and how their work relates, and integration is evident in key strategies/documents, including joined-up objectives/priorities and performance measures.</p>
	<p>2.3 In developing its plans, does the Council give due regard for its duties under the Equalities Act 2010:</p> <ul style="list-style-type: none"> • Equalities duties • Socio-economic 	<p>The Council has considered the potential impact of its plans on groups who share protected characteristics and modified its plans if appropriate as a result.</p> <p>There is evidence that the Council has considered its plans can improve inequality of outcome for people who suffer socio-economic disadvantage and modified its plans if appropriate as a result.</p>
3. Is the Council working effectively with the right people and partners?	3.1 Has the Council identified who it needs to involve in designing and delivering plans to meet current and future statutory recycling targets?	The Council has a good understanding of who will be directly and indirectly affected and who it needs to involve, and seeks a full diversity of views, including from non-traditional sources and from those they may have previously failed to reach.

Level 1	Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?	
Level 2	Level 3	Audit Criteria (The Council has taken into account relevant recommendations and advice of the Future Generations Commissioner where appropriate)
	3.2 Is the Council effectively involving the full diversity of the population?	The Council has provided genuine opportunities for people to influence design and delivery from an early stage. It has built mature and trusting relationships, sharing information in an honest, open and transparent way and providing feedback on how it has been used. It has used the results of involvement to shape planning/delivery and draws on good practice.
	3.3 Is the Council working with the right partners?	The Council has identified the partners it needs to work with to deliver its vision and objectives and has a clear understanding of how it could work with others and the key challenges they face. There is a focus on place and better outcomes.
	3.4 Is the Council effectively collaborating with the right partners?	The Council has mature and trusting relationships with its partners, because, for example: it invests time and capacity in partnership working; it is sharing or pooling financial or non-financial resources and has developed shared ways of working.

Level 1	Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?	
Level 2	Level 3	Audit Criteria (The Council has taken into account relevant recommendations and advice of the Future Generations Commissioner where appropriate)
4. Has the Council resourced delivery of the plans to meet current and future statutory recycling targets so it can deliver long-term/preventative benefits?	4.1 Does the Council understand long-term resource implications?	The Council understands the benefits of investing in long-term, preventative approaches and the cost (both financial and in terms of outcomes) of not doing so. It has thought about the resources it will need to deliver planned outcomes over the medium and longer term (whole-life costs) and how it could manage risks/meet those costs, and seeks to minimise waste/negative impact on resources throughout delivery.
	4.2 Does the Council allocate resources to deliver better outcomes over the long term?	The Council has considered the resources it will need to deliver sustainable, longer-term outcomes and how it might manage any risks. It has taken action (including preventative action) that is likely to contribute to better outcomes and/or use of resources over the longer term is promoted and supported. It considers how funding can be deployed to support the delivery of objectives in an integrated way.
5. Is the Council monitoring and reviewing progress?	5.1 Is the Council monitoring and reviewing progress towards, short, medium and longer-term objectives?	The Council has set out measures that reflect short and long-term impacts, with milestones that reflect progress as appropriate. These measures reflect: the delivery of outcomes relating to social, economic, environmental and cultural well-being, assessment of financial costs and performance.

Level 1	Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets?	
Level 2	Level 3	Audit Criteria (The Council has taken into account relevant recommendations and advice of the Future Generations Commissioner where appropriate)
6. Is the Council learning lessons from how it works to deliver against its recycling targets?	6.1 Is the Council seeking to learn lessons from its own performance to improve its arrangements?	The Council makes use of performance, budget and other relevant information to make improvements to its arrangements.
	6.2 Is the Council seeking to learn lessons and improve its approach to involvement?	The Council reviews the effectiveness of its involvement activity, and is learning lessons (from success and failure) and improving its involvement.
	6.3 Is the Council seeking to learn lessons and improve its approach to collaboration?	The Council reviews the effectiveness of its collaborative activity and is learning lessons (from success and failure) and improving its collaboration.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.