Transport and Environment Committee

10.00am, Thursday, 6 December 2018

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

Item number	7.12
Report number	
Executive/routine	
Wards	
Council Commitments:	

Executive Summary

The purpose of this paper is to respond to the motion presented to the Governance, Risk, and Best Value Committee in August 2018, which requested a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

It was agreed that the Garden Waste project management team would provide an update on those aspects of the project which worked well, with Internal Audit ("IA") focusing on the lessons learned based on the agreed review scope.

Report

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

1.   Recommendations

1.1   The Committee is requested to:

1.1.1   note the garden waste project management team's view on those aspects of the project that worked well;

1.1.2   note IA's opinion on garden waste lessons learned in relation to the outbound calls for payment and project governance, with two Medium rated IA findings raised;

1.1.3   note that the Corporate Leadership Team (CLT) has agreed that, in order to mitigate the reputational risk associated with potential third-party fraud, outbound calls seeking payment will no longer be made by the Council and this decision will be publicised; and

1.1.4   refer the report to the Governance, Risk and Best Value Committee meeting in January 2019 for review and scrutiny as required by the motion presented to the Governance, Risk, and Best Value Committee in August committee meeting.

2.   Background

2.1   In response to concerns raised by elected members regarding the initial garden waste registration process, IA agreed to perform an urgent review.

2.2   The review covered both the initial and revised garden waste registration processes, to confirm that issues with the initial process had been addressed; that the new process (applied with effect from 27 June) was appropriately designed and operating effectively; and that the project was effectively managed.

2.3   Audit work was completed in July 2018, and the outcomes reflect the status of the garden waste project as at 22 August 2018.

2.4   At the August 2018 Governance, Risk, and Best Value committee, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

2.5   The Committee agreed that the report should be presented to the Transport and Environment Committee in December 2018, and subsequently referred to the Governance, Risk and Best Value Committee.

2.6   As the Garden Waste review by Internal Audit had concluded, it was agreed with management that the Garden Waste project team would provide an update on what aspects of the project worked well, with Internal Audit focusing on the lessons learned based on the agreed audit scope.

3.   Main report

Internal Audit Outcomes

3.1   IA's review identified moderate areas of weakness in the project governance framework and controls supporting registration that (if not addressed) could impact the success of subsequent registrations.

3.2   The weaknesses identified are mainly attributable to tight project timeframes between the decision to apply the garden waste charge (22 February 2018); establishing the project team (5 April 2018); and the start of the registration process (18 June 2018).

3.3   Whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery roles, responsibilities, and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.

3.4   IA also established that security questions supporting all outbound calls to customers (which included calls to request payment) were not aligned with recommended best practice as they were based on publicly available information and did not include questions based on unique references to verify the identity of both parties.

3.5   Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process are included within the review report. The medium ratings reflect that there have been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.

Positive aspects

3.6   The project team consider that positive aspects of the project include:

3.6.1   The scoping of the project and the potential benefits that could be realised was undertaken effectively. Officers benchmarked against other UK Councils and established that an estimated 46% of residents that previously qualified for the garden waste service would be likely to continue to use the service and pay for it. This has been slightly exceeded in the number of registrations.

3.6.2 The introduction of an exemption from the charge in line with an eligibility criteria of qualification for the Council Tax Reduction Scheme, and its impact on the potential income that would be achieved, was also modelled effectively and the total percentage of exempt household registrations is in line with predicted levels.

3.6.3 It is noted that that delay in the introduction of the new garden waste service to align with the new waste collection routes has meant that the full year additional income cannot be achieved in 2018/19.   Notwithstanding this, the total (full-year) income that the new service was targeted to recover was estimated at £1.3m. At the time of writing this report, the actual total full-year income achieved was £1.6m. This is a positive contribution towards the Council's overall budget.

Call Security

3.7 Following this review, Directorates/Divisions were asked to confirm whether any other outbound calls were made by the Council seeking payment in relation to any other services.   Confirmation has been received that only limited calls were being made and this practice has now ceased.

3.8 This means that the Council is now able to confirm that it does not make outbound calls seeking payment in any circumstances. This is a positive step which will be publicised to minimise the potential for third party fraud (where fraudsters acting as Council employees contact customers requesting payment details).

4. Measure of success

4.1 Successful delivery of future similar projects, including further roll-out of phases of the garden waste registration process.

4.2 Minimisation of the potential for fraud.

5. Financial impact

5.1 There are none arising directly from this report.

6. Risk, policy, compliance and governance impact

6.1 Effective management of garden waste project management and service delivery risks is key to ensuring successful delivery of both the service and the Council's budget.

6.2 Potential reputational risk associated with outbound calls requesting payment for services is reduced by such calls no longer taking place.

7.   Equalities impact

7.1   There are none arising directly from this report.

8.   Sustainability impact

8.1   Delivery of a sustainable service that will support effective management of garden waste across the City.

9.   Consultation and engagement

9.1   The IA report was finalised in consultation with the garden waste project management team; Waste and Cleansing management; the Head of Place Management; The Head of Customer Service and Information Technology and the Executive Directors of Place and Resources.

10.   Background reading/external references

10.1   None.

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11.   Appendices

Appendix 1 – Garden Waste Bin Collection Project Report: What Worked Well and Lessons Learned

The City of Edinburgh Council

Garden Waste Bin Collection Project: What Worked Well and Lessons Learned

Final Report

17 October 2018

Contents

1. Background

1.1 Governance, Risk, and Best Value Committee Motion

At the Governance, Risk, and Best Value (GRBV) committee in August, a motion was submitted requesting a report from the Chief Internal Auditor on the implementation of the Garden Waste Charge, to understand what worked well and where lessons can be learned.

As the Internal Audit Garden Waste review had concluded, it was agreed with management that the Garden Waste project team would provide an update on what aspects of the project worked well (section 2.1 below), with Internal Audit focusing on the lessons learned based on the audit scope (section 2.2).

1.2 Background

In February 2018, as part of the annual budget setting process, the Council agreed to implement a £25 annual charge for collection of garden waste bins to be effective from 8 October 2018. An estimated 120,000 households across the City currently receive free garden waste collection, with approximately 46% of households expected to register for the new service. An initial registration period was available from 18 June to 22 July 2018 enabling customer to register for the service and pay the associated charge. Further registration periods are planned to be available throughout the year.

In April 2018, a garden waste project was established to manage the design and implementation of the new garden waste process. The project team included representation from management across Council services including Waste and Cleansing, Customer, Communications and Finance with project support provided by the Council's Portfolio and Governance (P&G) team. Online transactions elements of the project were incorporated into the existing Customer Digital Enablement (CDE) 'channel shift' programme.

The project decided that online registration for the service via "mygovscot - my account" was the preferred method for customer registration and payment. Customers with no online access could also register and pay through the Customer Contact Centre; using self-serve kiosks at locality officers; and libraries using a debit or credit card. Registration by telephone was also an option, with additional call handlers recruited, however, this was not widely publicised in to encourage higher volumes of online registration.

On 21 June 2018, the Council wrote to all customers eligible for the garden waste collection service to provide written notification of the service changes; and details of the online registration and payment process.

The original process involved customers registering online and providing confirmation that they had read and understood the service terms and conditions (T&Cs) prior to making payment online using their mygovscot account. Where customers registered by phone, T&Cs were physically mailed out with a request for customer to read, sign and return them. This was based on advice received from Legal advising that terms and conditions should be signed and returned prior to accepting payment. Customers were advised that following receipt of signed T&Cs, the Customer Contact Centre would telephone customer to request and process the relevant payment.

Shortly after the registration process commenced, concerns were raised by both Elected Members and members of the public regarding the potential risk of third party fraud associated with the outbound call process. Specifically, the potential risk of 'bogus callers' telephoning customers, claiming to Council employees and fraudulently obtaining customers' payment card details. In response to this, outbound calls for payment for garden waste were ceased.

During the registration period, management also became aware of customers who were unable to self-serve either online or at local office self-serve kiosks, and introduced a process to accept payment by cheque, cash or card payment in local offices. Of the total 56,028 registrations, a total of 7,800 (14%) were processed via inbound calls or payments at local offices.

2. Executive summary

2.1 What Worked Well

The project team consider that positive aspects of the project include:

- The scoping of the project and the potential benefits that could be realised was undertaken effectively. Officers benchmarked against other UK Councils and established that an estimated 46% of residents that previously qualified for the garden waste service would be likely to continue to use the service and pay for it. This has been slightly exceeded in the number of registrations.

- The introduction of an exemption from the charge in line with an eligibility criteria of qualification for the Council Tax Reduction Scheme, and its impact on the potential income that would be achieved, was also modelled effectively and the total percentage of exempt household registrations is in line with predicted levels.

- It is noted that that delay in the introduction of the new garden waste service to align with the new waste collection routes has meant that the full year additional income cannot be achieved in 2018/19. Notwithstanding this, the total (full-year) income that the new service was targeted to recover was estimated at £1.3m. At the time of writing this report, the actual total full-year income achieved was £1.6m. This is a positive contribution towards the Council's overall budget.

2.2 Internal Audit Scope and Opinion

2.2.1 Scope of the review

In response to the concerns raised by elected members, Internal Audit (IA) agreed to perform an urgent review based on the findings only methodology detailed in the Internal Audit Charter, with the objective of reviewing the initial garden waste registration process and confirming that the new process applied with effect from 27 June was appropriately designed and operating effectively. We also considered the adequacy and effectiveness Garden Waste project governance to ensure that any potential control gaps were identified and resolved in advance of any future registration periods. Our audit work was completed in July 2018, and this document reflects the status of the garden waste project as at 22 August 2018.

2.2.2 Opinion

Summary of findings raised	
Medium	**1. Project management and governance**
Medium	**2. Garden Waste Registration Process**

Our review of the controls established to mitigate the key risks associated with the garden waste project governance and initial registration and payment process confirmed that they are generally adequate, with some enhancements required. We identified moderate areas of weakness in the project governance framework and controls supporting registration that (if not addressed) could impact the success of subsequent registrations.

The weaknesses identified are mainly attributable to tight project timeframes between the decision to apply the garden waste charge (22 February 2018); establishing the project team (5 April 2018); and the start of the registration process (18 June 2018).

Whilst there was effective cross-team collaboration between the services involved in delivering the revised garden waste service, project management and delivery roles, responsibilities, and accountabilities between Place (Waste and Cleansing) and Resources (Customer) were not clearly documented. Additionally, the risks and limitations associated with decisions made regarding the online only registration process and outbound payment calls were not fully recorded and reported to established project governance forums.

We also established that security questions supporting all outbound calls to customers (which often include calls to request payment) are not aligned with recommended best practice as they are based on publicly available information, and do not include questions on unique references to verify the identity of both parties.

Consequently, two Medium rated lessons learned findings and supporting recommendations on project governance and the registration and payment process are included at section 3 below. The medium ratings reflect that there have been no reported instances of fraud in relation to the security aspects of the outbound calls; and the opportunity for the Project team to address project governance prior to future registration periods and delivery of the remaining aspects of the project.

In addition to the IA review, the project team has also performed their own lessons learned review which includes recommendations to address the improvement opportunities identified. There would be benefit in aligning the actions identified with the lessons learned recommendations included in this report to ensure that they are all effectively implemented.

Our detailed lessons learned recommendations are included at Section 3 below.

3. Detailed Findings

1. Project governance	Medium

Review of the project governance framework established to support implementation of the new garden waste registration and payment process highlighted the following areas for improvement that should be addressed prior to the next registration window in October 2018:

- Whilst an initial project business case was prepared, it was not developed into a full project implementation document, detailing project structure; governance; and roles and responsibilities (e.g. for decision making);

- Consequently, whilst the online transactions aspects of the project were governed through the existing Customer Digital Enablement (CDE) programme, roles and responsibilities for design; approval and implementation; were not clearly documented between Resources (Customer) and Place (Waste and Cleansing);

- The project plan was essentially a project timeline and did not specify roles and responsibilities or consider dependencies that could impact on project deliverables;

- Project status reporting did not report on overall project progress and status, and instead focused solely on development of the online transactions process through the CDE programme;

- Whilst a project action and decision log was developed and used, it did not include all significant project decisions. Review of the decision log confirmed that decisions in relation to the online only registration and payment process; stopping outbound payment calls and changing the process to include registration and acceptance of cash and card payments at local offices were not documented;

- The decision to limit the initial registration process to predominately online with payment by debit and credit card only, did not consider how citizens with no current accounts (circa 7%) and those who do not manage utilities online (circa 20%) would register for the service. Management has confirmed that the decision to adopt a predominately online registration process was due to time constraints, and that the approach was agreed with both Senior Management and Elected Members, although no evidence is available to support this approval. Consequently, alternatives for those customers who could not pay by debit/credit card had to be developed and implemented (although this was done quickly and effectively based on existing processes) once the registration window had opened;

- The risk of third party fraud associated with outbound payment calls was not recorded on the project risk log on the basis that this is an established process already applied within the Council;

- The Data Privacy Impact Assessment (DPIA) provided to the Information Governance Unit (IGU) for the original registration and payment process did not include details of the outbound payment calls process; and

- The IGU recommended that call scripts should be prepared to ensure a consistent approach for any customer telephone conversations (red rated action). In response, the DPIA Risk Mitigation Assessment completed by the project stated that training would be provided for staff alongside scripts which would provide a consistent approach to all questions and ensure privacy legislation is followed. Management has advised that the new agents received training on the system and process. Review of adviser scripts confirmed however, that whilst they included details of the registration process flow / system steps to be followed, they did not detail the customer conversations that would be performed by the new agents.

Risk

Risk that future registrations and the remainder of the project are not successfully implemented with an adverse impact on customers and the Council's reputation.

Internal Audit Recommendation(s)

1. A project plan should be developed in line with the Council's standard project management methodology with roles and responsibilities for decision making and delivery of the remaining aspects of the garden waste project documented;

2. The project plan should be updated on an ongoing basis and used as the basis of governance reporting to confirm the overall project status and progress with all project deliverables;

3. The Garden Waste project risks, issues, and dependencies (RAID) log should be updated to include all risks, issues and dependencies identified. Actions, owners, and timeframes to address the risks, issues and dependencies should be recorded and tracked, and the rationale for accepted risks clearly documented;

4. Ongoing analysis of customer demographics should be performed following closure of each registration period to ensure an appropriate range of registration and payment options are available to meet customer needs, and adequate resources are allocated to meet demand;

5. A revised DPIA should be performed (based on the revised process for future registration) and provided to the IGU. All IGU recommendations following review of the DPIA should be implemented prior to implementation of the process for subsequent registration windows; and

6. Call scripts should be prepared to support all customer calls and provided to all call centre teams involved in garden waste registration prior to the next registration window, with training provided where required.

Agreed Management Action(s)

1. Rather than retrospectively adding to the current project documentation the Service is developing a project plan for a portfolio of related on-going projects (garden waste, four-day week and infrastructure improvements) rather than develop individual plans. A structure chart will be created to highlight roles and responsibilities.

Owner: Gareth Barwell **Contributors:** Andy Williams; Karen Reeves; Louise Wood	**Implementation Date:** 30 November 2018

2. The project plan described above will be reviewed weekly at the 'Waste Changes' meeting attended by Senior Management to allow overall monitoring of project status and progress, and will then be updated as required.

Owner: Gareth Barwell **Contributors:** Andy Williams; Karen Reeves	**Implementation Date:** 14 December 2018

3. The project RAIDS log will be reviewed weekly at the 'Waste changes' meeting in conjunction with the project plan, to ensure that all risks, issues and dependencies are identified and recorded; with owners and timeframes allocated, and progress updates provided. The rationale for all risk based decisions made at the 'Waste Changes' meeting will also be recorded.

Owner: Gareth Barwell **Contributors:** Andy Williams; Karen Reeves	**Implementation Date:** 14 December 2018

4. The data from the first registration period and subsequent registration windows in October 2018 and February 2019 will be analysed to build a cumulative picture of how residents are registering

for the service (on-line, over the phone, in person) to ensure the correct resources are allocated to support future registration periods.

This analysis will be provided to the Customer Digital Enablement project board for consideration of future garden waste registration design changes and to ensure appropriate allocation of resources.

Owner: Gareth Barwell **Contributors:** Andy Williams; Karen Reeve; Lisa Hastie	**Implementation Date:** 29 March 2018

5. It has been agreed with IGU that any changes to the registration transaction process and additional garden waste forms will be detailed in addendums to the current DPIA.

Any process changes required following IGU review of the DPIA will agreed at the weekly Waste Changes meeting and either recorded as risks, issues, and dependencies on the project's RAIDS log (where appropriate), or incorporated in the project plan.

The process changes agreed (for example changes to call scripts) will then be communicated to the service teams supporting the registration process.

Owner: Gareth Barwell **Contributors:** Andy Williams; Karen Reeves; Karin Hill	**Implementation Date:** Registration process update addendum by 31 October 2018. Future processes on-going

6. New scripts have been prepared ahead of next registration to ensure a consistent approach from all customer contact centre staff involved.

This is supported by both face to face coaching and system based training.

Owner: Nicola Harvey **Contributors:** Neil Jamieson/Lisa Hastie	**Implementation Date:** Implemented 27 August 2018 Date for completion of IA validation 26 October 2018

2. Garden Waste Registration Process	**Medium**

Management has estimated that circa 50 garden waste registration outbound payment calls had been made prior to 27 June when all outbound payment calls ceased.

During a walkthrough to confirm the design of the new registration process on 4 July, we established that some outbound payment calls were scheduled (after 5pm) in relation to the backlog of terms and conditions received. This was highlighted to management and contact centre staff were advised to cease all outbound calls for payment for garden waste with immediate effect.

Management estimated that a further 4 outbound payment calls were made following the process change on 27 June, but could not confirm this number as the supporting MI could not be extracted from Call Centre systems, as system limitations do not enable identification of outbound calls specifically made to request payment.

The Customer Contact Centre subsequently listened to recordings of all calls made between 28 June and 4 July and confirmed that a total of 13 outbound payment calls were made to process payment from customers who had returned T&Cs prior to the revised process being implemented.

Whilst security questions were used to verify customer identity on the outbound payment calls, these comprised three questions based on publicly available information, and did not include a unique reference to verify the identity of both parties.

Management has confirmed that the same security questions are used to verify customer identity where outbound payment calls are performed as part of other established Council processes.

This caller verification approach is not aligned with good practice which recommends that security questions should comprehensively confirm a caller's identity by confirming (for example) an account or reference number that is uniquely associated with the transaction being discussed; and that security questions should avoid public information that can easily be obtained by a fraudster, whilst finding a balance between questions based on references that genuine customers can answer that do not appear on customer correspondence. Examples of further guidance are available at: Best Security Questions for Call Centres and Caller Verification - How Far Should You Go?

Risk

Increase in the existing potential risk of third party fraud where fraudsters contact customers impersonating Council employees and obtain bank details, as no (non publicly available) unique identifier was used to support outbound calls requesting payment from customers.

Internal Audit Recommendation(s)

1. Senior management should consider whether outbound payment calls for services remains appropriate given the potential risk of third party fraud, and present a proposal for approval by the Corporate Leadership Team and the Corporate Policy and Strategy Committee;

2. If it is decided that outbound payment calls for all Council services should stop, the decision should be clearly communicated (and regularly reinforced) across all Directorates and Services to ensure all employees are aware of the decision. The Council's position should also be made public to ensure that citizens are clear that any future calls requesting payment where the caller claims to be a Council employee could be potentially fraudulent;

3. If it is decided that outbound payment calls will continue, then customer security questions should be revised to ensure alignment with industry best practice, by inclusion of a question that relates to a unique reference, enabling effective caller and customer verification, with this process consistently applied;

4. Training and call scripts should be provided to all employees involved in making outbound payment calls; and

5. The revised process should be effectively implemented and sustained.

Agreed Management Action(s)

1. Contact Centre now make no outbound calls to take payment.   Outbound calls are made for Housing Rents and Council Tax, however, for any payment the customer is required to make an inbound contact using the Council's publicised payment options.

Owner: Nicola Harvey **Contributors:** Neil Jamieson/Lisa Hastie	**Implementation Date:** Implemented 10 October 2018 Date for completion of IA validation 30 November 2018
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Owner: **Contributors:**	**Implementation Date:**
Owner: **Contributors:**	**Implementation Date:**
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Owner:	**Implementation Date:**

Contributors:

Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
Critical	A finding that could have a: • ***Critical*** impact on operational performance; or • ***Critical*** monetary or financial statement impact; or • ***Critical*** breach in laws and regulations that could result in material fines or consequences*; or* • ***Critical*** impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • ***Significant*** impact on operational performance; or • ***Significant*** monetary or financial statement impact; or • ***Significant*** breach in laws and regulations resulting in significant fines and consequences*; or* • ***Significant*** impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • ***Moderate*** impact on operational performance; or • ***Moderate*** monetary or financial statement impact; or • ***Moderate*** breach in laws and regulations resulting in fines and consequences; or • ***Moderate*** impact on the reputation or brand of the organisation.
Low	A finding that could have a: • ***Minor*** impact on the organisation's operational performance ; or • ***Minor*** monetary or financial statement impact; or • ***Minor*** breach in laws and regulations with limited consequences; or • ***Minor*** impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.