

## PAPER NO. WRWA 24-10

## WESTERN RIVERSIDE WASTE AUTHORITY

MEETING	29 <sup>th</sup> July 2024
REPORT AUTHOR/DATE	Treasurer (Sukvinder Kalsi-Tel 0208 871 2788) 15 <sup>th</sup> July 2024
SUBJECT	Treasurer's report on the review of the Authority's Risk Management Strategy
CONTENTS	<p>Page 1            Executive Summary and Background</p> <p>Page 1            Recommendation</p> <p>Pages 2-12      Appendix - Risk Management Strategy Statement</p>
STATUS	Open - circulation of this paper is not restricted.
BACKGROUND PAPERS	None

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## **EXECUTIVE SUMMARY AND BACKGROUND**

1. Section 3 of the Accounts and Audit Regulations 2015 require the Authority to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. As part of this review the Authority annually reviews its Risk Management Strategy.
2. Financial and service risks are considered as part of normal day-to-day business of the Authority. A formal Risk Management Strategy has been in place since May 2004 following the publication of the original statutory duty under the Accounts and Audit Regulations 2003.
3. As part of this Strategy a Risk Register has been developed which identifies key risks together with an analysis of their likelihood/impact and the key preventative, detective and corrective controls. Formally structured risk management is now fully embedded within the Authority, including an annual review regime.
4. The review of the Register is reported each year at the June/July meeting of the Authority. New developments, which needed to be incorporated in the annual reviews since 2004, have included the financial close on the WMSA, the introduction of AWDC charges from 2009/10 and the development of the MRF at Smugglers Way, the potential redevelopment of Cringle Dock, and the Riverside Energy Park proposals.
5. Appendix A contains the Authority's current Risk Register, which was last reviewed by the Management Team in May 2024. Risks have a rating of 1-5 with 1 representing Low and 5 representing High. Any risks occurring together are expected to have an overall risk factor of the combined value. Changes from the table last year are highlighted.

## **RECOMMENDATION**

6. The Authority is recommended to note the Risk Register set out in the Appendix to this report.

Western Riverside Transfer Station  
Smugglers Way  
Wandsworth SW18 1JS

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Sukvinder Kalsi  
TREASURER

15<sup>th</sup> July 2024

**WESTERN RIVERSIDE WASTE AUTHORITY**

**RISK MANAGEMENT STRATEGY STATEMENT**

1. **Balancing risk and value-for-money.** Risk-taking is part of life, and therefore part of the operation and management of every organisation. It is rarely possible to eliminate risk entirely, and the cost of applying all the controls needed to do so is generally not good value. So, risk management is concerned with the best way to maximise the likelihood of achieving objectives with good value for money.
2. **The Authority's risk stance.** As a public body, the Authority is significantly more risk-averse, more careful, and more prudent than the average individual or entrepreneur. Public resources are expected to be devoted to the provision of services, and public services are expected to be available without disruption. So, resources and services are not to be exposed to the level of risk that an individual or a private firm might ordinarily accept. The Authority is prepared to meet reasonable costs to limit its risk exposure accordingly.
3. **Risk management through performance management.** The Authority maintains a general performance management system for continuous improvement, featuring targets for key performance measures based on best practice, feedback from stakeholders, annual public reports, and performance related pay. This system is designed to improve progressively the likelihood of achieving objectives with good value for money.
4. **Risk management integral to general management.** Risks to the achievement of the Authority's objectives are best handled mainly within the management line. Most risk management is concerned with issues of prioritisation that can only be assessed by the manager directly involved. Examples are those related to achieving service performance standards, pursuing the Authority's key issues, training and deploying staff, coordinating with contractors and sub-contractors, constituent councils, government departments and agencies as appropriate, ensuring proper use and security of resources, managing within budget, and responding to changes in service demand.
5. **Specialist support for risk management.** Without detracting from the overall responsibility of the General Manager, he/she typically requires some support from specialists outside the management line for certain categories of risk. The Authority maintains arrangements for specialist advice (e.g. legal, valuation, personnel, public

relations, information technology) to be available when necessary, and expects the General Manager to be alert to circumstances where it is required.

6. **Collective responsibilities of the Management Team.** The Authority's Management Team reviews annually experience of incidents of control failures and near-misses (including any reports of relevant experience of other bodies) in relation to the risks and controls incorporated in its Risk Register. In the light of this review, the Management Team ensures that staff, contractors and sub-contractors, and constituent councils are given appropriate advice on any lessons learned and prospective concerns on training and communication needs and on appropriate changes to procedures and resourcing. The Management Team also reviews this Risk Management Strategy Statement each year, to ensure that the policies are being implemented, that the coverage of the Risk Register is adequate, and that the strategy is well-adapted to the objective of continuous improvement in risk management. The Treasurer is responsible for initiating this annual review in time to support the publication of the Annual Governance Statement with the Authority's accounts, subject to consideration and approval of the Statement at a meeting of the Authority.

7. **Responsibility of employees.** The Authority's employees at every level are responsible for: -

- (a) ensuring that they and any subordinates are aware of policies for applying relevant risk controls in their work area, and that they act accordingly;
- (b) reporting promptly to their superior if they consider that they are unable to apply the required risk controls;
- (c) reporting failures and near-misses, and maintaining a positive "no blame" attitude towards making such reports;
- (d) where applicable, obtaining the appropriate specialist advice about failures and near-misses; and
- (e) considering whether and how control arrangements should be strengthened to reduce risk exposures and prevent recurrence of failures and near-misses.

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
<b>TO MAINTAIN HIGH STANDARD OF SERVICE TO USERS OF WASTE DISPOSAL FACILITIES</b>				
Failure of waste management services contractor to meet contract standards for service delivery to users	1	3	3	Adequate contract monitoring and enforcement in relation to operations.
Interruption of availability of some facilities.	4	2	8	Adequate contract monitoring and enforcement in relation to maintenance, security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Ensure planning permissions match operational site requirements. Fire insurance. Appropriate fire safety equipment within the MRF
Pandemic/Disaster planning to ensure the continuation of services	3	3	9	Service interruption plans, including detailed communication channels. Remote working capabilities
The Environment Act 2021 <del>may</del> requires certain types of waste to be collected and managed differently such that the Authority <del>may</del> will be required to provide or access new infrastructure and entitles Cory to Change in Law protection.	5	5	25	<del>Within the Waste Management Services Agreement with Cory,</del> The Authority has <b>initiated strategic partnership meetings</b> <del>begun</del> to explore the provision of new facilities and alternative outlets for different waste streams. <b>This is also a consideration in the developing Procurement Strategy for when the Waste Management Service Agreement expires in 2032.</b> The Authority is lobbying Government for full Change in Law compensation.

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
<p><del>If</del> Energy from Waste is <b>to be</b> included within the UK's Emissions Trading Scheme <b>which</b> <del>this</del> has the potential to increase costs to local authorities</p>	5	4 5	20 25	<p><del>If this occurs it is likely towards the end of the decade.</del> To be implemented <b>from January 2028</b> Waste management companies are actively exploring the potential to capture CO<sub>2</sub> from EfW Facilities. <b>The developing new Joint Municipal Waste Management Strategy for 2025-40 will prioritise actions to reduce waste and its fossil carbon content.</b></p>
<p>Access to station blocked or delayed due to traffic conditions</p>	3	2	6	<p><b>Contingency Plan in place</b> for diversions to alternative Authority/<b>non-Authority</b> facilities. Maintain effective links to Wandsworth Council/TfL engineers to address specific difficulties at the earliest opportunity. <del>Trial</del> <b>HWRC</b> Booking System <del>for HWRC</del> introduced to reduce congestion particularly as Smugglers Way becomes more residential.</p>
<p><b>TO ENSURE SUFFICIENT WASTE MANAGEMENT CAPACITY FOR CONTROLLED WASTE (INCLUDING RECYCLABLES) FROM THE AUTHORITY'S AREA FOR THE MEDIUM TERM</b></p>				
<p>Volatility of economy puts contractor into financial uncertainty.</p>	1	5	5	<p>Ensure contractor's financial position is kept under review Including review of Financial and other covenants within the WMSA.</p>
<p>Cringle redevelopment does not proceed <b>at Kirtling Wharf.</b> <del>and has to close, losing operational capacity</del></p>	3	5	15	<p>Plan for alternative provision <del>should Cringle Dock redevelopment not occur,</del> including option of self-development <b>on current Cringle site</b></p>
<p><b>Cringle Dock is subject to an Inherent Risk event (insurance, permit, nuisance) causing operations to cease at short notice, losing operational capacity and back-up facility.</b></p>	4	5	20	<p><b>Plan for short term contingency and redevelopment in medium term.</b></p>

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
<b>TO ENSURE REASONABLE WASTE MANAGEMENT COSTS FOR THE MEDIUM TERM AND MINIMISE AVOIDABLE FINANCIAL LOSSES</b>				
Failure to minimise waste tonnage	3	2	6	Promote waste minimisation through waste management services contract, <b>revised 2025-40</b> joint waste management strategy (JWMS) and <del>extension</del> <b>revision</b> of waste education programme. <del>Explore new technological developments for waste minimisation.</del>
Commercial waste delivered illegally at Authority CA sites	5	1	5	Increasing waste management costs make the probability that the system will be abused greater. However, there are controls on hours and vehicle access to reduce or eliminate inputs from serial abusers of the facilities. Lobby for more powers to prosecute offenders where identified and publicise results.
Charges to constituent councils are less than the marginal costs of treatment.	2	1	2	Make prudent allowance for all costs, including contractor cost inflation, capital charges and provision in or from useable reserves where appropriate when determining charges. TREASURER
MRF recyclable tonnage is contaminated resulting in additional disposal costs. Inaccurate contamination data used to recharge constituent councils.	5	1	5	Monitor inputs to the MRF and <del>direct RWR resources to improve quality of constituent council recycling tonnage.</del> Ensure sampling is robust and same data is used to pay contractor as recharged to constituent councils. TREASURER/ GENERAL MANAGER
Electricity prices vary significantly from assumptions made when determining charges to constituent councils	3	4	12	Analyse electricity price trends, make prudent allowance when determining charges, including contributions to and use of reserves. TREASURER/ <b>GENERAL MANAGER</b>



OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
Unplanned cost pressure arises from a third party, e.g. Pension fund and MMI liability	2	2	4	Make suitable provision for all known risks in the financial accounts TREASURER
A constituent council-fails to comply with the Authority's power of direction.	4 3	5	5 15	Good communications maintained with Constituent Councils <b>and contractor</b> on their waste collection plans <b>and activities and dissemination of potential impact / financial compensation clause in the WMSA.</b>
Change in law makes WRWA liable for a proportion of the costs of new capital investment at the Authority Sites or Belvedere.	5	5	25	The Environment Act 2021 is likely to require new capital investment at Authority Sites. The Emissions Trading Scheme may require new capital investment at Belvedere towards the end of the decade.
Thames Tideway Tunnel and Battersea Power Station developments impact negatively on Cringle Dock Transfer Station and/or river transport operations.	4	5	20	Monitor developments and <del>lobby</del> <b>operate good relationships</b> to minimise any adverse impacts. <b>Regular liaison with Thames Water and BPS. Ensure potential nuisances from operations are controlled</b>  CLERK and General Manager
<b>New Acres (adjacent site) B&amp;Q</b> development impact negatively on Smugglers Way Transfer Station	5	3	15	<del>Monitor developments and lobby to minimise any adverse impacts.</del> <b>Maintain good communications with Managing Agents to reduce likelihood of complaints.</b> Given the nature of the operations, <b>and the operating hours</b> , the impact is likely to be less than that on Cringle Dock.  CLERK and GENERAL MANAGER

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
Additional costs incurred by Authority during the potential Cringle Dock redevelopment	5	4	20	All costs to be closely monitored and, where possible, fixed cost quotations or cost caps to be secured. Other risks of non completion of agreement or delay to be monitored and mitigated as appropriate TREASURER and GENERAL MANAGER
Authority does not have adequate working capital as a result of its levy arrangements and capital programme.	1	3	3	Monitor timeliness of constituent boroughs' payments and ensure internal and external resources (e.g. PWLB loans) match capital spend. Ensure adequate useable reserves are available to meet short to medium term cash requirements e.g. repayment of debt TREASURER
Failure to recycle waste where this would be cheaper than recovery or landfill	1	1	1	Take account of longer term outlook for all costs when appraising the business case for recycling initiatives. Promote waste recycling through waste management services contract and JWMS.
Overpayment to contractor	1	1	1	Robust arrangements for checking contracts and invoices. Staff training. Internal audit. TREASURER
<b>Energy from Waste is to be included within the UK's Emissions Trading Scheme which has the potential to increase costs to local authorities</b>	5	5	25	<b>To be implemented from January 2028. To provide robust estimates of the impact, set aside provision in reserves as necessary. Lobby Government for appropriate funding for local authorities to pay the additional cost.</b> TREASURER and GENERAL MANAGER

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
Employee fraud or corruption	1	3	3	Robust arrangements for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Reassess detailed arrangements in review of applicable Codes of Practice. Staff training. Internal audit. TREASURER
Budgeted net expenditure exceeded	1	1	1	Prudent budgeting and reserves when annual levy determined, having regard to specific financial risks. Robust arrangements for forecasting and managing within budget.  Prompt and accurate assessment of unbudgeted proposals and developments. TREASURER Appropriate insurance policies in place.
<b>TO ENSURE REASONABLE WASTE MANAGEMENT COSTS POST 2032</b>				
Move waste up the waste hierarchy	3	2	6	Promote waste minimisation through waste management services contract, joint waste management strategy (JWMS) and extension of waste education programme. Explore new technological developments for waste minimisation, recycling and recovery.
Implement waste and procurement strategies that promote innovation and flexibility	3	3	9	Joint Municipal Waste Management Strategy and post 2032 procurement strategy are both under development.

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
Provide flexibility to the market and increase competition.	3	5	15	Residual Value Agreement adds value to alternative residual value options and the Authority is looking at options to expand its land holdings. <b>Regular engagement with the waste market during development of procurement strategy.</b>
<b>TO ENSURE SOUND DECISION-MAKING AND ACCOUNTABILITY BY THE AUTHORITY</b>				
Failure to respond adequately to new legislative requirements	1	3	3	Ensure approach to new legislation developed sufficiently well in advance, including liaison with other statutory Joint Waste Disposal Authorities as appropriate.
Failure to comply with GDPR requirements	1	5	5	Adhere to Authority's GDPR policy Staff training CLERK/ GENERAL MANAGER
Mayor acquires new powers in relation to waste disposal/ recycling and imposes a more rigid framework on Authority operations	1	3	3	Ensure boroughs plan in accordance with stated policies and optimise recycling opportunities. The Mayor cannot require the Authority to change contractual terms or incur excessive costs to comply with his Strategy. Any new contractual arrangements to be compliant to Mayoral powers.
Decision taken without adequate advice	1	5	5	Maintain clear procedures for obtaining relevant advice as reports to the Authority are prepared. Maintain ready access to professional resources. CLERK

OBJECTIVES and principal risks	Likelihood 1-5 A	Impact 1-5 B	Score A x B	Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)
Decision biased in favour of constituent council interests	4 2	5	5 10	Periodic reminders to Members and officers of their duty to act in the best interests of the Authority as a whole. Where officers are officers of the Authority and a constituent Council ensure there is separation of duties where practicable. Full induction briefing for new Members. CLERK/GENERAL MANAGER
Decision implies conflict of interest involving one or more constituent council	2	5	10	Established protocols for handling conflicts of interest involving Members and/or officers of a constituent council. CLERK
All constituent councils <b>do not adopt and/ or are</b> not fully committed to achieving the stated objectives of the joint strategy, giving potential for legal challenges/additional costs.	1	1	1	<b>Joint strategy has been co-produced with CCs at member and officer levels taking into account their priorities, ambition and constraints.</b> The joint strategy promotes the waste hierarchy and this aligns fully with the boroughs' environmental and financial aspirations.
Loss of data needed for decisions and/or accountability or day to day working of the Authority	3	5	15	Information technology security procedures established and enforced. Off site back-up arrangements established and maintained. Staff training.
Disruption to effective decision making and consequential loss due to changes in/ absence of senior executive management.	2	5	10	Ensure effective succession planning and an adequate handover process before the departure of key staff and effective cover arrangements.
<b>TO BE A GOOD NEIGHBOUR</b>				
Avoidable road traffic generated by Authority's operations	2	1	2	Maximise use of river transport facilities.

<b>OBJECTIVES and principal risks</b>	<b>Likelihood 1-5 A</b>	<b>Impact 1-5 B</b>	<b>Score A x B</b>	<b>Key preventive, detective, and corrective controls/ mitigations and OFFICER RESPONSIBLE (General Manager unless stated otherwise)</b>
Avoidable noise and other nuisances generated by the Authority's operations.	2	1	2	Ensure contractor operates on the basis of best industry practice. Ensure that all site users (public and contractors) are aware of anti-nuisance measures.
Conflict between operations and national and borough climate change policies.	2	1	2	Consider climate change impact on all new operational decisions Liaise with boroughs and assist/ co-ordinate environmental impact assessments