

**ITEM 5****PAPER NO. WRWA 877****WESTERN RIVERSIDE WASTE AUTHORITY**

<b>MEETING</b>	15th July 2019
<b>REPORT AUTHOR/DATE</b>	Treasurer <i>(Chris Buss - Tel. 020 8871 2788)</i> 5th July 2019
<b>SUBJECT</b>	Review of the Authority's governance arrangements and publication of the Annual Governance Statement for 2018/19
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<b>STATUS</b>	Open - circulation is not restricted.
<b>BACKGROUND PAPERS</b>	No background papers were used in the production of this paper.

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## **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 2018/19. 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 2018/19, 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 2018/19 is attached as an Appendix to this report.

## **RECOMMENDATION**

4. The Authority is recommended to approve the proposed Annual Governance Statement for 2018/19 for signature and publication with the Authority's accounts for 2018/19.

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Treasurer

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5th July 2019

**WESTERN RIVERSIDE WASTE AUTHORITY**  
**ANNUAL GOVERNANCE STATEMENT 2018/19**

## **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 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.

The governance arrangements that have been in place at the Authority for the year ended 31<sup>st</sup> March 2019 and up to the date of approval of the statement of accounts comprise:

- **Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users.** 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.
- **Reviewing the Authority's vision and its implications for the Authority's governance arrangements.** 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.
- **Measuring the quality of services for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources.** 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.

- **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.** 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.
- **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff.** 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.
- **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.** As part of a complete review of governance arrangements the Authority undertook a comprehensive review of delegations and proper officer functions in 2015/16. 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.
- **Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.** Due to the nature and size of the Authority these functions are effectively undertaken at the Authority level.
- **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.** 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.

- **Counter-fraud, anti-corruption, whistle-blowing and receiving and investigating complaints from the public.** The relevant Policies and Procedures, which were reviewed in 2015/16, 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.
- **Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.** 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.
- **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.** 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, except when exempt information is being considered, and minutes of the meetings are published on the Authority's website.

### 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

**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.

**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

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Chairman

On behalf of Western Riverside Waste Authority 15<sup>th</sup> July 2019