



## **SOUTH LONDON WASTE PARTNERSHIP**

**For enquiries on this agenda please contact:  
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### **AGENDA**

**A meeting of the SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE will  
be held at CIVIC OFFICES, ST NICHOLAS WAY, SUTTON SM1 1EA on 10 June 2014  
at 5.30 pm**

#### **Members of the Committee**

**London Borough of Croydon**

To be announced.

**Substitutes:**

**Royal Borough of Kingston upon Thames**

To be announced.

**Substitutes:**

**London Borough of Merton**

To be announced.

**Substitutes:**

**London Borough of Sutton**

To be announced.

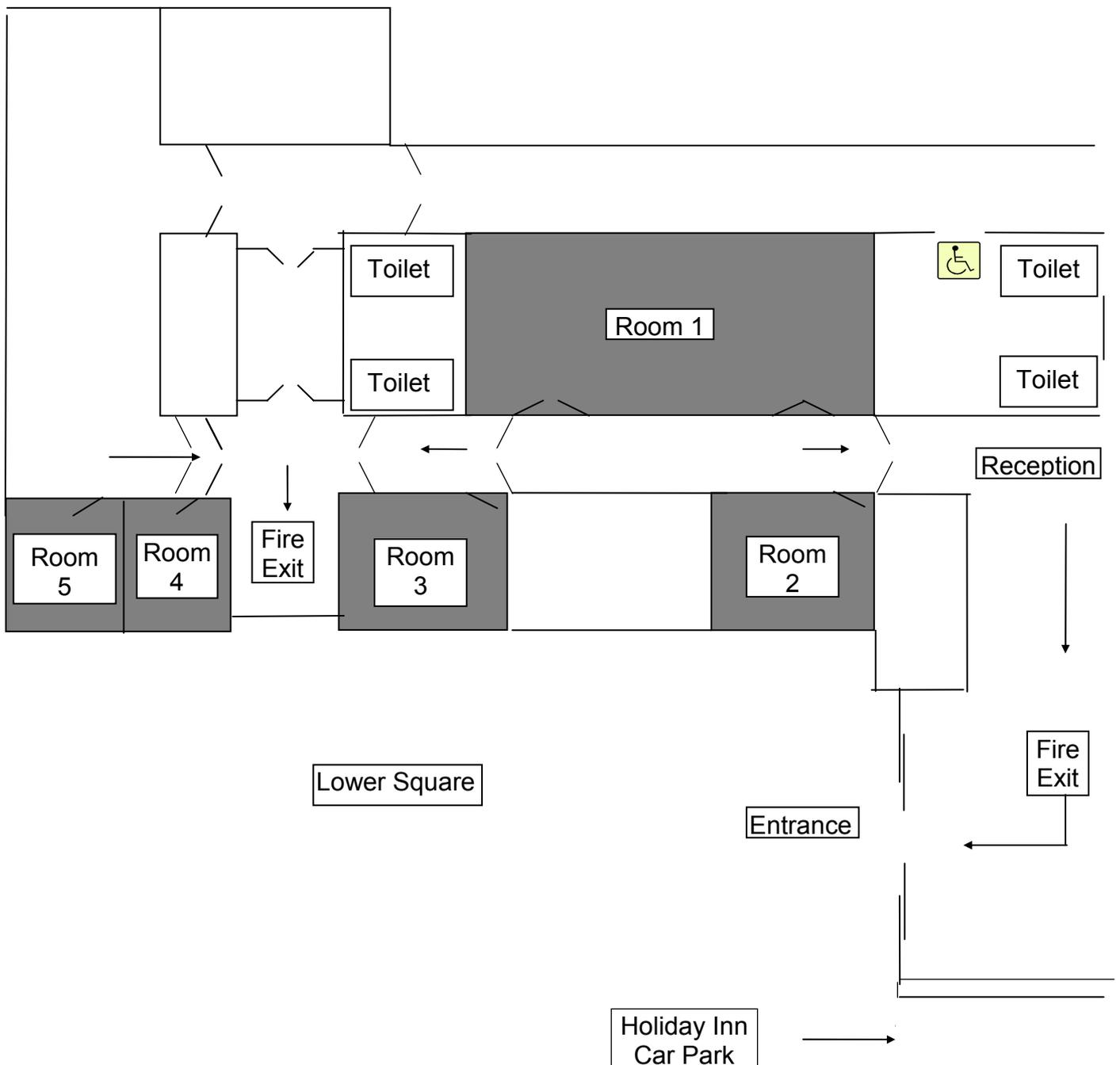
**Substitute:**

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**AGENDA**

**1. ELECTION OF CHAIR AND VICE CHAIR**

**2. DECLARATIONS OF INTEREST**

**3. MINUTES OF PREVIOUS MEETING**

Minutes of the meeting held on 8 April 2014.

**4. UPDATE ON THE WORK OF SOUTH LONDON WASTE PARTNERSHIP**

There will be a brief update followed by an informal discussion and question/answer session.

**5. FINAL ACCOUNTS 2013/14**

**6. SLWP 2013/14 BUDGET UPDATE - QUARTER 4**

**7. ANY OTHER BUSINESS**

**8. FUTURE DATES**

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**South London Waste Partnership Joint Committee  
8 April 2014****SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE****8 April 2014 at 5.30 pm****London Borough of Croydon**

Councillors Tim Pollard and \*Phil Thomas

**Royal Borough of Kingston upon Thames**

Councillors \*Liz Green and Simon James

**London Borough of Merton**

Councillors Judy Saunders and \*Andrew Judge

**London Borough of Sutton**Councillors Colin Hall (Chair) and Jill Whitehead  
\*Absent**40. APOLOGIES FOR ABSENCE AND ATTENDANCE OF ALTERNATE MEMBERS**

Apologies were received from Councillors Liz Green, Phil Thomas, Andrew Judge and Dudley Mead.

An apology for lateness was received from Councillor Simon James who arrived at 17.45pm.

The meeting started inquorate so discussion was taken on the items just for noting until Councillor James arrived.

**41. DECLARATION OF INTERESTS**

There were no declarations of interest.

**42. PHASE A CONTRACT MANAGEMENT REPORTING - QUARTER 3**

The Committee considered a report which set out the performance data of the three Phase A contracts for quarter 3 for the financial year 2013/14:

- Contract 1 Landfill, receipt, and Transportation.
- Contract 2 Management of House Hold Reuse and Recycling Centres.
- Contract 3 Materials Recycling Service, Composting and additional Treatment Service.

Contracts 1 and 3 were operated by Viridor. Contract 2 was the management of the Household Reuse and Recycling Centres currently hosted by Royal Borough of Kingston upon Thames with support from the remainder of the Partnership authorities. Contracts 1 and 3 were both performing well and were meeting KPI targets. It was also reported that viridor were now accepting deliveries of food waste.

The performance at the HRRC sites had seen a reduction in recycling rates and the Partnership was working on reversing this. A major factor contributing to this drop in performance was the instability within the workforce following the exit of the former contractor and the current re-procurement process. The Management Group has concluded that there was a strong business case for a review and restructuring of the service later this year. This restructuring would put in place an improved managerial and supervisory structure aimed at; harmonisation of terms and conditions, driving recycling performance up, and improving standards of customer care. It was expected that the new management structure would be implemented by September 2014.

**Resolved:** To note the report.

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**43. SLWP 2013/14 BUDGET UPDATE - QUARTER 3**

The Committee considered a report which detailed the Partnership's budget update for quarter 3. The core functions forecast showed an under spend for the year of £106,200 (£26,550 per borough) an improvement of £23,200 against the forecast £83,000 under spend reported to the committee at its meeting on 10 December. The major variances were detailed in the report and it was reported that overall, activity was approved against the budget.

**Resolved:** To note the report.

**44. EXCLUSION OF PRESS AND PUBLIC**

**Resolved:** That Under Section 100(A)(4) on the Local government Act 1972, the public were excluded from the rest of the meeting on the grounds that it was likely that exempt information, as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act would be disclosed.

**45. UPDATE ON COMMUNICATIONS CAMPAIGN**

Further to Minute 19/13 when plans for a cross-partnership awareness campaign were approved the Committee received an update report. The campaign would be rolled out from June 2014 for which there was a budget of £80K. The campaign would contain a strong message around the value of recycling and based around four types of waste including glass, cans, paper and plastic. Channels such as the local press, digital media and Tram Link were to be used for the campaign.

The Chair spoke in favour of the campaign message and requested that RB Kingston start their campaign at the same time as other partnership boroughs to which Cllr James agreed.

The Chair also requested that members give some thought to other campaign that the SLWP may wish to do e.g. mattresses.

**Resolved:** To note the progress made on delivering the cross-Partnership awareness campaign.

**46. PHASE A STRATEGY & PROCUREMENT**

The Committee received an exempt update report regarding the position of the Phase A contract renegotiation with Viridor, the Household Waste Recycling Centre procurement and the development of a framework for non-guaranteed tonnages across different work streams.

It was reported that a meeting had taken place with Viridor and Sutton Council's Chief Executive where negotiation on reducing the tonnage price was discussed. It was hoped to have further news from Viridor by 10 April.

It was further reported that alignment and consistency was being achieved across the partnership and that the Kingston realignment had been a difficult process but they had done well.

**Resolved:** (i) To note:

- a) the position with Viridor renegotiations, and the upcoming meeting with Viridor at which it was expected that a revised commercial position would be agreed;
- b) the progress on the Framework procurement, and
- c) the progress with the HRRC re-procurement including revised timescales.

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(ii) To delegate authority to the Chair of Management Group in conjunction with the Chair of Joint Waste Committee to:

- a) deselect bidders up to Preferred Bidder stage for the HRRC re-procurement, and
- b) deselect bidders at Pre Qualification Questionnaire stage for the Framework Agreement procurement.

(iii) To note that the report to recommend the Preferred Bidder for the HRRC re-procurement will be brought to Joint Waste Committee for decision in February 2015.

**47. PHASE B CONTRACT REPORT**

The Committee considered an exempt report on the progress of the Energy Recovery Facility disposal contract. Planning permission was granted by Sutton on 14 March 2014 following agreement on the S106 contribution for the application.

It was further reported that Viridor were in discussion with the planning authority regarding planning conditions and it was hoped to have a satisfactory planning agreement soon.

There was some discussion about whether SLWP should be an interested party as part of any judicial review process and it was agreed that it should not be involved as it was a planning authority matter.

**Resolved:** To note the planning progress on the ERF Project.

**48. RISK REPORT**

The Committee were presented with an exempt report on the risks around the Partnership's waste disposal service. It was reported that there was now just one red risk of the planning decision going to judicial review. Another two red risks had been removed since the last meeting and one downgraded.

**Resolved:** To note the report.

**49. ANY OTHER BUSINESS**

The Chair described a Chatham House discussion where it has been asked if it partnership work was feasible for the SLWP and other waste disposal authorities.

**Resolved:** To note.

**50. URGENT ITEM - RECRUITMENT FOR THE POSITION OF STRATEGIC PARTNERSHIP MANAGER**

A report from the SLWP Management Group was agreed as an urgent item because to delay the decision to the next meeting of the Committee would create resourcing difficulties and potentially jeopardise the successful delivery of the Partnership's work programme.

At its meeting of 10 December 2013 the Joint Waste Committee approved a set of principles to be incorporated in a revised inter-Authority Agreement. These principles included that the Chair of Management Group in consultation with Borough Lead Officers and Management Group was delegated authority to commission identified resources, including staffing in order to manage effectively the range of ongoing contracts and procurement of future contracts.

The current Strategic Director was due to complete his work programme and leave the partnership in June 2014. The current contract for this work could not be extended further. In order to maintain continuity and develop the Partnership's

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commercial and strategic approach there was an urgent need to put in place appropriate resource arrangements beyond June 2014.

In consultation with the Strategic Steering Group, it was agreed that there was an urgent need to progress with the recruitment process and limit any staffing gaps created as a result of the departure of the current Strategic Director (June 2014) to ensure continuity. It was recognised and agreed that Merton has the required capacity to undertake this process at the current time.

A number of options were considered and an overview of the benefits/disadvantages of each approach was shown in Appendix 1 to the report. These alternative options included:

- Recruitment of a Strategic Director on an interim basis
- Procurement of a Lead Advisor to manage and coordinate the activities of the Partnership’s external advisors
- Appoint one of the existing advisors to act as a Lead Advisor
- Permanent Appointment of a Strategic Partnership Manager

Taking into account the options that were available and the assessment set out in Appendix 1 to the report, the Partnership proposed to delete the Strategic Director and Programme Manager roles, and recruit a permanent Strategic Partnership Manager.

**Resolved:** (i) To note the progress with respect to establishing sound staffing structures in order to manage effectively the range of ongoing contracts and procurement of future contracts.

(ii) To note the proposed recruitment of a Strategic Partnership Manager.

(iii) That the London Borough of Merton manage the recruitment process to the post of Strategic Partnership Manager, in consultation with the management Group Borough Leads from the partner authorities, as It was recognised and agreed that Merton has the required capacity to undertake this process at the current time.

**51. MINUTES OF LAST MEETING (10 DECEMBER 2013)**

The Minutes of the meeting held on 10 December 2013 were agreed as a correct record, subject to the amendment below, and signed by the Chair.

*That Councillor Judy Saunders had attended the meeting as the replacement for Councillor Mark Betteridge.*

**52. DATE OF NEXT MEETING**

**Resolved:** To note that the next meeting would be held on 10 June 2014.

The meeting ended at 6.10pm

Chair: .....

Date: .....

**SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE****10 JUNE 2013****FINAL ACCOUNTS 2013/14****Report by the Director of Finance – Royal Borough of Kingston upon Thames****PURPOSE:**

The Accounts and Audit Regulations require the South London Waste Partnership Accounts to be signed off for 2013/14 before they are subject to audit. The Joint Committee's functions include the scrutiny and approval of the 2013/14 Accounts and Annual Governance Statement. This report provides information to assist the Committee in this function.

**RECOMMENDATION:**

1. Scrutinise and approve the draft 2013/14 accounts for audit
2. Scrutinise and approve the draft 2013/14 Annual Governance Statement

**BACKGROUND**

1. Under Section 3 of the Audit Commission Act 1998, the Audit Commission is required to commission the audit of the accounts of local government bodies, including Joint Committees of two or more local authorities.
2. Up until 2010/11, the Partnership has been considered to be a larger relevant body and audited as such and in the same way as local authorities.
3. From 2011/12, following discussions with the Royal Borough of Kingston, the Auditor Appointments arm of the Audit Commission has agreed that the Partnership should in fact be audited as a smaller relevant body due to the materiality of amounts transacted in its accounts. This position has continued for the 2013/14 accounts.
4. For smaller relevant bodies, the protocols require that the accounts should be:
  - Approved by Committee for audit on or before 30 June
  - Be subject to a limited assurance audit
  - Be amended (if necessary) and published before 30 September

**ACCOUNTS FOR 2013/14**

5. The change to the limited assurance audit came about in 2011/12 due to further work conducted as to what transactions should and should not be included in the Partnership's accounts. In accounting terms, the Partnership is effectively acting as

an agent to its four constituent boroughs. In essence this means that the only figures that should be included in the Partnership's Comprehensive Income & Expenditure Statement should be those costs that the Partnership accrues as an entity rather than those costs of waste treatment and disposal which are incurred on behalf of the four boroughs where the Partnership is acting as an agent.

6. In detail this means that the costs of:

- Contract 1 – Waste Transport and Disposal to Landfill
- Contract 2 – Manage Household Reuse and Recycling Centres
- Contract 3 – Materials Recycling Services, Composting and Additional Treatment Services
- The costs relating to in-sourcing the Environmental Waste Controls (EWC) contract (Contract 2 above) which occurred during 2013/14.

are considered to be costs of the Partnership acting as an agent, whereas the following costs are those considered to be that of the Partnership acting as an entity and are therefore included in the Partnership accounts:

- Procurement costs
- Audit fee costs

7. With this in mind the accounts are presented in Enclosure 1, Section 1, in the format required by the limited assurance audit for smaller relevant bodies:

- Section 1 – the Accounting Statements
- Section 2 – Annual Governance Statement
- Section 3 – External Auditor's Certificate and Opinion
- Section 4 – Annual Internal Audit report

8. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* and the *Service Reporting Code of Practice (SeRCOP) 2013/14*.

9. Along with the accounts themselves the accounting return to the auditors also requires an Annual Governance Statement (Enclosure 1, Section 2). This section details nine items that have been completed as agreed as follows:

- 1 – “We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit regulations and proper practices” – evidenced by the agenda items of this meeting.
- 2 – “We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness” – evidenced by Section 3 of the annual return and RBKs annual governance statement which outlines its approach to prevention and detection of fraud and corruption.

- 3 – “We have taken reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice and could have significant financial effect on the ability of the council to conduct its business or on its finances.” – evidenced by the conduct of the joint committee and its officers.
  - 4 – “We provided proper opportunity during the year of the exercise of elector’s rights in accordance with the Accounts and Audit Regulations” – evidenced by the posting of a notice of the right to inspection of the accounts on the Partnership’s website.
  - 5 – “We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.” – evidenced by the Partnership’s risk register and minutes of meetings where risks have been discussed.
  - 6 – “We maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems” – evidenced by section 3 of this return.
  - 7 – “We took appropriate action on all matters raised in reports from internal and external audit.” – evidenced by minutes of meetings discussing audit findings.
  - 8 – “We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after year end, have a financial impact on the body and, where appropriate have included them in the accounting statements” – evidenced by year end accounting procedures in identifying possible provisions or contingent liabilities.
10. The Annual Governance Statement is required to be signed by the Chair of the SLWP Joint Committee and the Chair of the SLWP Management Group.
11. The final section (4) of the return requires a statement from the internal auditors concerning the internal control environment of the Partnership. The items have been addressed in the return as follows:
- A – “Appropriate books of account have been kept properly throughout the year” – covered by recent Partnership internal audit report
  - B – “The body’s financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for” – covered by recent Partnership internal audit report
  - C – “The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these” – covered by recent Partnership internal audit report and Partnership risk register
  - D – “The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate” – covered by RBKs internal key financial audits.
  - E – “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.” – covered by recent Partnership internal audit report

- F – “Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for” – Not covered as the Partnership does not hold any petty cash or use petty cash in its transactions.
- G – “Salaries to employees and allowances to members paid in accordance with council approvals, and PAYE and NI requirements were properly applied” – Not covered as the Partnership does not directly employ staff. Host boroughs incur costs and charge the Partnership through a management fee
- H – “Assets and investments registers were complete and accurate and properly maintained” – Not covered as the Partnership does not hold any assets or investments.
- I – “Periodic and year-end bank account reconciliations were properly carried out” – covered by RBKs internal key financial audits.
- J – “Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded” – covered by RBKs internal key financial audits.

12. The internal audit section is signed by the RBK auditor who conducted the work.
13. The Accounts and the Annual Governance Statement (Enclosure 1, sections 1 and 3) are required to be approved by the Committee through a formal approval in the meeting minutes.

#### **AUDIT OF THE ACCOUNTS 2013/14**

14. The auditors appointed by the Audit Commission to carry out the 2013/14 audit are PKF Littlejohn LLP at a fee of £2,500
15. The accounts will be subject to audit and published with any amendments before 30 September.

#### **EQUALITY IMPACT ASSESSMENT IMPLICATIONS**

16. None

#### **ENVIRONMENTAL IMPLICATIONS**

17. None

#### **Background papers held by:**

Toby Clarke,  
Capability Lead – Finance Accounting,  
Royal Borough of Kingston upon Thames  
Tel: 020 8547 5668  
Email: [toby.clarke@rbk.kingston.gov.uk](mailto:toby.clarke@rbk.kingston.gov.uk)

# Small Bodies in England

## Annual return for the financial year ended 31 March 2014

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Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the body.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2014.

### Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in red. Do not leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2014, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do not send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2014.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites ([www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

Section 1 – Accounting statements 2013/14 for:

Enter name of reporting body here:

SOUTH LONDON WASTE PARTNERSHIP

	Year ending		Notes and guidance
	31 March 2013 £	31 March 2014 £	
			Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.
1 Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	962,720	625,322	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	0	0	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	(962,720)	(625,322)	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	0	0	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2014 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

SIGNATURE REQUIRED

Date DD/MM/YYYY

I confirm that these accounting statements were approved by the body on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date DD/MM/YYYY

## Section 2 – Annual governance statement 2013/14

We acknowledge as the members of **SOUTH LONDON WASTE PARTNERSHIP** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2014, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

MINUTE REFERENCE

dated DD/MM/YYYY

Signed by:

Chair SIGNATURE REQUIRED

dated DD/MM/YYYY

Signed by:

Clerk SIGNATURE REQUIRED

dated DD/MM/YYYY

\*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.



## Section 4 – Annual internal audit report 2013/14 to

## SOUTH LONDON WASTE PARTNERSHIP

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2014.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			✓
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	<del>✓</del>		✓
H Asset and investments registers were complete and accurate and properly maintained.			✓
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: Jill Pain PRINT NAME: JILL PAIN

Signature of person who carried out the internal audit: Jill Pain Date: 22.5.14

\*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

## Guidance notes on completing the 2013/14 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guides\* which are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements. You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guides\*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guides\* to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2013) equals the balance brought forward in the current year (Box 1 of 2014).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	✓
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	✓
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2014 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

\*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.



**Report to:** South London Waste Partnership (SLWP)  
Joint Waste Committee

**Date:** Tuesday 10 June 2014

**Report of:** South London Waste Partnership Management Group

**Author(s):**

Michael Mackie, Finance Lead

**Chair of the Meeting:**

Councillor Colin Hall, Chair SLWP Joint Waste Committee

<p><b>Report title:</b></p> <p style="text-align: center;"><b>SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE</b></p>
<p><b>Summary</b> This paper provides an outturn position for the 2013/14 financial year and summarises the 2014/15 budget.</p>
<p><b>Recommendations</b> To note the content of this report.</p>
<p><b>Background Documents and Previous Decisions</b> Previous budget reports.</p>

## 1. Background

- 1.1 The Partnership sets its budget in September for the forthcoming financial year. Therefore the budget illustrated in 2.1 below was constructed last year assuming particular time scales specifically in relation to the submission of the planning application for the Energy Recovery Facility by Viridor.
- 1.2 The budget is monitored by Management Group every month to allow the budgets to be flexed where appropriate in order to respond to any budget pressures.
- 1.3 The Partnership is required to produce a draft budget for the following financial year for consideration by the Joint Waste Committee by 31 October each year. In accordance with the inter-Authority Agreement (IAA) the agreed

draft budget is then subjected to consideration by the individual boroughs before a finalised budget is taken to the Joint Waste Committee for approval. The IAA sets out that the final budget must be approved by 31 December each year.

- 1.4 The draft budget for core activities for 2014/15 was considered at the September Committee and the final budget was approved at the 10 December 2013 Joint Waste Committee.

## 2. Financial Position 2013/14

- 2.1 The table below refers to the Partnership's outturn budget position for its core activities for the 2013/14 financial year. It relates to expenditure in the following areas; procurement, project management, administration, contract management and communications.

Item	Approved Budget £	Actuals £	Variance £
<i>Advisor Consortium - Phase B</i>	100,000	22,062	(77,938)
<i>Project &amp; Contract Management</i>	300,000	210,764	(89,236)
<i>Internal Advisors and Accounting</i>	125,000	46,225	(78,775)
<i>Document and Data Management</i>	36,000	18,380	(17,620)
<i>Audit Fee</i>	2,500	2,500	0
<i>Communications</i>	105,000	48,668	(56,332)
<i>Transition Costs</i>	0	109,862	109,862
<b>TOTAL</b>	<b>668,500</b>	<b>458,461</b>	<b>(210,039)</b>
<b>COST PER BOROUGH</b>	<b>167,125</b>	<b>114,615</b>	<b>(52,510)</b>

- 2.2 The Partnership's outturn for core functions is an under spend for the year of £210,039 (£52,510 per borough). *The major variances are detailed below.*
- 2.3 Unbudgeted transitions costs of £110k as a result of the delay in the initial planning date (to April), the referral of the decision at that meeting to another later meeting in May, and costs from the GLA intervention. This also includes the resources required to reach agreement to the S106 mitigation to secure the £2.8m of mitigation measures.
- 2.4 The Partnership has incurred unforeseen costs of approximately £8.5k relating to legal advice following the decision to exit from the EWC contract. The costs of this legal advice have been charged against 'Advisor Consortium' and have been contained within the budget.
- 2.5 The Joint Waste Committee at its meeting of 18 December 2012 approved the proposal to recruit a Contract Manager. The London Borough of Croydon provided contract manager support at a cost of £3k per month until the Contract Manager took up the post from 24 February 2014. The delay in recruiting to the post resulted in reduced costs of 'Project and Contract Management' for 2013/14 of £37k.

- 2.6 The Joint Waste Committee at its meeting of 25 April 2013 approved the recruitment of a Contract Data Officer. The recruitment to the position will take place after the Contract Manager is in post. This reduced costs of 'Project and Contract Management' for 2013/14 by a further £33k.
- 2.7 Internal advisor costs were £78k lower than budgeted. The underspend was due to a £100k budget being agreed for internal legal advice, based on previous years' budgets. This was managed through the course of the year to minimise the actual spend on legal advice. By way of corrective action the 2014/15 budget allocation for internal legal advice has been reduced to £50k, reflecting the probability that Notice to Proceed for the Energy from Waste Facility has not been issued, and there may be legal work required on this in the current financial year.
- 2.8 Document and Data Management included a budget of £30k for the purchase of document registering software. The software has been purchased from Affinix at a cost of £12k resulting in a forecast under spend of £18k.
- 2.9 The Communications budget comprises £80k for the campaign, and a £25k contingency which includes officer time for providing communications expertise and advice throughout the year including managing the campaign.
- 2.10 At the meeting of 10 December 2013 the JWC approved that forecast underspends can be used for the funding of project activities.
- 2.11 There are currently 2 projects being undertaken 1. for setting up a Four Year Framework Agreement and 2. A procurement exercise for the HRRCs and the outturn position for 2013/14 for the 2 projects is illustrated below.

#### Four Year Framework Agreement

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	34,500	3,870	(30,630)
<i>Project &amp; Contract Management</i>	12,400	1,790	(10,610)
<i>Internal Advisors and Accounting</i>	4,500	8,376	3,876
<b>TOTAL</b>	<b>51,400</b>	<b>14,036</b>	<b>(37,364)</b>
<b>COST PER BOROUGH</b>	<b>12,850</b>	<b>3,509</b>	<b>(9,341)</b>

#### HRRC Procurement Exercise

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	73,500	33,969	(39,531)
<i>Project &amp; Contract Management</i>	25,500	6,728	(18,772)
<i>Internal Advisors and Accounting</i>	6,300	3,400	(2,900)
<i>Stakeholder Engagement</i>	20,000	34,226	14,226
<b>TOTAL</b>	<b>125,300</b>	<b>78,323</b>	<b>(46,977)</b>
<b>COST PER BOROUGH</b>	<b>31,325</b>	<b>19,581</b>	<b>(11,744)</b>

- 2.12 The budget position for all activities for 2013/14 is shown below and the outturn for all activities is an underspend of £117,680 (£29,420 per borough).

Item	Approved Budget £	Outturn Actual £	Variance £	Variance per borough £
<i>Core Activities</i>	668,500	458,461	(210,039)	(52,510)
<i>Framework Agreement</i>	0	14,036	14,036	3,509
<i>HRRC Procurement</i>	0	78,323	78,323	19,581
<b>TOTAL</b>	<b>668,500</b>	<b>550,820</b>	<b>(117,680)</b>	<b>(29,420)</b>

### 3. 2014/15 Budget

- 3.1 The table below illustrates the budget requirement of the Partnerships core functions for 2014/15 as approved at the 10 December Committee.

Item	Approved Budget 2014/15 £
<i>Advisor Consortium</i>	50,000
<i>Project &amp; Contract Management</i>	300,000
<i>Internal Advisors and Accounting</i>	75,000
<i>Document and Data Management</i>	18,000
<i>Audit Fee</i>	2,500
<i>Communications</i>	100,000
<i>Transition Costs</i>	12,000
<b>TOTAL</b>	<b>557,500</b>
<b>COST PER BOROUGH</b>	<b>139,375</b>

- 3.2 The budget excludes any work that needs to be carried out on the shared collection project.
- 3.3 The budget excludes any work that needs to be carried out in the potential JR period.
- 3.4 The budget excludes any work that needs to be carried out on the Framework Agreement and HRRC procurement projects.

### 4. Recommendations:

- 4.1 To note the content of this report.

### 5. Impacts and Implications:

#### Finance

- 5.1 Contained within report.