

# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT - FINAL

WASTE AND RECYCLING  
SEPTEMBER 2025

Design Opinion



Substantial

Design Effectiveness



Moderate

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## DISTRIBUTION






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BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

## REPORT STATUS

<b>Auditors:</b>	Aaron Winter - Partner and Chief Audit Executive Andrew Billingham - Internal Audit Manager Ollie Seabrook-Smith - Internal Auditor
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<b>Final report issued:</b>	1 September 2025

# EXECUTIVE SUMMARY

Design Opinion	 Substantial	Design Effectiveness	 Moderate
Recommendations	 0	 2	 2

## SCOPE

### BACKGROUND

- ▶ Suez provide an outsourced waste and recycling service to Maldon District Council (“the Council”) through an eight year contract extension that was approved by Members on 30/03/2023. Suez has been the contractor since 02/02/2016 and the total value of the contract up to 31/01/32 is approximately £50m.
- ▶ Suez employs the Fleet Clear platform for its fleet management operations. This platform is a crucial tool in the management of the fleet, offering functionalities that include logging jobs, running reports, and capturing CCTV footage of vehicle movements. The Council has partial access to this platform, allowing it to monitor and oversee the operations effectively. This access ensures transparency and accountability, enabling the Council to keep track of the services provided and address any issues promptly.
- ▶ Suez collects various waste on behalf of the Council including general, recycling, garden, food and bulky waste.
- ▶ The Council’s waste management team is led by the Head of Environmental Health, Waste & Climate Action and the waste contract is managed by the Waste Contracts & Commissioning Manager.
- ▶ Regular contract monitoring meetings are held between the Council and Suez. These meetings are essential for discussing performance and ensuring that the service provided meets the expectations and requirements set out in the contract. They offer a platform for both parties to review progress, address any challenges, and explore opportunities for improvement.


### PURPOSE


The purpose of the audit was to provide assurance around the governance and management arrangements of the Council’s refuse and kerbside waste collection service.

### AREAS REVIEWED

- ▶ We reviewed the Suez contract to confirm roles and responsibilities are clearly defined and confirmed these were fulfilled.
- ▶ We reviewed the Suez contract to confirm there is a break clause.
- ▶ We tested a sample of monthly payments made to Suez to ensure they have been appropriately approved and have been made in line with the terms of the contract.
- ▶ We reviewed performance targets in the Suez contract and the performance monitoring reports produced to confirm these align. We also reviewed targets and confirm actions were raised to address non-compliance.
- ▶ We reviewed the contract meetings with Suez to confirm these are undertaken on a regular basis, sufficiently detailed and discuss performance.

	<ul style="list-style-type: none"> <li>▶ We reviewed whether the Council is monitoring landfill and recycling rates and acting on any identified issues or trends.</li> <li>▶ We reviewed risk registers to confirm risks and their mitigations have been documented.</li> <li>▶ We confirmed reviews of Suez routes are undertaken in order to facilitate effective and efficient waste collection.</li> <li>▶ We tested a sample of complaints to confirm compliance with required procedures.</li> </ul>
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 <b>AREAS OF STRENGTH</b>	<ul style="list-style-type: none"> <li>▶ We confirmed that the contract contains detail in relation to roles and responsibilities of both the Council and the Contractor and confirmed they are fulfilling their roles through reviewing meetings minutes and reviewing contract documentation as detailed in the contract under the listed responsibilities clause. The Council has received copies of Suez' business continuity plan and insurance for the current year.</li> <li>▶ Under clause 35 of the contract, the Council may terminate the Contract at any time without cause by giving the Contractor no less than 12 month's notice. This provides the Council with flexibility in the event of devolution, should this occur in the future.</li> <li>▶ We confirmed through reviewing three months of payments made, January, February and March 2025, that on a monthly basis, payment statements are issued by Suez and reviewed by the Council and subsequently approved and paid. The statements are interrogated to confirm that they are accurate, and they are amended if necessary to ensure accurate payments are made. We confirmed that the statements had been reviewed by the Waste Commissioning and Contract Manager who confirmed they were accurate before payments were made.</li> <li>▶ Suez undertook a route review in 2024 due to the increased number of households within the contract area, which resulted in a streamlining of the process. This also included amending collection dates which was briefed to Members as part of the Waste Task and Finish Group including why these changes were necessary. The Council also completed ad hoc waste collections to ensure that this did not impact resident negatively. Monthly meetings are held between the Council and the Contractor and the Council routinely reports on the missed bin KPI. Meetings are minuted and based on an agenda. Clear evidence was available to show escalation of issues, with actions being raised and followed through to completion. However, note Finding 1 below in relation to performance reporting.</li> </ul>
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 <b>AREAS OF CONCERN</b>	<ul style="list-style-type: none"> <li>▶ While performance reporting was completed on a monthly basis in relation to the missed bin KPI, it was not always documented as being discussed at the monthly meetings. (<b>Finding 1, Medium</b>)</li> <li>▶ One complaint out of 20 reviewed did not detail the complaint resolution. KPIs could also be enhanced in this area through documenting the definition of a justified complaint. (<b>Finding 2, Medium</b>)</li> <li>▶ We found some gaps in the January 2025 reporting and discussion of landfill and recycling performance rates as part of the monthly contract meetings and this was not raised as part of the subsequent meeting, however the data was included at this stage. (<b>Finding 3, Low</b>)</li> <li>▶ There is no risk on the strategic or operational risk registers in relation to the contract failing, or a generic risk about key contracts failing. This is considered low risk due to the strong position the Council is in,</li> </ul>
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specifically owning the vehicles used by Suez, and has been assessed by an external consultant also identifying there is low risk of the contract failing, and no current issues at present but should be included as part of ongoing reflection. **(Finding 4, Low)**



## CONCLUSION

- ▶ We have concluded Substantial assurance over the design and Moderate assurance over the operational effectiveness of controls relating to waste and recycling contract management.

### Control Design


- ▶ Overall, we found that there are sound processes in place to monitor the contract effectively, including ensuring roles and responsibilities are defined and in place, with payments being paid correctly and on a monthly basis. A route review had been recently undertaken and enacted to ensure optimisation. This was supported by regular monthly meetings.
- ▶ We identified improvements to be made including ensuring performance and landfill and recycling rates are discussed on a monthly basis, and consideration is given to including the risk of contract failure on an operational risk register.

### Control Effectiveness

- ▶ Our testing found that for one complaint, not all information was held in relation to the outcome of the issue identified, and that as part of the drive to report on complaints KPIs, a definition of a justified complaint should be formally recorded.
- ▶ It was not possible to benchmark the Council against audits completed at other clients because of the specific nature of the added value and reviews completed at other clients and the scope of those audits. Primary methods in reducing carbon footprints include streamlining routes, which Suez has completed, and using modern vehicles, and the Council has recently sourced new vehicles through Suez.

## DETAILED FINDINGS

### 1 Performance on Missed Bins

<b>TOR Risk:</b>	Performance of Suez is not effectively monitored resulting in inadequate oversight of standards and lack of performance deductions being made, where applicable.
<b>Significance</b>	 Medium



#### FINDING

The primary KPI regarding waste collection is the number of missed bins. This is reviewed and discussed on a monthly basis at the contract management meetings.

We confirmed there is an agenda for these meeting and minutes are taken, through reviewing the January-April 2025 meetings, which confirmed they are undertaken on a regular basis and discuss performance targets. We also reviewed any targets which have been missed for evidence of actions raised to address non-compliance and found:

- In January 2025, missed bin performance did not meet the expected KPIs between April-November 2024 but records of discussions to identify the reasons why were not recorded. The target is 270 missed bins, and performance was between 280 and 490 per week. November was 168 missed bins.
- In February 2025, performance was discussed at the monthly contractor meeting in detail and noted that Suez requested a variation in the KPI, so as opposed to a specific target overall there will be a target per 1000 collections. Due to the increased number of properties the Council has informally agreed this and is in the process of finalising a variation to the contract.
- From March 2025 Suez is also expected to report on performance in relation to responding to complaints in a timely manner, however this is not a formal KPI within the contract.
- In April 2025, confirmed missed bins performance was satisfactory and confirmed the variation letter had been received. No discussions were held in relation to complaints, but this is not specifically an issue at this stage as these KPIs have not been formally agreed and added to the contract as part of a variation.

There is a risk that where performance is not discussed and poor performance identified and actions put in place that the contract will not be performing satisfactorily and the Council will not be achieving value for money.



#### RECOMMENDATION

1.1 A specific standing agenda item should be included on meeting agendas to ensure that all KPIs are discussed as part of the monthly contract meetings. When finalised, this should include complaints KPIs.


1.2 Where performance is unsatisfactory, it should be ensured that minutes formally detail discussions held in relation to action being taken by the contractor to improve these.

**MANAGEMENT RESPONSE**

Performance is always discussed at contract meetings although if no issues raised then I accept that this may not be minuted. Going forward the agenda items on performance will include both missed bins and complaints.

<b>Responsible Officer:</b>	Carol Love
<b>Implementation Date:</b>	13 August 2025

## 2 Complaints

<b>TOR Risk:</b>	Complaints/concerns regarding missed bins are not identified and acted upon impacting service delivery and the Council's reputation.	
<b>Significance</b>		Medium



### FINDING

Complaints can come into the Council through a range of methods of communication. The team logs these on the Waste Customer Portal so they can be tracked effectively. A series of corporate complaints procedures are in place that are adhered to.

We conducted a walkthrough of the complaints process and tested a sample to confirm compliance with the procedure and found:

- We selected a sample of 20 complaints since April 2024 and found that 19 of these had full details of all action taken.
- One complaint from December 2024 did not detail the action taken so it was not possible to confirm this had been resolved correctly.
- It was also noted that two complaints had been cancelled as these were not "justified" complaints. For example, the first instance was regarding a missed bin where there is a separate process that should be followed and is not considered a complaint. Only habitual missed bins would form a complaint.
- We further noted that the definition of a justified complaint is not formally recorded, and KPIs in relation to complaints are currently proposed but not reported on.

There is a risk where complaints are not handled appropriately and effectively that continued service delivery issues will not be resolved and potentially damage the reputation of the Council.



### RECOMMENDATION

2.1 On a quarterly basis management should undertake quality checks on complaints received to ensure these have been actioned correctly and all details are held on the system. Outcomes should be used to provide training and reminders to staff on issues identified.

2.2 The definition of a justified complaint should be formally recorded and checked as part of the quarterly checks.

2.3 KPIs in relation to complaints should be formally put in place and reported, on a monthly basis.




### MANAGEMENT RESPONSE

Quality checks on complaints are now carried out by the Authorised Officer prior to contract meetings - at least one a month and more often if resources permit. Complaints are now recorded on a monthly basis in the service plan.

<b>Responsible Officer:</b>	Carol Love
<b>Implementation Date:</b>	Completed



### 3 Landfill and Recycling Rates

<b>TOR Risk:</b>	The Council is not monitoring their landfill and recycling rates to ensure the waste going to landfill is minimised, resulting in reputational damage.
<b>Significance</b>	 Low



#### FINDING

On a monthly and quarterly basis, landfill and recycling rates are reviewed and discussed with the contractor. On an annual basis, Essex County Council produces a report on the councils landfill and recycling rates across the County.

We reviewed whether the Council is monitoring landfill and recycling rates and acting on any identified issues or trends and found that:

- In January 2025, performance reporting data was not included in the minutes and it was not possible to confirm that discussions had been held in relation to landfill and recycling rates.
- In February, March and April 2025, landfill and recycling rates were reported and discussed and there had been fluctuations however it was noted that it was not possible to compare to other local authorities and whether this was a national trend.

There is a risk that where rates are not discussed and actions put in place that the Council will not be achieving its environmental goals and targets.



#### RECOMMENDATION

3.1 A specific standing agenda item should be included on meeting agendas to ensure on a monthly basis that landfill and recycling rates are discussed as part of contract meetings and where performance fluctuations are identified, the contractor should review their other waste clients and contracts to confirm whether this is a national or local issue.




#### MANAGEMENT RESPONSE

There is already a specific standing agenda item on recycling rates and a table detailing these rates is provided by MDC. There are natural performance fluctuations which are usually due to weather. MDC can use the Essex County Council system iWDMS to benchmark against other Essex Authorities and if no specific trend is identified then we will request that Suez do some benchmarking against other contracts.

A recent benchmarking exercise was done as garden waste tonnage are lower than in previous year however this trend is clearly visible for all Essex Authorities.

<b>Responsible Officer:</b>	Carol Love
<b>Implementation Date:</b>	Completed

#### 4 Risk Register

<b>TOR Risk:</b>	The Council is not monitoring their landfill and recycling rates to ensure the waste going to landfill is minimised, resulting in reputational damage.
<b>Significance</b>	 Low



#### FINDING

The Council confirmed that they do not currently have any risks recorded on their risk register in relation to the failure of the waste and recycling contract. The Contract is recorded on the Contract Register as having a value of £50m.

- An exercise was completed by an external consultant about the potential risk in relation to the contract failing, prior to the renewal in 2024. At that time it was noted there was minimal risk in the contractor failing and currently the Council owns all the vehicles so in the event of failure, staff would TUPE and they would be able to continue operating a service.
- The Council also noted the workers are not unionised so strike action is not likely to take place.
- Suez also now have a contract in Southend which increases the capacity of the company in Essex, should a bout of sickness occur or another incident.
- This is considered low risk due to the strong position the Council is in, specifically owning the vehicles used by Suez, and the above. Also there are no current issues at present but we would recommend this should be included as part of ongoing reflection.

There is a risk that should the Contract fail, there will not be appropriate risk mitigations and strategies in place to ensure a continued delivery of service.



#### RECOMMENDATION

4.1 Due to the high profile nature of waste contracts and potential reputational damage if the contract failed or if strike action took place, this should be recorded on a risk register and mitigations documented. This also includes any contingency or business continuity arrangements in place.



#### MANAGEMENT RESPONSE

This will be added to the service plan tasks.

<b>Responsible Officer:</b>	Carol Love
<b>Implementation Date:</b>	07/08/2025

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX II - TERMS OF REFERENCE



### KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ Risk 1: Roles and responsibilities are not clearly documented in the Suez contract leading to inadequate contract monitoring arrangements and poor implementation of the expected service by the contractor.
- ▶ Risk 2: There are inadequate checks in place to ensure payments to Suez are made in line with the contract performance resulting in financial overspend.
- ▶ Risk 3: Performance of Suez is not effectively monitored resulting in inadequate oversight of standards and lack of performance deductions being made, where applicable.
- ▶ Risk 4: Regular contract monitoring meetings are not held with Suez leading to performance issues not being raised and agreed actions not being taken to address them.
- ▶ Risk 5: The Council is not monitoring their landfill and recycling rates to ensure the waste going to landfill is minimised, resulting in reputational damage.
- ▶ Risk 6: Adequate risk management arrangements are not in place to ensure any disruption to key suppliers and the services they provide is kept to a minimum.
- ▶ Risk 7: Regular and robust review of driver routes to maximise efficiency is not conducted and implemented effectively.
- ▶ Risk 8: Complaints/concerns regarding missed bins are not identified and acted upon impacting service delivery and the Council's reputation.



### SCOPE & APPROACH

The following areas will be covered as part of this review:

- ▶ Review the Suez contract to confirm roles and responsibilities are clearly defined. Test a sample of responsibilities to confirm they are being fulfilled. (Risk 1)
- ▶ Review the Suez contract to confirm there is a break clause which can be initiated should the devolution agenda dictate a change in provider. (Risk 1)
- ▶ Test a sample of monthly payments made to Suez to ensure they have been appropriately approved in line with the Scheme of Management and have been made in line with the terms of the contract and the performance. (Risk 2)
- ▶ Review performance targets in the Suez contract and the performance monitoring reports produced to confirm these align. We will review any targets which have been missed for evidence of actions raised to address non-compliance. (Risk 3)
- ▶ Review the contract meetings with Suez to confirm these are undertaken on a regular basis, sufficiently detailed and discuss performance. (Risk 4)
- ▶ Review whether the Council is monitoring landfill and recycling rates and acting on any identified issues or trends. (Risk 5)

- ▶ Review risk registers to confirm risks and their mitigations have been documented. We will also confirm contingency/business continuity arrangements are in place should the supplier fail. (Risk 6)
- ▶ Confirm reviews of Suez routes are undertaken in order to facilitate effective and efficient waste collection. (Risk 7)
- ▶ Walkthrough complaints process and test a sample to confirm compliance with procedures. (Risk 8)

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO using secure methods as agreed between the parties. BDO will utilise the data in line with the Data Protection Act 2018 (DPA 2018), and the UK General Data Protection Regulation (UK GDPR) and shall only share Personal Data on an anonymised basis and only where necessary.

#### FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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