

ITEM 5**PAPER NO. WRWA 20-18****WESTERN RIVERSIDE WASTE AUTHORITY**

MEETING	29th September 2020
REPORT AUTHOR/DATE	Treasurer (<i>Chris Buss - Tel. 020 8871 2788</i>) 21 st September 2020
SUBJECT	Review of the Authority's governance arrangements and publication of the Annual Governance Statement for 2019/20
CONTENTS	<p>Page 1 Executive Summary and Background</p> <p>Page 1 Further information</p> <p>Page 1 Recommendation</p> <p>Pages 2 - 6 Appendix - Annual Governance Statement for 2019/20</p>
STATUS	Open - circulation is not restricted.
BACKGROUND PAPERS	No background papers were used in the production of this paper.

This page has been left blank intentionally.

EXECUTIVE SUMMARY AND BACKGROUND

1. Following guidance from CIPFA/SOLACE, the Authority is required to produce an Annual Governance Statement and this report presents the proposed statement for 2019/20. The Governance Statement presents the Authority with assurances about the effectiveness of the Authority's governance arrangements, including internal control. Members are required to consider and approve the proposed Annual Governance Statement for signature by the Chairman and the Clerk, for publication with the Authority's annual accounts for 2019/20, which can be found elsewhere on this agenda.
2. The proposed Governance Statement concludes that the Authority's governance arrangements, including internal control, are generally sound. Action plans are in place to address any identified weaknesses and review mechanisms are also in place to ensure that the Authority's governance arrangements are effective and operated vigorously and that they contribute to the achievement of the Authority's objectives. They also provide a basis for identifying areas for improvement and monitoring and securing the implementation of agreed corrective actions.

FURTHER INFORMATION

3. The proposed Annual Governance Statement for 2019/20 is attached as an Appendix to this report.

RECOMMENDATION

4. The Authority is recommended to approve the proposed Annual Governance Statement for 2019/20 for signature and publication with the Authority's accounts for 2019/20.

Chris Buss
Treasurer

Western Riverside Transfer Station
Smugglers Way
Wandsworth SW18 1JS

21st September 2020

WESTERN RIVERSIDE WASTE AUTHORITY
ANNUAL GOVERNANCE STATEMENT 2019/20

1. SCOPE OF RESPONSIBILITY

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Authority has reviewed governance arrangements against the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* (including the subsequent Addendum). This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The CIPFA/SOLACE Framework for Delivering Good Governance in Local Government (2016) provides a core set of seven principles, listed below, to support good governance and the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

- Principle 1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2 Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle 4 Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 Managing risks and performance through robust internal control and strong public financial management.

- Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should they materialise, and to manage them efficiently, effectively and economically.

- **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.** The relevant Policies and Procedures, which were reviewed in 2015/16 and are due for review again in 2020/21, when combined with proper procedures and audits, are effective in terms of reports of possible frauds or financial regularities. The Authority's complaints system is effective with numbers of complaints and reasons for complaints monitored by officers.
- **Ensuring openness and comprehensive stakeholder engagement** The Authority works in partnership with its constituent councils and maintains an effective internet site to provide feedback for all stakeholders. All meetings of the Authority are open to the press and public, and following changes in regulations are at present being held virtually with public available to view, except when exempt information is being considered, and minutes of the meetings are published on the Authority's website.
- **Defining outcomes in terms of sustainable economic, social, and environmental benefits.** The Authority's strategic approach was established within the framework of the Riverside Waste Partnership (Joint Municipal Waste Management Strategy) with its four constituent councils, the London Boroughs of Hammersmith and Fulham, Lambeth and Wandsworth and the Royal Borough of Kensington and Chelsea. This Strategy was supplemented in 2013 with the adoption of a joint waste policy document and in 2016 the Authority, jointly with the other five statutory joint waste disposal authorities, endorsed a number of points it believes are critical to developing a 'Circular Economy' and agreed a position paper on recycling. These documents, together with the Authority's Annual Report are the key documents that contain the current vision, purpose and intended outcomes for citizens and service users and are published on the Authority website. In December 2018 the Government published a Resources and Waste Strategy for England and consulted on aspects of it in February 2019. The outcome of these consultations on consistency in waste collections, extended producer responsibility and the introduction of a deposit return scheme together with a tax on plastic packaging is likely to change the type and quantity of waste in the future and the Authority is preparing to update its joint waste policy when the outcome of the consultations and how the Government intends to implement them are known.

As set out in the joint waste policy document, the Authority's vision is to continue to promote the use of waste management techniques higher up the waste hierarchy as

they represent best value both environmentally and economically. Performance is reviewed annually within an Annual Report. The joint strategy/waste policy document was due for review in 2015 but the Authority decided to postpone this review until the new Mayor of London's position on waste was known and what England's plans for a Circular Economy would be following the 2016 EU Referendum. In February 2017 the Authority agreed to the production of an in depth report on recycling for its meeting in June 2017. This recycling report was independently endorsed in 2018 and different metrics to measure performance explored and the results will underpin the development of a new joint waste policy once the Government's has published how it intends to implement its Resources and Waste strategy for England.

- **Determining the interventions necessary to optimise the achievement of the intended outcomes.** The Authority has an effective performance management culture and system with regular review of key performance indicators at officer and Member level. In-year monitoring reports and year-end reviews are presented to the Authority to monitor progress and action plans for seeking continuous improvement are in place and progress reviewed. Authority officers provide appropriate advice at the points of consideration and report to Members on progress and the outcome of decisions taken. Monitoring of compliance is undertaken by the Clerk to the Authority (as the Authority's monitoring officer), supported by the General Manager and the Treasurer (as the s.73 officer), with legal advice available via the Authority's legal advisers. Members are informed of relevant legal advice as it is received. All reports that have actual or potential financial implications include a Treasurer's comment.
- **Developing the entity's capacity, including the capability of its leadership and the individuals within it.** As part of a complete review of governance arrangements the Authority undertook a comprehensive review of delegations and proper officer functions in 2015/16. Formal protocols are not required within the Authority, given its size and the simplicity of its decision making processes, although Members are informed of their role in an induction pack. Officer training needs are judged to be adequately identified at annual review meetings with line managers and catered for as required with individual training plans. Members from the constituent authorities comply with their own authority codes. The officer Codes of Conduct are robust and set out clear and distinctive rules in relation to the giving and receiving of gifts and hospitality and are made available to officers. These were reviewed during 2015/16 and will be again in 2020/21.
- **Managing risks and performance through robust internal control and strong public financial management.** The Authority's Constitution and Standing Orders set out how the Authority operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The membership of the Authority comprises eight elected Members, with each of the four constituent councils appointing two Members, providing a high level of scrutiny for the Authority. The Authority has a Risk Management Strategy that is embedded within the management processes and a specific risk assessment is undertaken as part of the annual review of the Authority's internal control procedures.

- **Implementing good practices in transparency, reporting, and audit to deliver effective accountability.** Due to the nature and size of the Authority these functions are effectively undertaken at the Authority level but as and when necessary, an audit committee is convened.

3. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of effectiveness is informed by the work of the senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report and also by comments made by the external auditors and other review agencies.

Governance framework. The Authority's governance framework is embodied within a number of specific policies, codes of practice and procedures that are subject to regular review. The review of the Authority's existing governance arrangements against the updated CIPFA and SOLACE guidance highlighted the issue that many of the specific requirements of the guidance did not apply to the Authority as they relate to the statutory framework for local authorities and that given the compact size and single service nature of a joint waste disposal authority there is no need to adopt a specific Code of Governance as the current arrangements are generally fit for purpose.

Financial management. The Authority's financial management arrangements are based on a framework of a procurement code of practice and a scheme of delegations to officers that encompasses the accountability, segregation of duties, management and supervision, and administrative procedures. In particular the system includes:

- Comprehensive budgeting systems
- An annual budget approved by the Authority, formally revised in the year of account as part of the annual budget process
- A medium term financial planning process
- Mid-year and outturn reported to the Authority
- Budget review meetings with constituent Council's Finance officers
- Risk Management Strategy that is embedded within the management processes
- Measurement against the CIPFA financial management code.

Review Mechanisms. There is an annual review of the procedures and controls in place which if any amendments are required can be addressed at: The Management Team meetings, via the Standing Order No. 38 authorisation process or at an Authority meeting. The Covid 19 pandemic has meant that the Authority has had to review most of its day to day operational arrangements at the end of the financial year. The future challenges of the Covid-19 pandemic are recognised, in particular any risks around the new way of working. With staff homeworking, there are new manageable risks around data security, information governance and IT Business Continuity which have all been mitigated to date and will be part of the challenges of the new year. In addition , existing business continuity plans have been reviewed to reflect the possibilities of a short notice local or national lockdown.

Internal Audit. The annual review of the procedures and controls in place at the Authority concluded that there is basically a sound system of control in operation. Robust review mechanisms are in place that enable Members to take reasonable assurance that the Authority’s governance arrangements, including internal control, are effective, operated vigorously and contribute to the achievement of the Authority’s overarching objectives.

Clerk to the Authority (as Monitoring Officer). There are no issues in this statement report that need to be specifically commented upon.

The senior officers are of a view that the governance arrangements, including the risk management arrangements of the Authority, are generally satisfactory and meet the relevant requirements of the CIPFA and SOLACE guidance on “Delivering Good Governance”.

4. CONCLUSION

Governance arrangements, including internal control, across the Authority are generally sound. The Authority’s review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation.

5. CERTIFICATE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and action plans to address any weaknesses identified and ensure continuous improvement of the system are in place. We are satisfied that these plans satisfactorily address the need for improvements that have been identified during the year and propose over the coming year to take reasonable steps to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements and we will monitor their implementation and operation as part of our next annual review.

Signed:
Clerk

.....
Chairman

On behalf of Western Riverside Waste Authority 29 September 2020