



# South London Waste Partnership Joint Committee Agenda

## Membership

### London Borough of Croydon:

Councillor Kathy Bee – Transport and Environment

Councillor Stuart Collins – Deputy Leader – Clean Green Croydon

**Substitutes:** Councillors Stuart King and Robert Canning

### Royal Borough of Kingston:

Councillor David Cunningham (Vice-Chair) – Lead Member: Environment and Transport

Councillor Richard Hudson – Lead Member: Capital Projects and Contracts

**Substitutes:** Councillors Kevin Davis and Gaj Wallooppillai

### London Borough of Merton:

Councillor Andrew Judge – Cabinet Member for Environmental Sustainability & Regeneration

Councillor Judy Saunders (Chair) – Cabinet Member for Environmental Cleanliness and Parking

**Substitutes:** Councillors Martin Whelton and Mark Allison

### London Borough of Sutton:

Councillor Nighat Piracha – Vice-Chair of the Environment & Neighbourhood Committee

Councillor Jill Whitehead

**Substitutes:** Cllr Hanna Zuckowska

**Date:** Tuesday 9 June 2015

**Time:** 5.30 pm

**Venue:** Council Chamber, Merton Civic Centre, London Road, Morden, SM4 5DX

This is a public meeting and attendance by the public is encouraged and welcomed.

For more information about the agenda please contact

[democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone [020 8545 3616](tel:02085453616).

All Press contacts: [press@merton.gov.uk](mailto:press@merton.gov.uk), 020 8545 3181

# South London Waste Partnership Joint Committee Agenda

## 9 June 2015

- 1 Appointment of Chair and Vice-Chair 2015/16
- 2 Apologies for absence
- 3 Declarations of Interest
- 4 Minutes of the previous meeting held on 30 March 2015 1 - 4
- 5 Phase A Contract Management Report 5 - 20
- 6 South London Waste Partnership Budget Update 21 - 26
- 7 Final Accounts 2014/15 27 - 38
- 8 Exclusion of the Public  
To RESOLVE that the public are excluded from the meeting during consideration of the following reports on the grounds that they are exempt from disclosure for the reasons stated in the reports.
- 9 Phase B Update - Energy Recovery Facility (ERF) Disposal Contract
- 10 SLWP Risk Report
- 11 Royal Borough Kingston Recyclate procurement

**Future Dates – 5.30pm, Tuesday, 15/9/15, Thursday,10/12/15. Tuesday, 9/3/16 & Tuesday,7/6/16 at The Town Hall, Katherine Street Croydon,**

### **Note on declarations of interest**

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that mater and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, .withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at [www.merton.gov.uk/committee](http://www.merton.gov.uk/committee).

## SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE 30 MARCH 2015

(19.00 - 19.50) (at Merton Civic Centre)

PRESENT: London Borough of Croydon  
Councillor Stuart Collins and Councillor Stuart King (substitute for Councillor Kathy Bee).

Royal Borough of Kingston upon Thames  
Councillors David Cunningham and Richard Hudson.

London Borough of Merton  
Councillors Mark Allison (substitute for Councillor Andrew Judge) and Judy Saunders (in the Chair).

London Borough of Sutton  
Councillors Nighat Piracha and Jill Whitehead (substitute for Councillor Colin Hall)

### 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for absence were received from:  
Councillor Kathy Bee (London Borough of Croydon),  
Councillor Colin Hall (London Borough of Sutton) and  
Councillor Andrew Judge (London Borough of Merton).

Councillor Colin Hall (London Borough of Sutton) – Councillor Jill Whitehead advised that Councillor Colin Hall was very ill; and suggested that any Member who wished to thank Councillor Colin Hall for all his work for the South London Waste Partnership contact her so that their appreciation of his work could be recorded in a book which was being compiled.

Subsequently, as indicated below, the Joint Committee agreed that a letter of appreciation be sent to Councillor Colin Hall thanking him for all his work for the South London Waste Partnership. Matthew Club (Head of Waste Management, London Borough of Sutton) asked that the letter be sent to him first so he could forward it to Councillor Colin Hall.

RESOLVED: That a letter of appreciation be sent to Councillor Colin Hall thanking him for all his work for the South London Waste Partnership.

### 2 DECLARATIONS OF INTEREST (Agenda Item 2)

None.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the meeting held on 17 February 2015 were agreed as a correct record.

#### 4 PUBLIC SPEAKERS/QUESTIONS - PROCEDURE (Agenda Item )

The Chair indicated that, following the last meeting, when 10 minutes had been allocated for public questions, the procedure had been reviewed and instead a note had been included on the agenda front page inviting anyone who wished to speak on an item (on the meeting agenda) to register by no later than noon on the day of the meeting via the officer contact details shown. The Joint Committee endorsed the new procedure. Subsequently the Chair indicated that the speaker for Item 4 below would have 3 minutes to speak/ask their questions.

#### 5 PHASE A CONTRACT MANAGEMENT REPORTING - QUARTER 4 (TO DATE) (Agenda Item 4)

Following officers introducing the report, the Committee heard from one member of the public who had asked to speak on this item. The speaker asked various questions including regarding the monitoring of the contract with Viridor; querying the need for an incinerator in Sutton, infant mortality rates in Slough since the building of the Colnbrook incinerator and Lakeside 'Energy from Waste' facility; and the use of environmental experts and PR professionals. Officers and the Chair responded appropriately to each question.

A member reiterated the need to monitor air quality if the new site proceeded; and the Chair confirmed that this was certain to be an item on future agenda.

A member referred to the recent recycling figures for Purley Oaks (on page 13) being the lowest for some time. Officers advised that figures did fluctuate, but confirmed that officers were looking for reasons for the low figures at both Purley Oaks and Garth Road.

A member highlighted the difficulty of interpreting the colour graph on page 15, when printed off in black and white. Officers undertook to look at ways to ensure such graphs were readable when printed.

RESOLVED: That the contents of the report be noted.

#### 6 SLWP 2014/15 BUDGET UPDATE - MONTH 11 (Agenda Item 5)

A Member again expressed concern that the reasons for the cost overspends (detailed in the report) were ascertained in order that this wasn't repeated in future procurement exercises, especially as they were likely to be more complicated. Officers reiterated their assurance that the issues raised by the current procurement exercise had been noted. (See also previous Minutes on agenda page 2.)

A Member again referred to the possible need for a protocol that if there was potential for an overspend above a certain percentage, then the Chair (and other

Members as appropriate) should be involved (as outlined on agenda page 2 in the Minutes of the previous meeting).

RESOLVED: That the contents of the report be noted.

7 EXCLUSION OF THE PUBLIC (Agenda Item 6)

RESOLVED: That the public are excluded from the meeting during consideration of the following items on the grounds that they are exempt from disclosure by virtue of Part 4B, Paragraph 10.4 and Category 3 of the constitution.

8 PHASE B CONTRACT REPORT (Agenda Item 7)

The Committee considered the report which provided an update on the position of the Phase B - Energy Recovery Facility (ERF) Disposal Contract. Officers gave a further oral update on the current status of the town planning process for the proposed ERF facility, and how this related to the contract.

There was discussion of the financial and legal implications in the event that one of the parties to the current contract were to withdraw from the contract, and what information in this regard could be made public. Officers confirmed that it would be possible to compile an appropriate statement which could be made public.

RESOLVED: That (1) the Committee notes the planning progress on the ERF project; and

(2) officers compile an appropriate statement which could be made public regarding the financial and legal implications in the event that one of the parties to the current contract were to withdraw from the contract.

9 RISK REGISTER (Agenda Item 8)

The Committee considered the report which detailed the red risks (i.e. high risks) around the Partnership waste disposal service contracts.

RESOLVED: That the Committee notes the key developments on the Risk Register and the mitigation of these risks.

-----

This page is intentionally left blank



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

**Date:** 9<sup>th</sup> June 2015

**Report of:** SLWP Management Group

**Author(s):**

Andrea Keys Contract Manager

**Chair of the Meeting:**

Councillor Judy Saunders, Chair SLWP Joint Waste Committee

**Report title:**

## **PHASE A Contract management Report**

**Summary:**

This report provides Joint Waste Committee with an update on the performance of the three Phase A Contracts applicable to the South London Waste Partnership:

- i. Contract 1 - Transport and Residual waste management
- ii. HRRC services - Managed by Royal Borough of Kingston (RBK)
- iii. Contract 3 - Marketing of recyclates and treatment of green and food waste

Previous reports cover quarterly reporting periods, this provides an end of year report for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015.

**Recommendations:**

Joint Waste Committee is asked to note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A contracts.

**Background Documents:**

Contract Performance Monitoring updates have been presented to the Joint Waste Committee since 22 July 2010. The most recent reports were presented at the meeting on 31<sup>st</sup> March 2015 by the Contract Manager.

## **1. BACKGROUND**

- 1.1. Contract 1 is operated by Viridor Waste Management Ltd and includes the haulage of all materials requiring transfer and the management of residual waste.
- 1.2. The Partnership's HRRC site service is currently managed by the Royal Borough of Kingston, pending re-procurement of the service.
- 1.3. Contract 3 is operated by Viridor and includes the marketing of recyclates and the treatment of green and food waste.

## **2. PERFORMANCE DETAIL**

### **2.1. Contract 1: Transport and Residual waste management (Viridor Waste Management Limited)**

- 2.1.1. Under Contract 1, during the reporting period 1<sup>st</sup> April 2014 and the 31<sup>st</sup> March 2015, the Partnership managed 233,526 tonnes of residual waste. Please see Appendix A section 1 for further detail.
- 2.1.2. The Royal Borough of Kingston deliver residual waste to the Authority owned waste transfer station (WTS), also referred to as Villiers WTS. The Villiers WTS is operated by Viridor, who are responsible for the onward transfer of residual waste for disposal. The London Boroughs of Merton, Croydon and Sutton direct deliver residual waste to the Viridor Beddington Lane site.
- 2.1.3. Viridor continue to divert a proportion of the Contract 1 residual waste to their Lakeside energy recovery facility (ERF) when capacity is available. Partnership waste sent to the Lakeside ERF is thermally treated at the same price as the residual waste landfill Gate fee. Viridor have direction on which Borough waste is diverted from landfill, largely determined by the location and capacity at the facility receiving the waste.
- 2.1.4. During this reporting period 47,074 tonnes of SLWP residual waste was diverted from landfill via the Lakeside ERF. This equates to approximately 20% of our residual waste. Please see Appendix A section 3 for further tonnage data.
- 2.1.5. Residual waste diversion from landfill has increased with each period reported; quarter one saw an 8% diversion, quarter two 15% diversion, quarter three 17% and at end of year quarter four we can report a 20% diversion rate. Viridor has confirmed that capacity will be available in Lakeside for the financial year 2015/16.



2.1.6. The Contract is operating effectively. There were no major operational or performance issues and no formal complaints reported under Contract 1.

## **2.2. Contract 2: Management of the Household Reuse and Recycling Centres (Royal Borough of Kingston)**

2.2.1. Contract management - The Royal Borough of Kingston continues to manage the HRRC services across the four boroughs on behalf of the Partnership.

2.2.2. Recycling performance – The HRRC service is achieving good recycling rates across all sites. Individually the end of year average recycling rate at each site is broadly comparable to the 12 month average for the previous year. See Appendix 5 for more details.

2.2.3. Purley Oaks HRRC site experienced a notable drop in performance for February with a recycling rate of 68%. Desktop analysis suggests this was largely attributable to low tonnes across all waste streams at the site, green waste in particular dropped down to 69 tonnes. The March recycling rate at Purley Oaks then spiked at 77%, again largely due to green tonnes which rose to 180 tonnes. There were no other anomalies recorded for this period. We will continue to monitor.

2.2.4. Collectively the HRRC sites performed well during the reported year 2014/15. The partnership achieved a 72% average recycling rate across all six sites which is an improvement on last year. As well as showing continual improvement, this is also a positive result given the significant challenges faced by the service, including staffing issues, the restructure, off-taker service issues, and the on-going re-procurement exercise. (Appendix A section 4 includes a performance breakdown by site, and section 5 shows the collective performance rates for all six sites).

2.2.5. HRRC Work streams -The HRRC off-take work stream is ongoing. This work stream focuses on the material off-takers servicing the HRRC sites and aims to review the quality of service being provided, assess value for money, and ensure continuity of services.

2.2.6. The challenge to formalise off-taker contracts is growing due to uncertainty in the recycling market and the short period between now and the new HRRC contractor starting on the 1<sup>st</sup> October 2015. Once a preferred bidder is selected the aim of this work stream will move from formalising the service agreement, to formally advising all 28 off-takers of how and when the transfer or cessation of their services at each of the six sites will take place.

### **2.3. Contract 3 – Materials Recycling Services, composting, and Additional treatment Services (Viridor Waste Management Limited)**

- 2.3.1. Green waste is delivered to either the Beddington facility or the Villiers Road WTS facility. The material is then transferred from both sites to third party facilities for recycling. The green waste is processed in order to produce a BSI PAS100 compost product. Detailed green waste tonnage data can be found in Appendix A section 6.
- 2.3.2. Food waste is delivered to either the Beddington facility or the Villiers Road WTS facility. From both sites the food is transferred by Viridor to the Agrivert Trump Farm Anaerobic Digestion facility (AD) located in Surrey. The Agrivert facility produces a BSI PAS 110 compost product. There are no performance issues with this element of the contract 3 service. Appendix A section 7 contains further food waste information.
- 2.3.3. Comingled recyclates are delivered to the Viridor Beddington facility and then transferred to the Viridor Materials Recycling Facility (MRF) located in Crayford. Of the material accepted and processed at Crayford an average of 94% of Sutton's recyclable material and 95% of Merton's recyclable material received at Crayford was recycled.
- 2.3.4. At the end of the reporting period, the partnership can report an increase in the amount of comingled recycling waste collected at the kerbside, in comparison to the tonnage data from last year. Please see Appendix A sections 8 and 9 for further comingled recyclate data.
- 2.3.5. The Source segregated recyclates, also termed as Kerbside-sorted recyclable materials, collected by the Royal Borough of Kingston are delivered to the Villiers Road WTS and then transferred either directly to re-processors, to the Viridor MRF at Crayford, the paper MRF in Erith, or the newly developed polymer processing facility in Kent. The Partnership can also report an increase in source segregated tonnes collected compared with the previous year end figures.
- 2.3.6. Recycling finance – Year to date the Partnership has generated over £800k in revenue from the sale of recyclates collected at the kerbside for the boroughs using the Partnership contract. The Partnership has worked hard to maximise recyclate tonnes and the value we receive from this waste stream. Focus on this area will be particularly important as the recycling market continues to be unstable.

### **3. RECOMMENDATIONS**

- 3.1. It is recommended that the Joint Waste Committee:

- a) Note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A contracts.

#### **4. IMPACTS AND IMPLICATIONS**

##### Legal

- 4.1. Legal Shared services are assisting on the HRRC off-take work stream.

##### Finance

- 4.2. None

#### **5. Appendices**

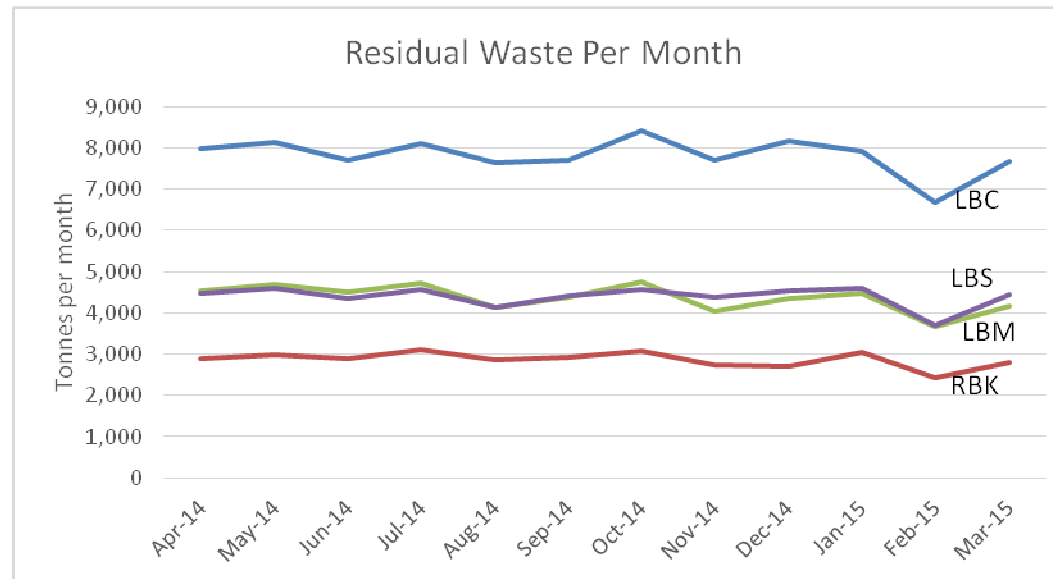
- 5.1. Appendix A provides data on the performance of the Phase A contracts for the reporting period 1<sup>st</sup> April 2014 until 31<sup>st</sup> March 2015.

This page is intentionally left blank

## Appendix A

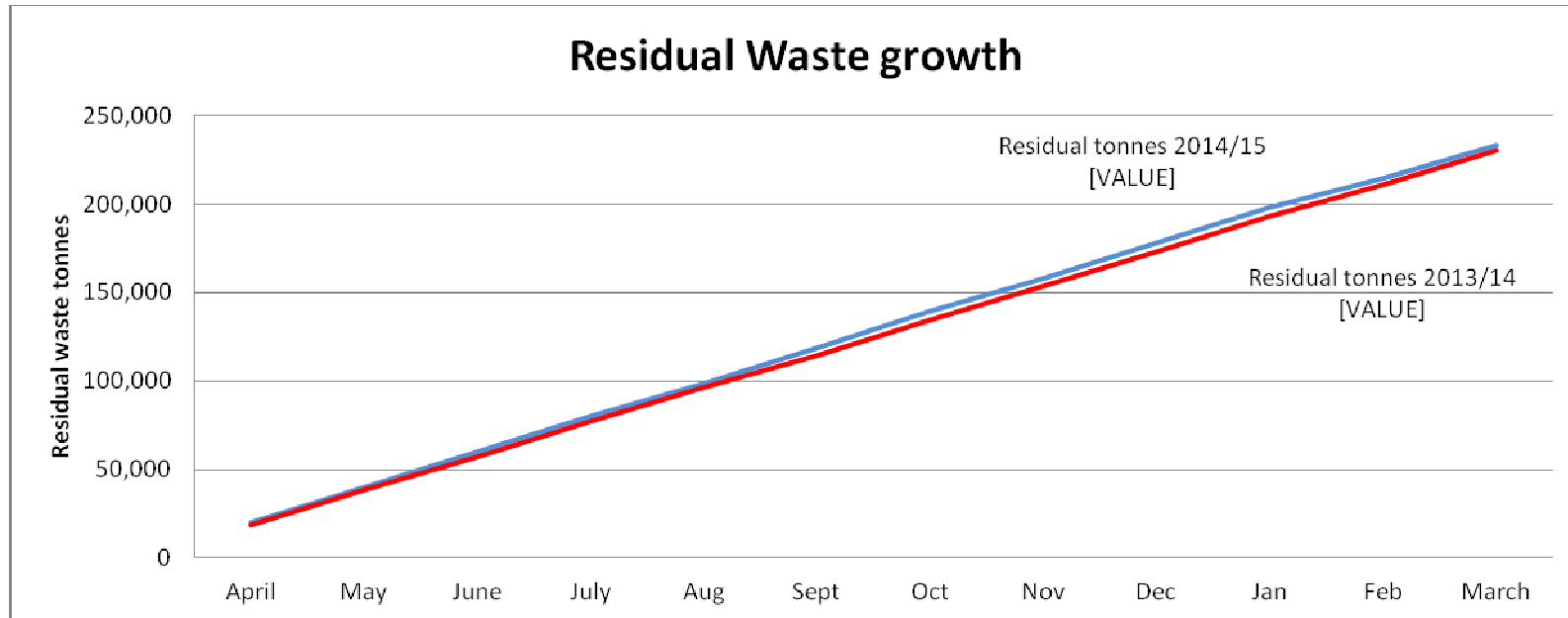
### Phase A: Contract Performance Data for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

#### 1. Residual Waste – tonnes per month per Borough:



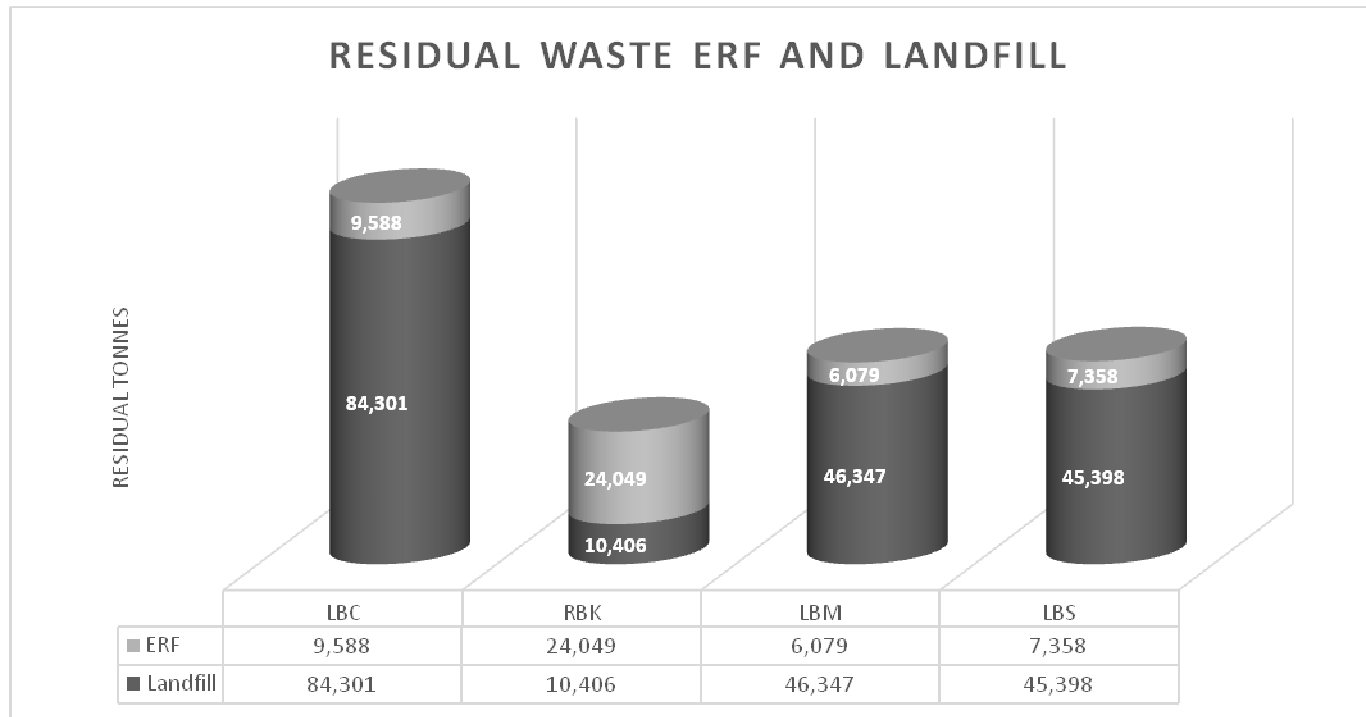
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
LBC	7,994	8,155	7,692	8,124	7,634	7,711	8,405	7,707	8,178	7,913	6,694	7,684
RBK	2,878	2,998	2,895	3,116	2,851	2,931	3,075	2,742	2,692	3,059	2,425	2,794
LBM	4,523	4,691	4,503	4,723	4,134	4,382	4,758	4,055	4,348	4,465	3,672	4,172
LBS	4,470	4,592	4,338	4,575	4,135	4,425	4,579	4,374	4,545	4,601	3,691	4,431

2. Residual Waste Growth 2014/15 against 2013/14:



	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Residual waste tonnes 2014 /15	19,866	40,301	59,729	80,266	99,020	118,469	139,286	158,163	177,927	197,965	214,446	233,526
Residual waste tonnes 2013/14	18,633	38,802	57,010	77,403	96,209	114,800	134,589	153,786	173,228	193,513	211,142	230,238

3. Residual Waste Disposal for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015:



Residual Waste year to date	Total Partnership Diversion	LBC	RBK	LBM	LBS
Landfill	186,453	84,301	10,406	46,347	45,398
ERF	47,074	9,588	24,049	6,079	7,358
Total Tonnes	233,526	93,890	34,455	52,426	52,756
% diverted	20%	10.2%	70%	11.6%	13.9%

#### 4. HRRC Performance Data: Recycling and Composting

		Kingston Villiers Road HWRC							Merton Garth Road HWRC							Sutton Kimpton Park Way				
Month		2011	2012	2013	2014	2015	Month		2011	2012	2013	2014	2015	Month		2011	2012	2013	2014	2015
Jan		69%	74%	70%	70%	69%	Jan		68%	72%	68%	69%	65%	Jan		71%	70%	66%	71%	70%
Feb		72%	75%	71%	72%	71%	Feb		67%	76%	71%	68%	66%	Feb		67%	60%	71%	69%	70%
Mar		75%	77%	72%	74%	73%	Mar		69%	72%	71%	71%	69%	Mar		73%	80%	74%	74%	73%
Apr		78%	76%	74%	76%		Apr		69%	73%	71%	68%		Apr		75%	74%	74%	73%	
May		76%	80%	79%	77%		May		74%	76%	72%	75%		May		72%	76%	77%	73%	
Jun		76%	79%	78%	77%		Jun		75%	73%	73%	75%		Jun		71%	74%	70%	75%	
Jul		75%	78%	73%	72%		Jul		77%	74%	70%	69%		Jul		75%	71%	68%	70%	
Aug		74%	74%	76%	74%		Aug		74%	69%	70%	70%		Aug		72%	75%	73%	70%	
Sep		77%	76%	76%	76%		Sep		76%	76%	72%	72%		Sep		72%	75%	68%	74%	
Oct		75%	75%	75%	74%		Oct		75%	71%	67%	67%		Oct		79%	71%	71%	71%	
Nov		76%	75%	74%	73%		Nov		76%	73%	69%	68%		Nov		76%	69%	69%	69%	
Dec		72%	65%	67%	68%		Dec		72%	65%	66%	61%		Dec		72%	71%	67%	68%	



Factory lane HWRC					
Month	2011	2012	2013	2014	2015
Jan	72%	70%	67%	68%	70%
Feb	71%	72%	69%	60%	66%
Mar	74%	71%	71%	70%	68%
Apr	72%	73%	69%	69%	
May	72%	69%	75%	63%	
Jun	71%	73%	69%	61%	
Jul	74%	72%	68%	63%	
Aug	74%	71%	64%	65%	
Sep	71%	69%	66%	67%	
Oct	74%	67%	68%	66%	
Nov	77%	66%	64%	67%	
Dec	67%	67%	59%	66%	

Fishers Farm HWRC					
Month	2011	2012	2013	2014	2015
Jan	71%	70%	66%	65%	66%
Feb	67%	60%	71%	73%	71%
Mar	73%	80%	74%	77%	75%
Apr	75%	74%	74%	77%	
May	72%	76%	77%	77%	
Jun	71%	74%	70%	78%	
Jul	75%	71%	68%	72%	
Aug	72%	75%	73%	71%	
Sep	72%	75%	68%	76%	
Oct	79%	71%	71%	71%	
Nov	76%	69%	69%	68%	
Dec	72%	71%	67%	69%	

Purley Oaks HWRC					
Month	2011	2012	2013	2014	2015
Jan	79%	77%	72%	75%	73%
Feb	83%	73%	77%	73%	68%
Mar	84%	82%	76%	Closed*	77%
Apr	80%	79%	81%	82%	
May	83%	80%	83%	80%	
Jun	78%	81%	79%	80%	
Jul	81%	78%	79%	80%	
Aug	80%	77%	75%	75%	
Sep	82%	76%	76%	78%	
Oct	84%	75%	77%	75%	
Nov	83%	78%	75%	78%	
Dec	78%	73%	76%	73%	

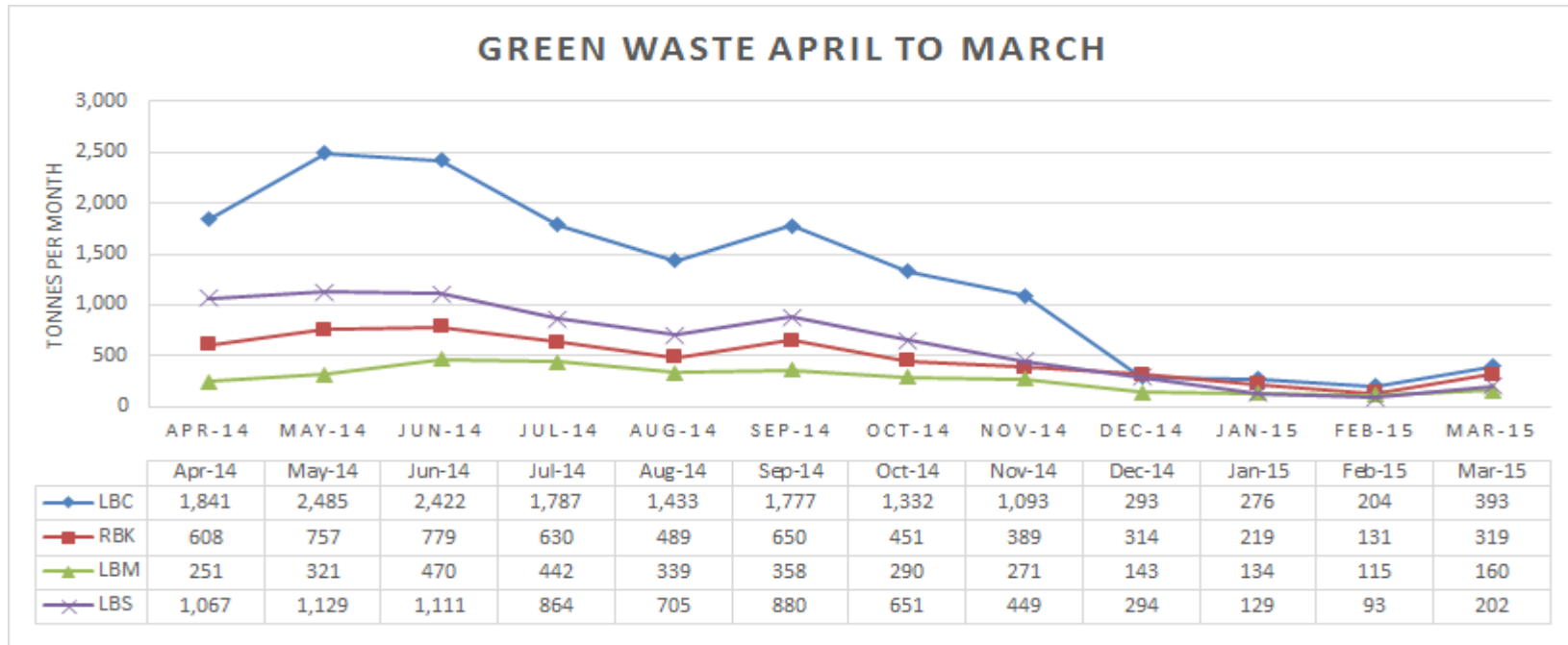
\*Purley oaks closed due to flood control measures in the area.

5. Average Recycling and Composting Rate across all SLWP HRRC sites:

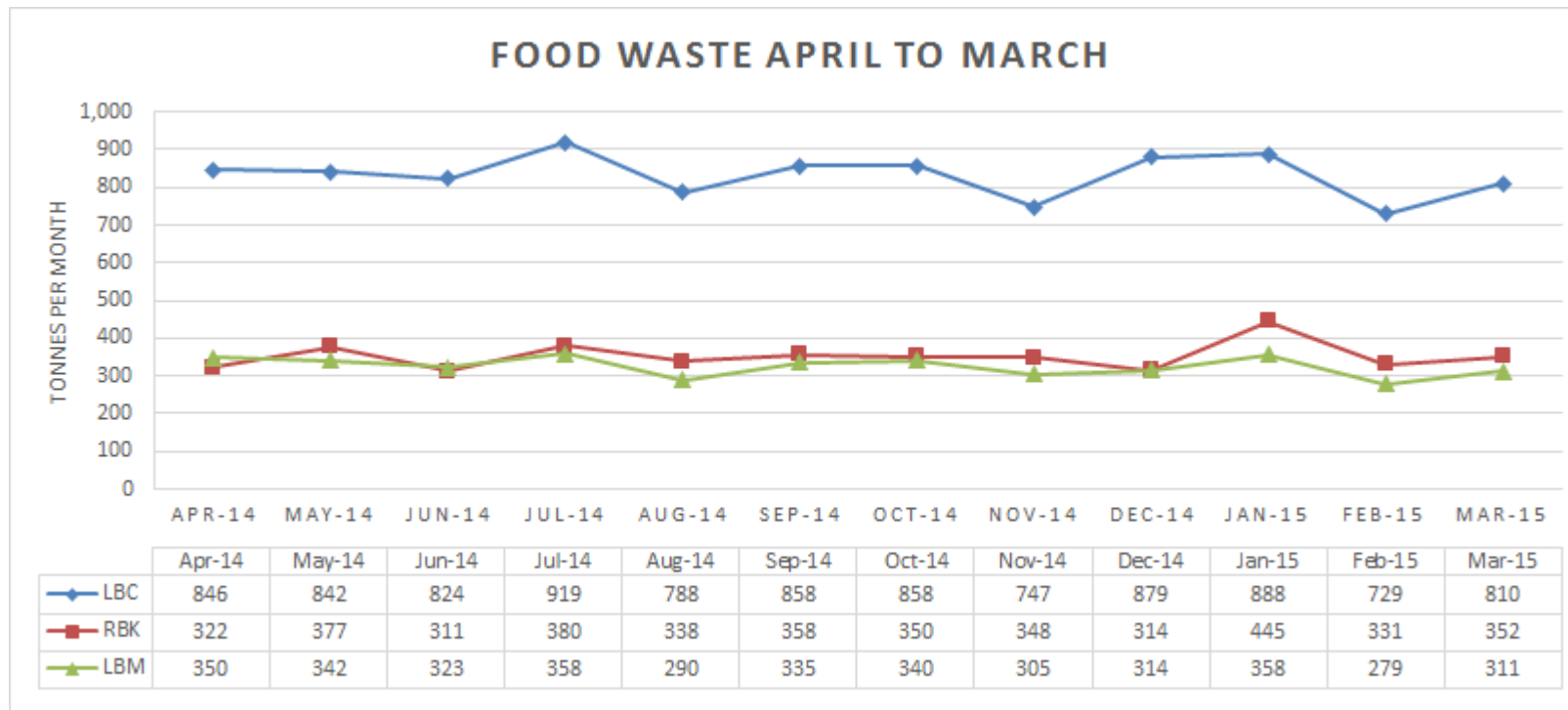
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	YTD Avg	Rank
Factory lane	69.46%	75.10%	68.79%	67.98%	64.32%	65.90%	68.36%	63.87%	59.26%	68.11%	59.85%	70.17%	66.76%	6
Fishers Farm	73.84%	76.63%	70.25%	67.76%	72.64%	68.43%	70.85%	69.52%	66.79%	65.13%	73.12%	77.28%	71.02%	4
Purley Oaks	80.59%	83.23%	78.68%	78.97%	75.38%	75.65%	76.66%	75.39%	75.80%	74.71%	72.98%	23.90%	72.66%	2
Villiers Road	74.06%	78.71%	77.29%	73.41%	76.49%	75.82%	75.33%	73.71%	67.25%	69.90%	71.66%	73.75%	73.95%	1
Garth Road	70.99%	72.65%	73.04%	70.49%	70.35%	72.38%	66.48%	69.27%	66.10%	68.94%	68.28%	71.29%	70.02%	5
Kimpton	74.35%	73.15%	74.37%	71.83%	71.81%	72.15%	69.73%	72.42%	65.73%	70.66%	68.80%	73.94%	71.58%	3

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	YTD Avg	Rank
Factory lane	69.41%	63.04%	63.66%	62.47%	64.41%	66.58%	65.64%	67.77%	65.54%	70.31%	65.52%	68%	66.07%	6
Fishers Farm	77.35%	76.88%	78.13%	71.91%	71.23%	75.75%	71.39%	69.02%	69.02%	65.92%	70.91%	75%	72.70%	3
Purley Oaks	81.59%	79.90%	79.85%	79.99%	74.77%	77.58%	75.03%	78.54%	72.80%	73.15%	68.02%	77%	76.55%	1
Villiers Road	76.21%	77.09%	76.91%	72.36%	74.26%	76.00%	74.36%	73.87%	68.26%	69.11%	70.89%	73%	73.52%	2
Garth Road	68.44%	75.16%	73.07%	68.65%	70.04%	71.80%	67.10%	69.05%	60.64%	65.25%	65.66%	69%	68.68%	5
Kimpton	72.85%	73.06%	74.45%	69.75%	68.97%	73.90%	71.44%	69.70%	68.29%	69.77%	70.06%	73%	71.31%	4

6. Green Waste Tonnage



## 7. Food Waste Tonnage



### 8. Commingled Recyclates Tonnage Contract year 2014/15:

Comingled Recycling	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Sutton	96.74%	94.93%	93.94%	97.84%	96.23%	95.83%	91.55%	90.27%	91.89%	93.06%	90.85%	89.91%
Merton	97.91%	97.69%	96.79%	98.00%	96.79%	97.63%	94.74%	92.52%	91.84%	91.74%	89.60%	90.85%

### 9. Recycling data

Tonnes sent for recycling	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
LBM	1,290	1,364	1,264	1,424	1,210	1,312	1,228	1,297	1,461	1,413	1,215	1,258
LBS	1,369	1,363	1,300	1,385	1,252	1,362	1,376	1,274	1,453	1,530	1,200	1,293
RBK	1,040	1,044	993	1,108	937	1,130	1,115	1,118	1,032	1,261	961	998

### 10. Financial Information – Total Contract Cost

SLWP C1	April	May	June	July	August	September	October	November	December	January	February	March	Year to date total
	£1,978,375	£2,036,664	£1,933,604	£2,019,625	£1,836,694	£1,945,199	£2,074,761	£1,887,798	£1,978,242	£2,011,785	£1,650,819	£1,899,688	£23,253,253
SLWP C3													
	£174,711	£174,858	£177,477	£154,853	£113,048	£111,714	£69,226	£39,604	-£4,040	-£2,140	-£5,940	£31,320	£1,034,692

This page is intentionally left blank



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

**Date:** Tuesday 9 June 2015

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

**Author(s):**

Michael Mackie, Finance Lead

**Chair of the Meeting:**

Councillor Judy Saunders, Chair SLWP Joint Waste Committee

**Report title:**

## **SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE**

### **Summary**

This paper provides an outturn position for the 2014/15 financial year and summarises the 2015/16 budget for core activities and for the final stages of the HRRC Procurement project.

### **Recommendations**

To note the content of this report.

### **Background Documents and Previous Decisions**

Previous budget reports.

#### **1. Background**

- 1.1 The Partnership sets its budget in September for the forthcoming financial year.
- 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 2015/16 draft budgets for core activities and for the final stages of the HRRC Procurement Project were considered at the September Committee and the final budgets were approved at the 3 December 2014 Joint Waste Committee.

## 2. Financial Position 2014/15

- 2.1 The table below refers to the Partnership's outturn budget position for its core activities for the 2014/15 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>	50,000	40,397	(9,603)
<i>Project &amp; Contract Management</i>	300,000	205,214	(94,786)
<i>Internal Advisors and Accounting</i>	75,000	72,788	(2,212)
<i>Document and Data Management</i>	18,000	20,204	2,204
<i>Audit Fee</i>	2,500	2,000	(500)
<i>Communications</i>	100,000	79,885	(20,115)
<i>Transition Costs</i>	12,000	17,675	5,675
<b>TOTAL</b>	<b>557,500</b>	<b>438,163</b>	<b>(119,337)</b>
<b>COST PER BOROUGH</b>	<b>139,375</b>	<b>109,541</b>	<b>(29,834)</b>

- 2.2 The Partnership's outturn for core functions is an under spend for the year of £119,337 (£29,834 per borough). *The major variances are detailed below.*
- 2.3 The Joint Waste Committee at its meeting of 25 April 2013 approved the recruitment of a Contract Data Officer. The post is currently being held vacant resulting in a full year saving of £33k on the 'Project and Contract Management' budget.
- 2.4 The post of Strategic Partnership Manager is also included within the budget for Project and Contract Management. This post was vacant until October 2014 saving approximately £65k for the financial year.
- 2.5 To mitigate overspends on other projects Management Group put in place measures to contain anticipated spend within the overall SLWP budget. One of the mitigation measures was to reduce communications activity in 2014/15 resulting in an underspend for communications of £20k.
- 2.6 There are currently 2 projects being undertaken
- 1). To set up a Four Year Framework Agreement
  - 2). A procurement exercise for the HRRCs



## Four Year Framework Agreement

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	29,000	22,004	(6,996)
<i>Project &amp; Contract Management</i>	10,750	0	(10,750)
<i>Internal Advisors and Accounting</i>	4,500	3,913	(587)
<b>TOTAL</b>	<b>44,250</b>	<b>25,917</b>	<b>(18,333)</b>
<b>COST PER BOROUGH</b>	<b>11,063</b>	<b>6,479</b>	<b>(4,583)</b>

- 2.7 The Project and Contract Management budget provided for Commercial Advice which was not required as the project was managed by the Contract Manager with support from the partnerships internal and external legal advisors, resulting in an underspend on this project of £18k.

## HRRC Procurement Exercise

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	190,230	313,365	123,135
<i>Project &amp; Contract Management</i>	61,560	79,006	17,446
<i>Internal Advisors and Accounting</i>	27,900	25,150	(2,750)
<b>TOTAL</b>	<b>279,690</b>	<b>417,521</b>	<b>137,831</b>
<b>COST PER BOROUGH</b>	<b>69,923</b>	<b>104,380</b>	<b>34,458</b>

- 2.8 The forecast for the HRRC Procurement is for an overspend of £138k.
- 2.9 The outturn for advisor consortium is an over spend of £123k for the year. This is a result of additional work required on evaluation and moderation of 2 additional variant bids at ISDS stage, additional modelling meetings and associated time preparing documentation, also required at ISDS stage, by finance advisors. Measures were put in place to minimise advisors costs during ISFT stage by reducing advisor attendance at bidder meetings, by removal of the contingency allocation and through tighter monitoring of advisor activities. These measures are estimated to have reduced the potential overspend for 2014/15 by £43k. This additional work, although unforeseen, has resulted in greater transparency within the bidder models, has reduced bidder costs and identified errors within bidder models at ISDS stage.
- 2.10 Project and Contract Management is forecasting an £18k overspend due to extra costs relating to additional work carried out with Legal Advisors on pensions, TUPE information and Leases.
- 2.11 Contract mobilisation is scheduled for 1 October 2015.
- 2.12 The budget position for all activities for 2014/15 is shown below and the outturn for all activities is £881,601 against a budget of £881,440, a difference of £161 (£40 per borough).

Item	Approved Budget £	Outturn Actual £	Variance £	Variance per borough £
<i>Core Activities</i>	557,500	438,163	(119,337)	(29,834)
<i>Framework Agreement</i>	44,250	25,917	(18,333)	(4,583)
<i>HRRC Procurement</i>	279,690	417,521	137,831	34,458
<b>TOTAL</b>	<b>881,440</b>	<b>881,601</b>	<b>161</b>	<b>40</b>

### 3. 2015/16 Budget

3.1 The table below illustrates the budget requirement of the Partnerships core functions for 2015/16 as approved at the 3 December 2014 Committee.

Item	Approved Budget 2015/16 £
<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>	20,000
<i>Audit Fee</i>	2,500
<i>Communications</i>	50,000
<b>TOTAL</b>	<b>497,500</b>
<b>COST PER BOROUGH</b>	<b>124,375</b>

#### Project Activities

3.2 The table below details the budget for the final stages of the HRRC procurement as approved at the 3 December 2014 Committee.

Item	Approved Budget 2015/16 £
<i>Advisor Consortium</i>	95,000
<i>Project &amp; Contract Management</i>	60,000
<i>Internal Advisors and Accounting</i>	18,000
<b>TOTAL</b>	<b>173,000</b>
<b>COST PER BOROUGH</b>	<b>43,250</b>

3.3 The HRRC procurement is now in the fine tuning stage with an estimated contract start date of 1 October 2015.

- 3.4 The budget position for all activities for 2015/16 as shown below totals £670,500 (£167,625 per borough).

<b>Item</b>	<b>Approved Budget 2015/16 £</b>
<i>Core Activities</i>	497,500
<i>HRRC Procurement</i>	173,000
<b>TOTAL</b>	<b>670,500</b>
<b>COST PER BOROUGH</b>	<b>167,625</b>

**4. Recommendations:**

- 4.1 To note the content of this report.

**5. Impacts and Implications:**

Finance

- 5.1 Contained within report.

This page is intentionally left blank

## SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE

9 JUNE 2015

### FINAL ACCOUNTS 2014/15

#### 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 2014/15 before they are subject to audit. The Joint Committee's functions include the scrutiny and approval of the 2014/15 Accounts and Annual Governance Statement. This report provides information to assist the Committee in this function.

##### **RECOMMENDATION:**

1. Scrutinise and approve the draft 2014/15 accounts for audit
2. Scrutinise and approve the draft 2014/15 Annual Governance Statement
3. Note that due to changes enacted by The Account and Audit Regulations 2015, the SLWP will no longer be required to submit an annual return from 2015/16 onwards

##### **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 2014/15 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 2014/15

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 3 – Materials Recycling Services, Composting and Additional Treatment Services
- Costs relating to the management of the Household Reuse and Recycling Centres which were in-sourced 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 *Practitioners Guide for Local Council 2014*.

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 4 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 RBK’s key internal audits
- 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 the 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 the Partnerships internal audit report and RBKs internal key financial audits
- C – “The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these” – covered by the 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” – the Partnership does not have a taxation or levy arrangement and does not hold reserves.

- E – “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.” – covered by the 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 a senior internal auditor familiar with the audits carried out on the SLWP’s and RBK’s internal controls.

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 2014/15**

14. The auditors appointed by the Audit Commission to carry out the 2014/15 audit are PKF Littlejohn LLP at a fee of £2,000

15. The accounts will be subject to audit and published with any amendments before 30 September.

#### **FUTURE ANNUAL RETURNS**

16. The Audit and Accounting Regulations 2015 which came into force on 1 April 2015 has removed the requirement for Joint Committees to submit an annual return every financial year. This means that from 2015/16 the SLWP will not be required to submit an annual return.

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

17. None

#### **ENVIRONMENTAL IMPLICATIONS**



18. 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)

This page is intentionally left blank

# Small Bodies in England

## Annual return for the financial year ended 31 March 2015

---

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 2015.

### 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 2015, 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 their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, 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 annual return, including the external auditor's report, by 30 September 2015.

It should not be necessary for you to contact the external auditor 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 2014/15 for:

Enter name of reporting body here:

SOUTH LONDON WASTE PARTNERSHIP

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
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	625 322	1,191,128	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	(625 322)	(1,191,128)	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 – <b>to agree with bank reconciliation.</b>
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 2015 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:

*LAWUTE*

Date 13/5/15

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

and recorded as minute reference:

Signed by Chair of meeting approving these accounting statements:

Date

## Section 2 – Annual governance statement 2014/15

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 2015, 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

**SOUTH LONDON WASTE PARTNERSHIP**

dated **31 MARCH 2015**

Signed by:

Chair **SOUTH LONDON WASTE PARTNERSHIP**

dated **31 MARCH 2015**

Signed by:

Clerk **SOUTH LONDON WASTE PARTNERSHIP**

dated **31 MARCH 2015**

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

## Section 3 – External auditor certificate and report 2014/15

### Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

SOUTH LONDON WASTE PARTNERSHIP

### Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

### External auditor report

(Except for the matters reported below)\* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor signature

External auditor name  Date

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.



# Section 4 – Annual internal audit report 2014/15 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 2015.

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.			✓
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

Signature of person who carried out the internal audit: J M R Date: 14.5.15

\*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 2014/15 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 2014) equals the balance brought forward in the current year (Box 1 of 2015).
- 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 2015 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.