



West London Waste Authority  
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17 March 2021

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## West London Waste Authority

A virtual meeting of the West London Waste Authority will be held on Friday 26 March 2021 at 10.00 am via MS Teams [www.harrow.gov.uk/virtualmeeting](http://www.harrow.gov.uk/virtualmeeting)

## Membership

Councillor Graham Henson, London Borough of Harrow (Chair)  
Councillor Guy Lambert, London Borough of Hounslow  
Councillor Eddie Lavery, London Borough of Hillingdon  
Councillor Mik Sabiers, London Borough of Ealing  
Councillor Krupa Sheth, London Borough of Brent  
Councillor Julia Neden Watts, London Borough of Richmond

## Agenda

### PART I - ITEMS FOR CONSIDERATION WHILE THE PRESS AND PUBLIC ARE IN ATTENDANCE

1. Apologies for absence
2. Declarations of interest

Members are reminded that if they have a pecuniary interest in any matter being discussed at the meeting they must declare the interest. They may not take part in any discussion or vote on a matter in which they have a pecuniary interest.

3. Minutes of the meeting held on 22 January 2021 (Pages 3 - 6)
4. Business Plan 2020 (Pages 7 - 30)
5. Joint Municipal Waste Management Strategy 2020 - 2035 (Pages 31 - 40)
6. Contracts and Operations Update (Pages 41 - 44)
7. Annual Procurement Plan 2021/22 (Pages 45 - 48)
8. Budget Monitoring Report Period 10 (January) (Pages 49 - 94)

## PART II - ITEMS FOR CONSIDERATION AFTER THE EXCLUSION OF THE PRESS AND PUBLIC

### 9. Contracts and Operations Residual Waste Contract Proposal (Pages 95 - 100)

#### Recording and reporting on public meetings

Please note that members of public can choose to record or report in other ways, on this public meeting. If you wish to do so then please read the Authority's protocol which can be found [online](#). Copies of the protocol are also available at the meeting.

The Authority asks that you avoid recording members of the audience who are not participants at the meeting. The Authority will seek to facilitate this. However, anyone attending a public meeting does so in the knowledge that recording may take place and that they may be part of that record.

Hugh Peart  
Clerk to the Authority

At a virtual meeting of the West London Waste Authority held on Friday 22 January 2021 at 11.00 am.

**Present:**

Councillor Graham Henson (Chair)

Councillor Guy Lambert, Councillor Krupa Sheth and Councillor Julia Neden Watts

**Apologies for Absence**

Councillor Philip Corthorne

**86. Chair of the Meeting**

Given that whilst the Chair of the Authority, Councillor Graham Henson, was in attendance he was still recovering from illness, the Authority

**RESOLVED:** That Councillor Mik Sabiers, Vice Chair of the Authority, Chair the meeting.

**87. Apologies for absence**

Apologies for absence had been received from Councillor Philip Corthorne.

**88. Declarations of interest**

**RESOLVED:** To note that there were no declarations of interests made by Members.

**89. Minutes of the meeting held on 4 December 2020**

**RESOLVED:** That the minutes of the meeting held on 4 December 2020 be taken as read and signed as a correct record.

**90. 2021/22 Budget**

Members received a report which set out the 2021/22 budget proposal following consultation with boroughs.

Jay Patel, Finance Director, reminded Members that the 2021-22 draft budget had been considered at the previous Authority meeting and advised that it had subsequently been discussed at meetings of the West London Environment Directors and West London Treasurers. The Borough Finance Directors had also provided a formal response to the budget proposals.

The Finance Director reported that the budget before the Authority had been updated in that an inflationary salary uplift had been removed following the Chancellor's announcement in December regarding public sector pay, the latest 2020-21 forecast was

set out in section 2.3 of the report and the formal feedback from borough Finance Directors was included.

In response to a Member's question as to the provision of feedback to Borough Finance Directors responses to the consultation, the Finance Director advised that, unless there were common themes, feedback was not given and but they were kept informed as it was an on going dialogue. Essentially the purpose of the formal responses was to ensure that all boroughs were aware that the budget had been set but any issues would be responded to when the Finance Directors next met.

A Member sought clarification terms of paragraph 15.7 of the officer report in that Hounslow and, to a lesser extent, Richmond, was expecting a large increase in budgeted tonnage. Whilst Hounslow's recycling figures had increased, the residual waste had increased substantially during the pandemic, and the Member expressed the view that this might lead to increased scrutiny due to credibility of the figures. In response, the Finance Director advised that the tonnage forecasts were put together by borough colleagues who would, in turn, advise on the expected service changes. Due to COVID 19, forecasting for the next financial year had been challenging and the movement in waste volumes for boroughs were disparate but this reflected some of the potential service changes and also that it had not been possible to action some of the proposed changes for the current financial year due to the pandemic. The mechanisms in place ensured that no borough paid for more waste than it was disposing of. Emma Beal, Managing Director, added that not all growth was bad growth, for example, commercial waste which would show as a disposal cost in the Authority's budget.

Following on from the Member's question, another Member indicated that whilst she was aware that the figures in terms of waste in the budget were forecasts, waste minimisation remained a crucial target. Whilst working practices had changed during the pandemic it was likely that many people would continue to work from home. In response to the Member's comment that it was unclear from the report what was commercial waste and what was household waste, the Manager Director undertook to discuss this with Finance and Environment Directors so that the different movements in the gross sums funds could be identified.

A Member suggested that consideration be given to the use of the term 'DIY' and whether it actually reflected the type of waste. There had been discussions by officers in Richmond as to whether this type of waste would be more accurately described as 'construction and demolition'.

**RESOLVED:** That (1) the 2021/22 budget be approved;

(2) the Pay As You Throw (PAYT) rates set out in section 15 of the officer report and the PAYT levy made up of two components totalling of £52.3 million be approved;

(3) the Fixed Cost Levy (FCL) of £12.8 million, as set out in section 16 of the officer report, be approved;

(4) the recommended trade/DIY prices, as set out in section 17 of the officer report, be approved and the Treasurer be authorised to change these in year should the need arise;

(5) the new proposed capital budgets, as set out in section 18 of the officer report, be approved;

(6) the target level of reserves of £7.4 million to act as a buffer for managing risks and avoiding supplementary levies, as set out in section 19 of the officer report, be approved.

**The meeting finished at 11.17 am.**

The minute taker at this meeting was Alison Atherton.

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WEST LONDON WASTE AUTHORITY

Report of the Projects Director and Carbon Manager

26 March 2021

## Business Plan 2020

### SUMMARY

This report provides details of the Authority's Business Plan for the years 2020-2025. It provides a list of the key activities which uses the strength of the Environment Directors Board, the West London Treasurers and the Borough Partnership to shape our approach to deliver the joint strategy.

### RECOMMENDATION(S)

The Authority is asked to:-

- 1) *Approve the Business Plan updates and note the progress made in 2020 in appendix 1*
- 2) *Approve the Carbon reduction plan in appendix 2*
- 3) *Approve the Strategy on a Page in appendix 3*
- 4) *Approve the creation and launch of a Circular Economy Team*

**1. Background** – The West London Waste business plan outlines the activities key to delivering the first few years of our joint municipal waste management strategy targets of:

- Carbon neutral by 2030
- 65% municipal recycling: by 2035 (UK Government target) by 2030 (GLA target)
- Net-zero greenhouse gas emissions by 2050 (UK Government target) by 2030 (Borough Climate Emergency targets)
- Zero vehicle emissions by 2050

## Progress 2020/21

**2. Covid 19** – The impact of the Covid 19 pandemic has been to increase cost for Boroughs due to an increase in collected waste and recycling tonnes and the impact of social distancing on managing HRRCs. Commercial waste tonnes in the UK has decreased significantly due to the pandemic but the result of more home working is increased tonnage through the household collection systems with no corresponding increase in revenue. Social distancing at HRRCs reduces the daily throughput and increases operational costs. In mitigation joint working on data, waste minimisation, food waste projects and HRRCs has increased and projects have been speeded up where possible. At the same time WLWA successfully adapted to manage covid 19 safely and the business as usual activities including the annual accounts in June were completed on time. The employee engagement survey indicated officers need more information about future direction and opportunities for development.

**3. Early delivery of Business Plan activities** – The following actions have been delivered:

Activity	Target completion date	Actual completion date
Establish a waste minimisation culture at Abbey Road HRRC	March 2025	July 2020
Hold food waste value stream mapping exercises with each Borough	March 2021	August 2020
Self service management reports	March 2023	September 2020
WLWA Carbon reduction plan	March 2021	December 2020
New Weighbridge software Abbey Road	March 2021	February 2021

**4. Abbey Road HRRC (*Joint working, Carbon neutral by 2030 and 65% Recycling by 2035*)** – The improvements at Abbey Road HRRC and establishment of a waste minimisation culture reduces the cost of waste disposal, creates career opportunities for the operatives and enables us to communicate more often with residents about the importance of managing resources effectively. Further details can be found in the Contracts and Operations Report

**5. Food waste projects (*Carbon neutral by 2030 and 65% Recycling by 2035*)** - The food waste value stream mapping exercises were carried out intensively for all Boroughs during July. This intense activity has created a long list of projects which largely require capex and are capable of delivering a return on investment within three years. The return on investment (saving) will be to Boroughs and it is important this is reinvested in food waste projects until we have a 100% participation rate. There is a risk some projects will not be delivered if we cannot persuade residents to use the service.

Borough	Funding	Food Project	Food Comms
Brent	GREEN	GREEN	AMBER
Ealing	GREEN	GREEN	AMBER
Harrow	GREEN	GREEN	AMBER
Hillingdon	GREEN	GREEN	AMBER
Hounslow	GREEN	GREEN	AMBER
Richmond	GREEN	GREEN	AMBER

**6. Self-Service Data Hub and weekly waste report (*Smart Cities and Virtual single system*)** – as a result of the pandemic the Authority worked with boroughs and contractors to switch from a monthly cycle of data supply and reporting to a weekly more timely process. Collaboration across all organisations has enabled the regular weekly reporting which members will be familiar with over the course of the year. Much of the reporting has also been developed in a way that means it is accessible and anytime to colleagues at boroughs – Powerbi self-service has been provided to borough officers with guidance

enabling access to a range of information at their fingertips. In addition to these, the Authority now provides a service to complete 3 boroughs Wastedataflow returns.

- 7. Carbon Reduction Plan (*Carbon neutral*)** – As part of its vision to achieve carbon neutrality, WLWA established a cross-cutting carbon project team to start measuring and reducing the organisation's own carbon footprint. Key visions and the actions plan have been drawn up and baseline data relating to internal operations has been gathered during 2020/21. Some of key projects such as utilities contract renewal is currently underway. Further details can be found in Appendix 2.

## New Areas of Development

- 8. Strategy on a Page** – To focus Officers in the organisation on delivering what is most important right now and remain motivated by the long-term strategy we created a Strategy on a Page in Sept 2020, in appendix 3. This has now been adapted for 2021. The Strategy on a Page sets out the key elements of success and links the joint municipal waste management strategy, business plan and individual objectives / deliverables. Section 1 indicates what WLWA is as an organization and the values and behaviour that will ensure success. Section 2 indicates the long-term outcomes and timeline, separating the outcomes WLWA is able to control, those it requires Borough partners to agree to and / or assist with and the outcomes that will require government intervention to deliver. Section 3 sets out the annual action plans and deliverables for the organization. Individual officers' objectives to support the deliverables will be reviewed quarterly through appraisals.
- 9. Circular Economy Team** - The early delivery of business plan activities and the learning opportunity this work afforded us has resulted in the ambition to create and launch a new Circular Economy team from April 2021, incorporating and building upon the work of the waste minimisation team. It will coordinate waste minimisation, circular economy and carbon reduction activities, internal relationships between Borough departments and external partners. It will promote changes in waste policies to assist decarbonising other parts of our economy and increasing social value.
- 10. Single system thinking** – The HRRC Booking system, additional bulky waste collections and waste minimisation improvements at Abbey Road indicate that financial and carbon savings, efficiencies and an improved customer experience can be achieved by removing the artificial boundaries created many years ago. WLWA will work either with Brent at Abbey Road or all Boroughs (subject to agreement with the Environment Directors Board) to pilot projects and capture data.
- 11. Financial Implications** – The business plan continues to adopt the financial principles of reducing costs, providing stability around WLWA levies and effective management of financial risk. Most of the WLWA levy is directly related to the transport and disposal of waste. Delivering the food waste projects, minimising waste and closing the loop between waste and resources will reduce costs for Boroughs. The financial implications of the business plan will be reflected in the longer term financial plans as the projects are defined in greater detail. The aim will be to not only continue providing long term stability and predictability regarding levies to boroughs, but to maintain or improve the financial position.

- 12. Risk Management** – Individual projects carry risks of change. These risks will be considered on a project by project basis.
- 13. Health and Safety Implications** – Health and Safety considerations form part of the project development process.
- 14. Legal Implications** – None
- 15. Impact on Joint Municipal Waste Management Strategy** – included in the report.

Background Papers	Joint Municipal Waste Management Strategy Report March 2020		
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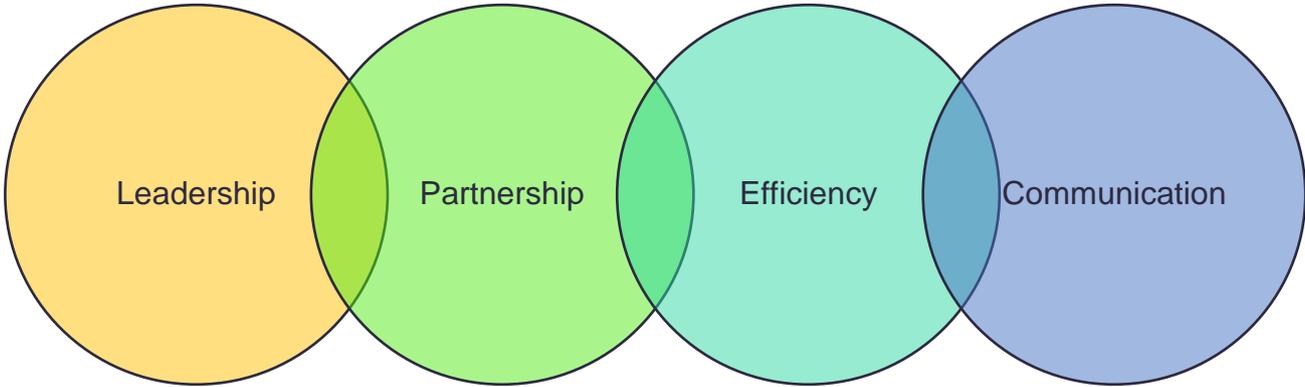
# West London Waste Authority Business Plan 2020-2025



**West London Waste**  
*Treating waste as a valuable resource*

**Our purpose is to be *Leaders* in treating waste as a *valuable resource*.**

**Our values are:**



**We are focusing on the following United Nations *Sustainable Development Goals*:**



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## 1.1 Role and Services

Since the creation of West London Waste Authority in 1986, it has provided waste treatment and disposal services to the six boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames.

Our statutory duties are to arrange:

- Facilities for the receipt and recycling, treatment or disposal of the waste which is collected by the boroughs;
- The provision of Household Re-use and Recycling Centres (HRRCs) and the transport and disposal of the waste received at those sites; and
- The storage and disposal of abandoned vehicles, which are removed by the boroughs.



In 2010, we established a waste minimisation team to promote waste reduction across the six boroughs. Following in 2016, we added five new project areas to innovative opportunities to treat waste as a valuable resource and to build an internal consultancy capability for all west London boroughs to call upon for projects and to manage materials, bringing greater efficiency and effectiveness in the sub-region.

Our project areas of focus are:



## 1.2 Partnership

West London Waste works with NAWDO, the National Association of Waste Disposal Officers and with one officer currently hold responsibility as the vice-chair and another officer with the role of the policy and advisory committee (P&A) member. The Authority is also part of the LEDNet, the London Environment Directors network.

Working with our boroughs to deliver the Joint Municipal Waste Management Strategy 2005-2020 has resulted in lessons learned in:

- Recycling and composting targets which are calculated on gross tonnes, with no baseline and counteracts with waste reduction, the primary activity. Success in the future will need to be measured on a kgs/household/week basis.
- Waste data flow information is often reported too late to make collective decisions in a timely way. We need to develop more up to date reporting that can be shared.
- Attempts to change behaviour and increase reuse have delivered small changes in percentage and highlighted the need for changes in law and increased funding, i.e. the plastic bag tax and extended producer responsibility.

Supporting the broader environmental responsibilities of Boroughs, WLWA is a shared resource working within existing partnership structures in west London. On waste specific matters, meetings and boards give all partners formal opportunities to provide input, monitor and challenge progress of the critical activities contained in this business plan and risks and opportunities as they arise.

## West London Alliance Leaders and Chief Executives Boards

- By invitation and to link waste with climate emergency and the wider environmental agenda in west London.

## Environment Directors and Treasurers Boards

- Held bi-monthly to link the waste strategy with the financial and environmental strategies in west London.

## Borough Partnership Meetings

- Held five times a year to review and support progress of projects, review and refresh the action plans within the JMWMS and review Authority reports.

## Operational Meetings

- HRRC best practice groups and site user groups are held monthly to ensure continuous improvement of the service and operations

## Contract Meetings

- Monthly meetings with contractors review performance, identify efficiencies and explore opportunities. For the Authority's largest contract a Stakeholder Liaison Committee discusses projects, opportunities and service provision at a strategic level.

### 1.3 Climate Emergency

West London Waste has a unique role to play supporting boroughs to join up appropriate sub-regional work and utilise lessons learnt from the waste minimisation experiences of the past. West London Waste is project managing the joint meetings of the borough climate emergency leads to assist with collective efficiency and speed of transition. This will have the added benefit of ensuring the future of waste and resources is joined up locally, defined within the scope and needs of carbon reduction and climate emergency targets and ensuring targets are aligned.

### 1.4 Strategy

The London Environment Strategy and Resources and Waste Strategy provide the long term targets our new joint municipal waste management strategy (JMWMS) created by WLWA, and the six boroughs should deliver. The Environment Bill is in progress through parliament, and we expect Regulations to follow on consistency, deposit return schemes and extended producer responsibility for packaging.

The current JMWMS provides the vision for the Authority's service delivery to achieve our purpose. It is the foundation for this business plan. It is being developed in line with the developing national policy and legislative framework, and as the legislative situation develops, we will update and formalise the JMWMS.

The strategic outcomes identified in the JMWMS are:

<b>Effective and efficient operations focused on</b>	• <i>Where we want to be in the future</i>
<b>Our climate emergency response is to focus on</b>	• <i>No more waste</i>
<b>Recognise the only workforce we have is our</b>	• <i>Residents and colleagues</i>
<b>Tackling clean streets and flytipping because</b>	• <i>Waste is crime</i>
<b>We can't wait for legislation</b>	• <i>Be proactive</i>
<b>Joined up and consistent</b>	• <i>Using high quality data</i>

## 1.5 Projects

- **Data** – the data project has delivered a new suite of Management Information reports which can be used by all stakeholders in the delivery of services, reimagining of new services, empowering local residents and businesses to create a thriving green economy.
- **Waste Minimisation** – waste minimisation projects have demonstrated the need to scale up food waste projects, accentuated the growth of textiles and WEEE in the waste stream despite increased collections, and delivered digitalisation of smart communications which streamlined customer interactions and bin inventory activities for collaborative learning.
- **Sites** – the Abbey Road site provides an HRRC for Brent Council and a waste transfer station for local tradespeople. Treating waste as a valuable resource has delivered savings to Brent Council, increased resource productivity, less waste and more sorting. Also resulting in less £ cost and less CO2e cost per tonne to WLWA.
- **Collections** – the collections project delivered a concept of a joined-up service with three weekly rubbish collections which provided a significant annual saving to the boroughs. The project identified that more information is needed, in particular the potential for reduced food waste and data from communal bins.
- **Recycling** – the recycling project delivered a substantial and ongoing market testing of the recycling market which is informing our approach to the changes expected to follow the Environment Bill and WLWA procuring recycling services on behalf of LB Ealing.
- **Procurements** – the procurement work has delivered a Dynamic Purchasing System and a new strategic approach to procurements which will enable WLWA

and boroughs to take opportunities and understand the risks associated with the recycled materials market.

## 1.6 Five-year Business Plan

Our five-year business plan will:

- Influence the direction of waste and resources management in England
- Deliver phase 1 of the west London joint municipal waste management strategy
- Place waste within the context of climate emergency and carbon reduction strategies
- Focus on reducing food waste whilst recycling legislation is pending
- Build our knowledge, experience and opportunity to turn data into information
- Help boroughs to maximise the quality and quantity of recycling collected post-2023
- Improve the management of resources through our sites and HRRCs

Our ten and fifteen-year business plans will develop with the ongoing projects and are intended to:

- Create more recycling infrastructure
- Reduce our carbon footprint
- Use our combined sites more effectively for separating and managing resources
- Join up our operations for improved sub-regional services

Using our values as a guide, the key themes for this business plan have been identified as follows:

Leadership and Communication	Partnership	Efficiency
<ul style="list-style-type: none"> <li>• We will treat waste as a valuable resource and prepare for the future by examining data, challenging the status quo and communicating the results of our projects transparently.</li> </ul>	<ul style="list-style-type: none"> <li>• We will build resilient partnerships and share in the risk and reward of procurements and projects.</li> </ul>	<ul style="list-style-type: none"> <li>• We will minimise waste in all our activities by continuously improving our infrastructure, operations and contracts and encouraging others to treat waste as a valuable resource.</li> </ul>

Detailed actions under each theme are shown in the tables that follow.

## 1.7 Business Plan: Delivery Schedule: 2020-2025

**Theme 1: We will treat waste as a valuable resource and prepare for the future by examining data, challenging the status quo and communicating the results of our projects transparently.**

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Key activities	Owner / Support	To be completed by	Outcomes from activities
Establish a carbon reduction plan for WLWA and support borough joint climate emergency actions	<u>Finance Director / Head of Service Delivery / Carbon Manager</u>	March 2021	WLWA carbon reduction plan <u>Create Circular Economy team</u>
<i>Support borough joint climate emergency actions</i>	<i>Head of Service Delivery / Carbon Manager</i>	March 2025	<i>Integrate circular economy with joint action plans at sub-regional and pan-London level..</i>
Hold food waste value stream mapping exercises with each borough	Head of Service Delivery / Projects Director	March 2021	Individual Borough programmes Food waste Invest to save proposals
Trial data visualisation techniques to explain complex information to residents and colleagues	<u>Circular Economy Manager</u>	March 2022	More discussions with residents about waste resources and recycling
Deliver the waste minimisation plan to reduce food waste, textile waste and single-use plastics	<u>Circular Economy Manager</u>	March 2023	15 month review of waste composition Embedded carbon measurements
Establish a waste minimisation culture at Abbey Road HRRC	Operations Manager / HRRCs Manager	March 2025	<u>Waste Minimisation Surveys</u>
Build a Data Hub for West London	Finance Director	March 2023	<u>Self-service launched Sept 2020</u> Data Hub Access to information for decision-makers
Review new sources of data relating to projects	Projects Director / <u>Circular Economy Manager</u>	March 2025	Annual review Information for integration into Data Hub

### Key

Grey coloured rows indicates task complete

Underlined text indicates changed text or date

*Text in italics indicates a new activity*

## Theme 2: We will build resilient partnerships and share in the risk and reward of procurements and projects.

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Key activities	Owner / Support	To be completed by	Outcomes from activities
Deliver new weighbridge software at Abbey Road and offer to all HRRCs	Operations Manager / HRRCs Manager	March 2021	New weighbridge software Improved reporting
Redesign WLWA owned sites to increase food waste capacity	Projects Director	March <u>2022</u>	Transition plan at Vic Rd by March 2021 Sites development plan
Increase food waste recycling at Borough schools	Waste Minimisation Coordinator	<u>Removed due to Covid 19</u>	<u>Integrated into Borough food waste recycling plans</u>
Develop joint training programmes in waste and carbon literacy for WLWA and Boroughs	Managing Director / HR Manager	March 2022	<i>The Future of Waste skills and development plan</i> Joint training and development
Deliver the projects programme	Projects Director	March 2023	Projects Report Updated JMWMS and Business plan
<i>Support the Harrow led TEC-LEDNet “Reducing Consumption emissions” programme</i>	<i>Managing Director Carbon Manager</i>	<i>March 2023</i>	<i>Baseline activities in London to reduce consumption emissions. Define reducing consumption emission by 2/3</i>
Review Strategic Procurement Programme	Contracts Manager	March 2025	Annual review Joint procurements with boroughs
Automate and simplify management information reports	Finance Director	March 2023	Self-service reporting for Boroughs Automation of processes
Use the budget setting process to deliver better use of resources in west London	Finance Director	March 2025	Food waste investment plan Splitting waste flows from WTD (Abbey Rd) Shared EPR Plan for West London

### Key

Grey coloured rows indicates task complete

Underlined text indicates changed text or date

*Text in italics indicates a new activity*

## Theme 3: We will minimise waste in all our activities by continuously improving our infrastructure, operations and contracts and encouraging others to treat waste as a valuable resource

Key activities	Owner / Support	To be completed by	Outcomes from activities
Use technology to monitor waste, recycling and food waste use of bins at communal sites	Project Manager	March 2021	Communal sites waste flows report
Review efficiency of WLWA processes and operations	<u>Circular Economy / Carbon Manager</u>	<u>Sept 2021</u>	Efficiency review report
Use MI reporting to report and record resource efficiency between WLWA and Borough sites	Operations Manager	March 2021	<u>Weekly waste report</u> Increased diversion from waste
Increase the efficiency of waste flows in west London	Operations Manager	March 2021	<u>Transport saving in 2021 budget</u>
Increase capacity for rail transfer through transfer stations	Projects Director / Operations Manager	March 2022	Contract variation
Provide Waste Data Flow reporting service for all Boroughs	Finance Director	March 2022	Aligned Borough waste data flow reporting Automated uploads
Increase capacity of SERC	Head of Service Delivery	March 2023	Contract variation
<i>Annual employee engagement survey</i>	<i>HR Manager</i>	<i>March 2025</i>	<i>Share and report survey results</i>

### Key

Grey coloured rows indicates task complete

Underlined text indicates changed text or date

Text in italics indicates a new activity



# Carbon Action Plan: Progress 20/21

Lead: Motoko Doolan

As part of its vision to achieve carbon neutrality, WLWA established a carbon project team to start measuring and reducing the organisation's own carbon footprint. Key visions and the actions plan have been drawn up and the majority of the baseline data relating to internal operations has been gathered during 2020/21. Some of key projects such as utilities contract renewal is currently underway.

## Key Visions and Scope

The WLWA Carbon Plan aims to focus on reducing internal (in-house) emissions to demonstrate our leadership (walk the talk) and to provide useful case studies for HRRC sites and the Council Offices. It sets out 5 key visions/outcomes:

### Zero Waste Office

Test the concept of Zero-waste office at our Office at Britannia Court and Abbey Road and create a model case for other HRRCs and the Council offices. This project will enable us to better understand practical issues and barriers we need to overcome in achieving 'no-more waste' which is a crucial concept within a circular economy. We aim to also extend this concept to campaign and events we run (currently on hold due to Covid-19), i.e. *zero-waste events/campaigns*.

### Carbon Neutral Office

Procurement of green energy (e.g. REGO/RGGO certified energy) will significantly reduce our carbon footprint. We aim to engage with suitable suppliers that will assist us to also install smart meters and other solutions which enable us to continue monitoring and reducing our energy usage.

### Low Carbon Travel

We aim to continue supporting staff to work remotely which reduce the need for travel, better work-life balance (well-being). We aim to also encourage the use of alternative transport versus private car use to/from work and during work, e.g. public transport, cycling, car clubs.

### Stronger Partnership with Contractors

To reduce carbon emissions from our wider operations, we will also be reviewing the environmental impacts of our operations through contractors and suppliers. We will use contract/supplier management process and procurement process to work jointly with our partners to identify and implement improvements and solutions.

### Sustainability Culture at WLWA

We will promote more environmentally friendly actions among our members of staff. We will engage with them through workshops/training and encourage them to be advocates for sustainability when interacting with the public, contractors and any other external stakeholders.

## 2019/20 Baseline Data (Preliminary results as of Feb 21)

Emission Sources (GHG scope)	Britannia Court	Abbey Road
Electricity (scope 2)	2.4t	32.1t
Gas (scope 1)	11.8t	-
Water (scope 3)	-	8.4t
Fuels	0.66t (elec van- scope 2)	101.0t (gas oil – scope 1)
Business Travel / Commute Travel (scope 3)	2.13t	
<b>Total (known so far)</b>	<b>158.5 tCO2e</b>	

*\*This table does not include any 'indirect' emissions from our contracted operations (e.g. transportation of waste, treatment of waste/resources).*

The Carbon Trust's online benchmarking tool suggest that Britannia Court is performing within the industry standard (Carbon Trust's estimated energy profile for Britannia Court below)

## Action Plan – Key Activities

Emission Sources		Key Actions
1	Project Initiation Activities	<ul style="list-style-type: none"> <li>Establish a Project Plan</li> <li>Baseline data collection/analysis (and audit)</li> </ul>
2	Staff Engagement – behavioural change	<ul style="list-style-type: none"> <li>Initial discussion / baseline gathering</li> <li>Programme of internal workshops / training</li> </ul>
3	Utility Usage – gas, electricity, fuel and water usage	<ul style="list-style-type: none"> <li>Contract renewal of elec/gas/water</li> <li>Meter reviews (incl. smart meter installation)</li> <li>Alternative fuel / fuel efficiency reviews</li> </ul>
4	Transport – fleet, business travel and commuting travel	<ul style="list-style-type: none"> <li>Baseline gathering / usage review</li> <li>Alternative options review</li> </ul>
5	Waste production – from own offices	<ul style="list-style-type: none"> <li>Baseline gathering</li> <li>Installation of appropriate collections/sorting</li> </ul>
6	Consumables consumptions, e.g. paper, plastics, stationery	<ul style="list-style-type: none"> <li>Baseline gathering / Procurement review</li> <li>Zero-waste event/campaign</li> </ul>
7	Contractors/Operational Emissions, e.g. haulage of waste, disposal / treatment	<ul style="list-style-type: none"> <li>Baseline gathering (existing contract reviews)</li> <li>Prioritisation of contractors and key actions, e.g. alternative fleets/fuel sources</li> <li>Programme of collaboration projects with key contractors</li> <li>Programme of new tender procurements</li> </ul>

## Key Milestones and Targets

- 2020/21 The baseline established
- 2021/22 Renewable/Green energy contract (green electricity/gas)
- 2022/23 Zero Waste Office
- 2023/24 Low Carbon Travel
- 2024/25 Carbon Neutral Office (Near-Zero Carbon)

<b>Our Vision</b>		For West London to be carbon neutral		
<b>Our Mission</b>		To close the loop between waste and resources		
<b>Our Purpose</b>		To be leaders in treating waste as a valuable resource		
<b>Our Values</b>		Leadership	Efficiency	Partnership
<b>Communication</b>				
1	<b>USP</b>	Agile and responsive to market changes	Never-ending drive for improvement	Internal waste expertise "consultancy"
	<b>Value Creation</b>	Up to date whole system data and information		
	<b>We will</b>	"Customers" Treat our customers as if they can choose to leave	"People" Run the business from the bottom up not the top down	"Finances" Only ever spend Boroughs money wisely
				"Contractors" Never damage our reputation in the market
2	<b>Year</b>	<b>WLWA Objectives</b>	<b>Joining Up</b>	<b>Our Ambitions</b>
	2030	Whole net cost / benefit approach on waste, recycling, sites and procurements	Create a co-owned system by creating synergies, enhancing skills and embracing automation and AI	Circular economy - No more waste
	2025	Increase rail capacity through Transfer Stations and at SERC	Shared recycling infrastructure with doubled capacity (v 2019 tonnes)	Local green skills and knowledge
	2023	New infrastructure Abbey Road and Victoria Road	Double food waste collected (v 2019 tonnes)	Zero single use plastic waste
	2022	WL packaging EPR Plan agreed	New collections strategy	95% capture of textile waste
	2021	Abbey Road (+Victoria Road) investment plans	Create HRRCs Climate emergency transformation programme and automate waste data flow	Waste Prevention Plan includes EPR and DRS principles
	2020	Food waste and Data projects, operational use of technology	Automate Waste Data Flow	Assist with Climate Emergency Actions / Green Recovery
3	<b>Action Plans</b>	<b>Climate Emergency</b>	<b>Resilience</b>	<b>Data</b>
	<b>Deliverables</b>	HRRCs Climate emergency transformation programme WLWA Carbon reduction Plan including £3m invested in food waste projects	SERC and Transfer Station capacity increase  "The Future of Waste" critical skills development Plan	Data reporting, visualisation and self service platforms  Regular reporting of behavioural insights from projects

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# Circular Economy Plan: Progress 20/21

Lead: Motoko Doolan

A circular economy is becoming an increasingly important concept. It aims to 'design out waste' from our system to improve circulation of resources to maximise their value and reduce our reliance on raw, virgin and often imported materials. WLWA has a unique and key role to play in enabling and facilitating societal changes to close the loop of material lifecycle by acting as a 'resource transformation body' rather than simply a waste disposable authority.

WLWA aims to play a role-model and lead Boroughs and other waste authorities to ensure the future of waste and resource management in West London is joined up locally to support residents and businesses effectively and efficiently to reduce their resource consumption whilst increasing circular material use rate. This WLWA Circular Economy Plan is a transformation plan, which sets up a future-orientated agenda to ensure our business model is streamlined and continued to be fit-for-purpose into a circular economy.

## Planning and Engagement

Since December 2020, three monthly workshops were held to engage with internal colleagues, introduce the concepts and to encourage their input into designing stage. Good working relationship with the Policy & Review Manager from LB Richmond and Wandsworth who is leading on the circular economy workstream within the West London Alliance Green Recovery Plan. We will continue to design and plan for a CE in inclusive way.

### Vision, Scope & Objectives

We are keen to look into wider engagement with producers/manufacturers and secondary market to unblock barriers to enable systematic change and to improve circularity. We also need to continue lobbying producers to embed practices that reflect circular economy principles. We would like to assist the Boroughs to better support circular economy business models across their operations such as waste management, highway/ground maintenance, supply chain management.

### Exploring new options for materials

We've assessed what 'good' looks like in the future for various materials we deal with. We need to continue focusing on increasing recycling rate, reducing waste generation, but also start looking at contribution of recycling materials and local jobs/GVA impact of CE. We will be exploring new opportunities and innovation for materials which are yet to be recycled, or could be diverted more to be repaired/refurbished

### Wider Collaborations

We will look to expand our partnership working with our Boroughs widely into other areas of operations, e.g. sustainability team, transportation team, library services etc. to realise wider potential to facilitate a circular economy within West London and support systematic changes for our residents.

### Approach to project delivery/management

Since the circular economy programme involves in new, innovative and untested projects, we need to approach this in more agile way. Whilst focusing on a big vision, we need to be flexible, responsive and adaptive in order to make sure we are implementing practical solutions and improvement.

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WEST LONDON WASTE AUTHORITY

Report of the Managing Director and Head of Service Delivery

26 March 2021

**Joint Municipal Waste Management Strategy 2020-2035**

**SUMMARY**

This report provides an update on the 2020 progress of the new Joint Municipal Waste Management Strategy for the Authority and the Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames for the years 2020-2035.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Confirm or update the strategic objectives set in 2019 by WLWA Members in section 5
- 2) Note the 2020 Outcomes in appendix 2
- 3) Approve the 2021 WLWA Plan in appendix 3 and note the draft 2021 Joint Plan for discussion with the Environment Directors Board
- 4) Approve the key messages relating to where we want to be in the future in appendix 4

**1. Background** – The Authority and Boroughs committed in 2005 to a Joint Municipal Waste Management Strategy (JMWMS) which included waste prevention, reuse, recycling, infrastructure and contracts. The only strategic objective not completed was to reach 50% recycling and composting. The lessons learned from this strategy were: Failure to meet the 50% recycling rate is not only a local issue, it is part of a national trend; A significant increase in food waste recycling is needed; Building food waste recycling habits is a long, slow process of change and is particularly challenging without a supportive national policy; The weight of dry recycling put out for collection has dropped by 0.05 tonnes per household per annum due to packaging regulations; Analysis demonstrates that the way the recycling and composting rate is calculated on gross tonnes, with no baseline in 2005, counteracts with waste reduction, the primary activity; and Understanding the trends in kgs/household/week basis is an important metric in the future.

**2. Waste Trends** - The long-term waste picture and individual Borough trends can be seen in appendix 1. The data is taken from waste data flow and relates to the year 2019-20. The weekly monitoring of waste provides unaudited data that is more up to date. kgs/household/week has increased during Covid 19 due to increased home working and homeschooling and residents have diverted increased waste through the range of recycling collection systems. Our attempts to change behaviour and increase reuse have delivered small changes in percentage and highlighted the need for changes in law and increased funding such as the plastic bag tax and extended producer responsibility for packaging expected in 2023. WLWA Officers will, with the constituent Boroughs attempt to identify household and commercial waste streams. This is important because: not all growth is bad growth, and the 65% recycling target by 2030-5 is a municipal waste target, incorporating household and commercial waste.

- 3. 2020-2035 JMWMS** - In 2019 when the national policy framework was still emerging, each of the six West London Boroughs declared a climate emergency and ambition of carbon neutrality by 2030. West London Waste Authority is supporting the joint climate emergency officers group and shaping a carbon neutral waste strategy to support the Borough commitments. The readiness of the waste industry to change, and the link between economy and carbon and waste means that delivery on waste targets sits at the heart of every Boroughs ambition to be carbon neutral.
- 4. Targets** – The long-term targets set for JMWMS are transformational and require us to think differently and take an experimental approach to change whilst constantly communicating with partners to move together and collectively mitigate the risk of change.
- Carbon neutral by 2030 (Borough Climate Emergency targets)
  - 65% recycling: by 2035 (UK Government target) by 2030 (GLA target)
  - Net-zero greenhouse gas emissions by 2050 (UK Government target)
  - Zero vehicle emissions by 2050
- 5. JMWMS Strategic Outcomes** – In September 2019, the Authority members shared their Borough priorities. The strategic outcomes created were:
- Effective and efficient operations focused on - **WHERE WE WANT TO BE IN THE FUTURE**
  - Our climate emergency response is to focus on - **NO MORE WASTE**
  - Recognise the only workforce we have is our - **RESIDENTS and COLLEAGUES**
  - Tackling clean streets and flytipping because – **WASTE IS A CRIME**
  - We can't wait for legislation – **BE PROACTIVE**
  - Joined up and consistent - **USING HIGH-QUALITY DATA**
- 6. Environment Future Vision** - In October 2019 the Borough Environment Directors held a future-vision workshop which is being developed through the West London Environment Directors Board. The outcomes include:
- Financial stability
  - Better transport
  - Carbon neutral by 2030
  - More recycling
  - Smart City Models
  - A Virtual Single Waste Authority
  - Greening communities
  - Collaborative models in the sub-region and pan London
- 7. 2020 Outcomes** – Delivery of the business plan in 2020-21 surpassed expectations, largely due to extensive collaborative working during the pandemic. WLWA Members, the Environment Director's Board and the Climate Emergency Officers Group have been meeting fortnightly throughout the year. The collaborative outcomes delivered are: the shared data platform, £3m funding for food waste projects, Abbey Road transformation, Waste minimisation at HRRCs supported by the booking system, additional bulky waste collections and supporting the climate emergency officers group. Appendix 2 demonstrates how these outcomes deliver against the strategic objectives set by Members and Environment Directors.

**8. 2021 WLWA Plan and Joint Plan** - To build on the 2020 work WLWA will focus on: Continuing to maximise the opportunities offered by the food waste funding; Continuing the Abbey Road transformation, piloting better transport and carbon neutral projects; Creating a new Circular Economy Team which incorporates waste minimisation, carbon reduction and creating social value by closing the loop between waste and resources; A coordinated smart city approach to HRRC, fly-tipping, bulky waste and circular economy with Brent Council.

Appendix 3 demonstrates how the 2021 Plan builds on the outcomes from 2020. The boxes contained within a black border are subject to approval from all Boroughs eg The remaining three Boroughs joining in the waste data flow (WDF) automation project; A shared EPR Plan to double recycling and maximise the value of EPR funding for all Boroughs; Transform more HRRCs to unlock financial and carbon savings, increase recycling and increase resilience; The circular economy team will be available to all Boroughs to create social value by closing the loop between waste and resources and providing training at HRRCs; Pilot a sub-regional coordinated smart city approach to HRRC, fly-tipping and bulky waste, using shared booking systems and customer interfaces to meet strategic objectives and improve the customer experience.

**9. The Future of Waste** – The existing WLWA Business Plan has been updated to incorporate the progress made to date. WLWA is assisting constituent Borough colleagues to collaborate sub-regionally to develop joint policies which will enable us to meet the challenging targets set in section 4. This scale of change is complex and needs consideration of the wider implications of change for each Borough. WLWA has developed key messages that focus our attention on the future to ensure we know where we are going as we develop plans on how to get there. The wider sub-regional approach is subject to approval by the relevant Boroughs as projects are developed. A “Future of Waste” green skills, training and development programme for all WLWA staff including at the HRRC / for all Boroughs including graduates, management training, joint training and secondments to offer long term resilience and plan for the future. The first draft WLWA Skills Plan is in appendix 5.

**10. Policy context** – The Local and National policy in place includes the London Environment Strategy, the Clean Growth Strategy, the Industrial Strategy, the 25 year Environment Plan, the Resources and Waste Strategy and most recently, the Environment Bill. The Environment Bill 2019-21 is at the report / third reading stage in the House of Commons, progress has been paused and will be restarted early in the next session before progressing to the House of Lords. The Environment Bill creates the enabling legislation, allowing the government to create regulations relating to deposit return schemes, extended producer responsibility, charges for single use plastic items and incorporates the EU circular economy legislation requiring the separate collection of glass, metal, plastic, paper and card, food waste and garden waste. The second round of consultations on the regulations relating to consistency, extended producer responsibility and deposit return schemes is expected in March 2021.

**11. Other context** – Due to the coronavirus pandemic, all sectors and organisations are facing transformative change. There is a significant amount of information available on which organisations managed the pandemic best and what this teaches us about planning for the future. Gartner, Inc.’s 2021 HR Priorities Survey of more than 750 HR leaders found that 68% of respondents cited building critical skills and competencies as their number one priority in

2021. The survey, conducted from June through August 2020, found the other top HR priorities for 2021 are: organizational design and change management (46%), current and future leadership bench (44%), the future of work (32%) and employee experience (28%). A Financial Times webinar featuring speakers from senior industry representatives from Rolls Royce, Saint-Gobain, Unilever and Citrix examined how leaders in the manufacturing sector can create a future modern workplace which optimises productivity, underpinned by a culture that ensures people remain at the heart of the organisation. They identified the importance of change management, digital skills, adaptability and incorporation of automation.

## 12. Next steps

Continuing to develop our collective understanding of what good looks like in 2035 is the next step for the JMWMS development and describing how the necessary changes will affect various themes:

- **People**, e.g. flats, houses, businesses, public realm, access to facilities, collection systems, managing change,
- **Infrastructure**, e.g. space for sorting, waste reduction, reuse, recycling, niche materials, organic waste, commercial waste,
- **Technology**, e.g. decarbonising, chemical recycling, approach to risk, costs and benefits, legislation, efficiency, data,
- **Legislation**, e.g. Commercial waste, reuse, extended producer responsibility, deposit return schemes,
- **Partners**, e.g. Government departments including Defra, HCLG, BEIS; Contractors, Producers (supply chain), consumers.

**13. Financial Implications** – There are no quick fix solutions to the scale of change needed to achieve carbon neutral by 2030. By focusing on where we want to be in the future, constant process improvement, streamlining, joint working and collaborative change is an attempt to create change without causing a substantial increase in costs. Reducing waste, empowering residents and creating synergies can save money to be reinvested in further improvements. Data analysis and experimentation allow us to discard projects that do not work or are not affordable and to progress projects that help us to achieve our objectives. All of the work identified can be incorporated in the annual process of long-term financial planning and budget setting if constituent Boroughs can make the changes without impact on their existing budgets. This level of detail is not yet known. Increasing participation in food waste recycling to deliver long term cost and carbon savings is vital to manage the increased cost of additional waste resulting from Covid 19.

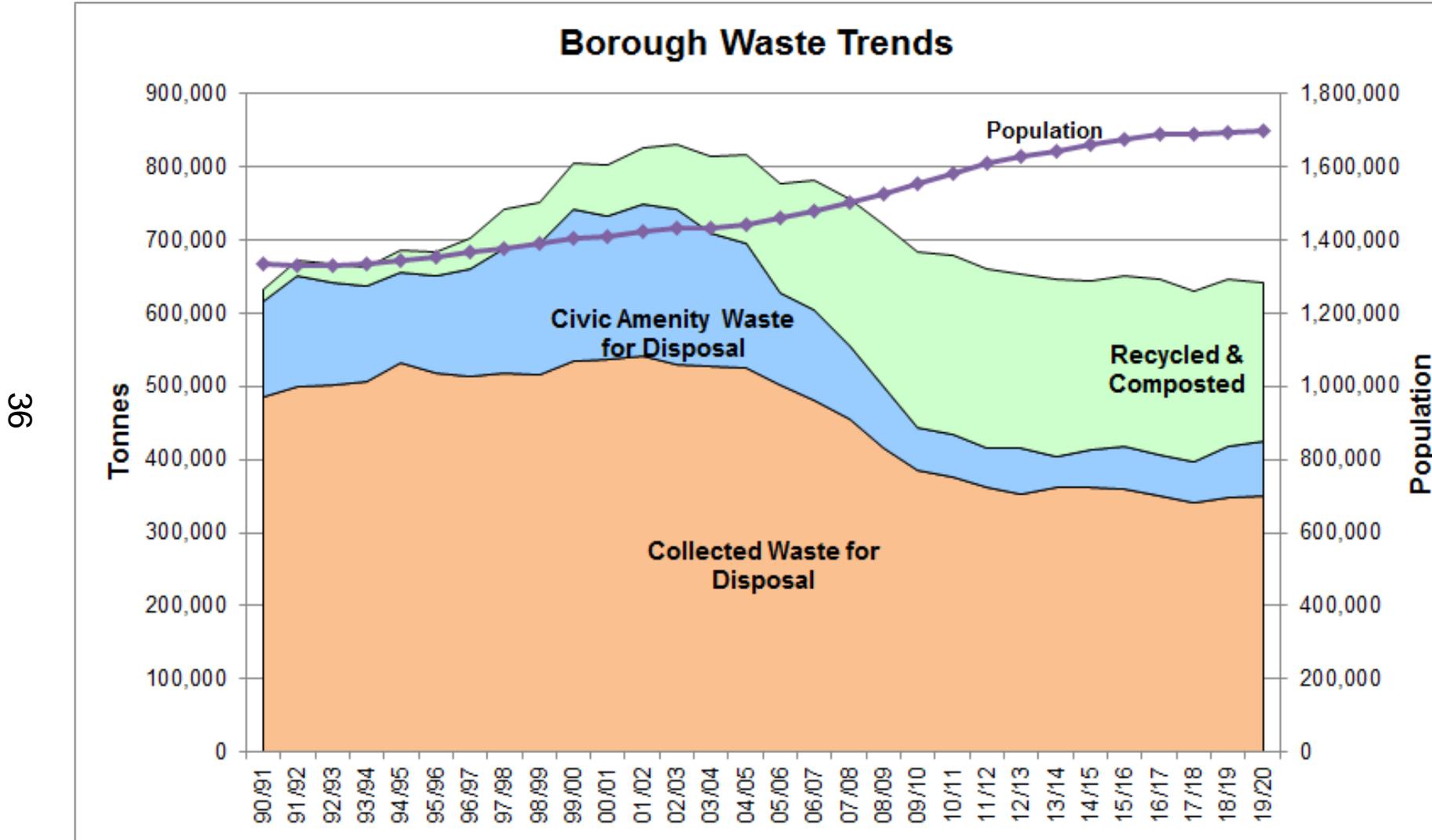
**14. Legal Implications** – A legal requirement exists for two-tier areas (including in Greater London) to have a JMWMS, keep it under review, consult as deemed appropriate and have regard to the LES. It should also be a high-level document to provide a strong vision whilst maintaining sufficient flexibility to meet the evolving requirements of national and regional policies.

**15. Impact on Joint Municipal Waste Management Strategy** – Included in the report

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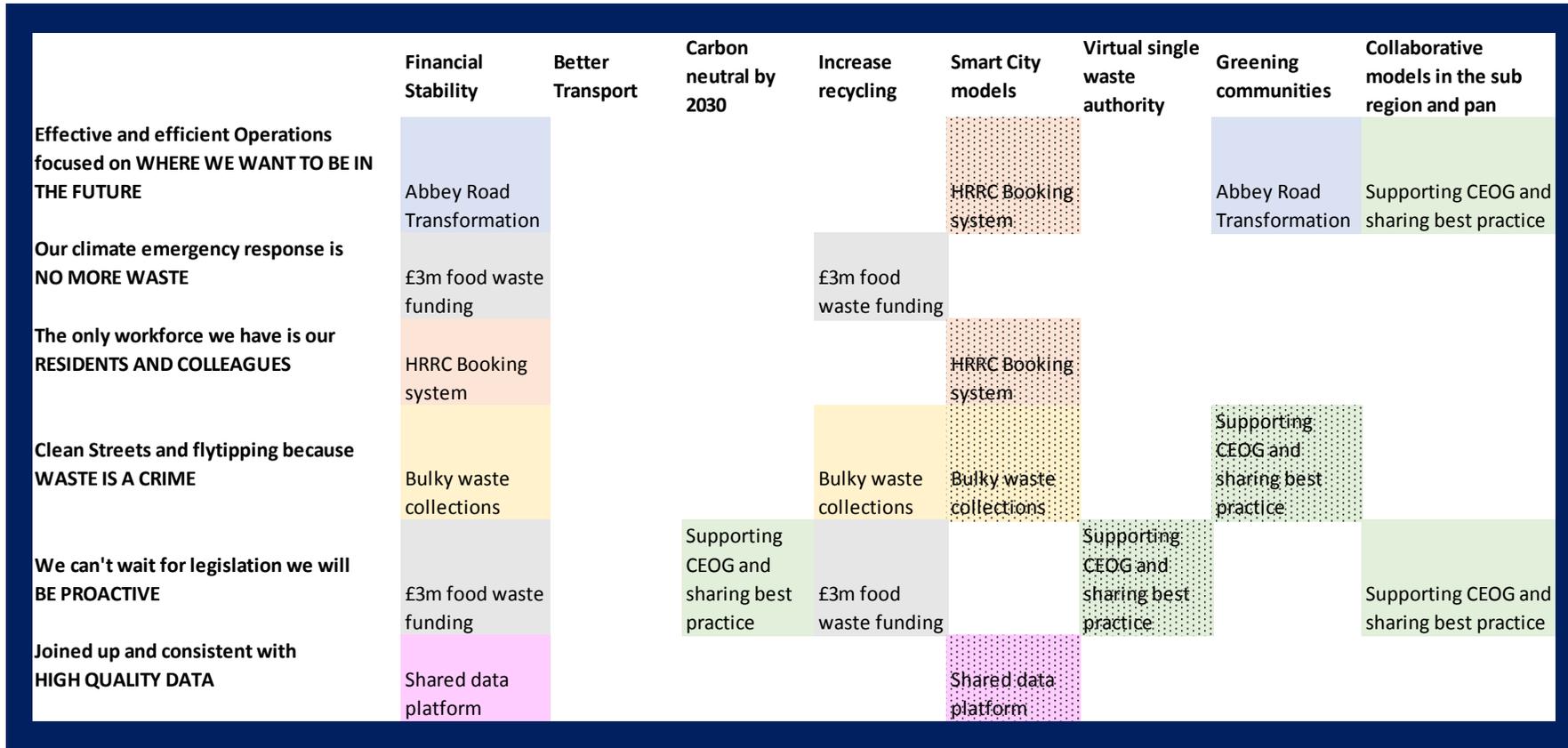
Appendix 1 – Waste Trends



## Appendix 2 – 2020 Outcomes

The table identifies the WLWA Members Strategic Objectives and those of the Environment Directors Board. The 2020 Outcomes resulting from a year of strong collaborative work are plotted and colour coded to demonstrate progress in all areas of the WLWA strategic objectives. Many of the Environment Directors Board objectives have progressed especially financial stability and smart city models.

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**KEY**

Outcomes

Shading indicates potential

Shared data platform	
£3m food waste funding	
Abbey Road Transformation	
HRRC Booking system	
Bulky waste collections	
Supporting CEOG and sharing best practice	

### Appendix 3 – Planning for 2021

Waste is a whole system which doesn't recognise Borough boundaries or differences between collection/disposal Authorities. The change expected to result from EPR is transformative and will benefit from flexibility and willingness to change to achieve better transport, carbon neutral and smart city models.

If joint working (indicated with a black box) is not possible, WLWA and Brent Council will pilot some of these approaches at Abbey Road.

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	Financial Stability	Better Transport	Carbon neutral by 2030	Increase recycling	Smart City models	Virtual single waste authority	Greening communities	Collaborative models in the sub region and pan London
<b>Effective and efficient Operations focused on WHERE WE WANT TO BE IN THE FUTURE</b>	[HRRC] Transformation	Increase capacity at TS	Abbey Road Transformation	[HRRC] Transformation	HRRC Booking system		[HRRC] Transformation	Supporting CEOG and sharing best practice
<b>Our climate emergency response is NO MORE WASTE</b>	Abbey Road Transformation		Textiles and plastics	£3m food waste funding		Circular Economy		Circular Economy
<b>The only workforce we have is our RESIDENTS AND COLLEAGUES</b>	New Booking systems?			HRRC Booking system	HRRC Booking system	Circular Economy		
<b>Clean Streets and flytipping because WASTE IS A CRIME</b>	Fly-tipping project?			Bulky waste collections	Bulky waste collections		Supporting CEOG and sharing best practice	
<b>We can't wait for legislation we will BE PROACTIVE</b>	Shared EPR Plan?		Supporting CEOG and sharing best practice	£3m food waste funding		Supporting CEOG and sharing best practice		Supporting CEOG and sharing best practice
<b>Joined up and consistent with HIGH QUALITY DATA</b>	Automate Waste Data Flow	HRRC Booking system		Shared EPR Plan?	Bulky waste collections			

KEY	Shading indicates potential	Opportunities
Shared data platform	[Dotted pattern]	Need to automate waste data flow for all Boroughs
£3m food waste funding	[Dotted pattern]	Model for shared EPR Plan and infrastructure funding
Abbey Road Transformation	[Dotted pattern]	Unlocks Smart City models
HRRC Booking system	[Dotted pattern]	Pilots Smart City models
Bulky waste collections	[Dotted pattern]	Relies on transformation of sites
Circular Economy	[Dotted pattern]	Relies on transformation of sites
Increase capacity at TS	[Dotted pattern]	More rail, less road transport of materials

**1. WLWA is focused upon where we want to be in the future**

- a) The future of waste is the provision of high quality materials for re-manufacturing through multiple complex supply chains.
- b) The future of manufacturing is resilient dynamic supply chains, machine learning and digital communications between organisations.
- c) The future of work is adaptable organisations, continuous training and development and empowered and engaged employees.

**2. Waste materials will assist other industries transition to net zero by 2050**

- a) Maximising the quality of materials supplied for re-manufacturing will speed up the transition of manufacturing industries to decarbonise.
- b) Maximising the separation of waste especially food waste supports the production of alternative industrial fuel and reduces the need for eg pet coke mining.
- c) Local Authority regeneration projects can source low carbon concrete and cement using solid recovered fuel (SRF) sourcing dry non-recyclable waste.

**3. Food waste recycling, commercial recycling and properties with communal bins are vital to meet 65% recycling targets.**

- a) The 65% recycling target is for municipal waste. A coherent sub-regional approach to commercial waste will maximise synergy savings and protect Boroughs from being left with the rubbish.
- b) The main barriers to recycling dry materials are economic and a lack of demand linked to poor quality materials.
- c) WLWA has invested in food waste recycling and piloting projects to improve recycling from properties with communal bins.

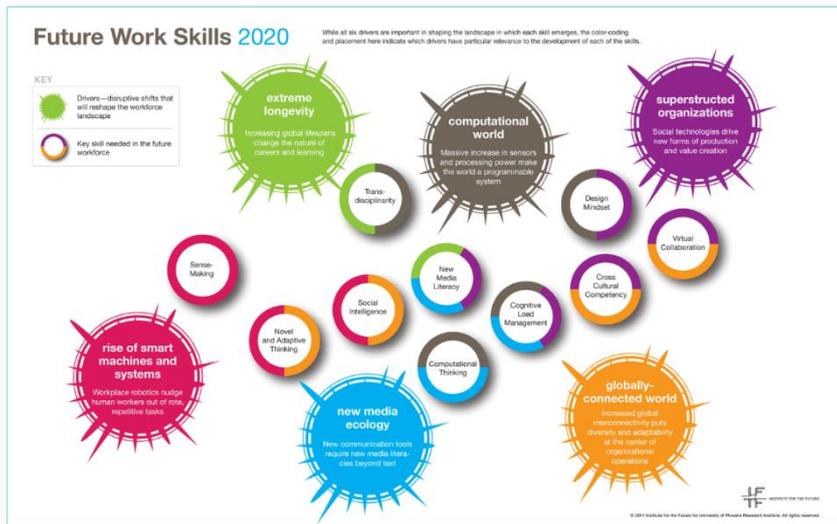
**4. WLWA's role is to promote and facilitate a decade of change involving all the 1,790,000 residents and 100,000 businesses in West London**

- a) If our residents and businesses willingly supply high quality materials we can optimise the value of materials and increase recycling rates.
- b) WLWA's Future of Waste training and development will focus on managing change, data and information, supply chain communications, digitising and automation.
- c) WLWA's Future of Waste training and development focuses on developing existing employees and ensuring change from within. It is inclusive and encourages diversity

## Appendix 5 Skills Plan – Combining what we know, with how we work

The appraisals process identifies skills gaps and resident skills and maps these against the organisational needs which are categorised as:

- generic skills
- values based skills, and
- core FUTURE skills



The Core skills identified in 2021 to support improvement in future work skills are:

1. Lean and Six Sigma
2. Coaching
3. Insights
4. Judgement and Decision making
5. Business Analytics

These can be mapped in the spreadsheet against the different organisational needs. The example below shows core FUTURE skills mapped against values. The spreadsheet will be continuously updated to identify progress and gaps and the people and the organisation develops.

West London Waste Skills Plan 2020 - 2021						
Org objective	Core	Method	Qtrly Forecast	RAG	Trainer/ support	Date completed
Efficiency	Process Improvements	Lean Six Sigma			Catalyst Consulting	
	Policies and Procedures	Objectives			Manager	
	Project and Programme Management	Procure			Catalyst Consulting	
Partnership	Prioritising / Time Management	Mentoring/Coaching				
	Data Experimentation	Procure				
	Stakeholder management	Internal				
Leadership	Active Listening / Voice of the Customer	Lean			Catalyst Consulting	
	Coaching Up and sideways	Coaching				
	Report Writing and Presenting	Objectives				
Communication	Contract Management	Procure				
	Coaching with 360 degree feedback	Mentoring/Coaching			Dream & Leap	
	Team Dynamics	HPT / Insights			Performance Catalyst	
Skills for the Future (Forbes 20)	Motivation and change	Insights / Coaching				
	Operational Management	OTJ				
	KPIs / Business Analytics	Various				
Communication	Insights	OTJ			Performance Catalyst	
	Managing virtual relationships	Insights			Performance Catalyst	
	Group Mentoring	Mentoring/Coaching			Managers	
Skills for the Future (Forbes 20)	Data Visualisation	Various				
	Organisational assessment + engagement survey	Survey			Dream & Leap	
	Complex problem solving	Management and Leadership			Dream & Leap	
	Critical thinking					
	Creativity					
	People management					
	Coordinating with others					
	Emotional intelligence					
	Judgement and decision making					
	Service orientation					
	Negotiation					
	Cognitive flexibility					

WEST LONDON WASTE AUTHORITY

Report of the Head of Service Delivery & Operations Manager

26 March 2021

## Contracts and operations update

### SUMMARY

This report provides an update on the Authority's various waste treatment arrangements and procurements.

### RECOMMENDATION(S) The Authority is asked to:

- 1) Note the information within this report.

## 1. Introduction

This report provides an update on WLWA's existing contracts and operations for managing west London's waste. It conforms to key strategic outcomes in the joint strategy (JMWMS) 'Effective and efficient operations focused on where we want to be in the future', 'better transport', 'carbon neutral by 2030', and 'collaborative models in the sub-region and pan-London'.

## 2. West London Residual Waste Services contract

SERC was in planned shutdown for scheduled maintenance for three weeks at the beginning of March. Wasteflows were managed to keep levels at the transfer station within permitted requirements during this period.

The contract continues to perform well. Performance against the contract targets is excellent, with landfill diversion for 2019/20 at 99.99% (target 96.1%) and recycling of residual waste at 5.79% (target 2.1%). There may be some waste sent to landfill this month because of the SERC shutdown, but Suez is working to minimise this as far as possible.

Wasteflows into the contract have increased due to the impacts of the pandemic. It is expected that by the end of the year, contract waste accepted at the main transfer stations will be 0.6% higher than forecast. The budget monitoring report explains the financial impact of wasteflow changes.

WLWA and Suez are progressing a programme of projects for improving the efficiency of the transfer stations, including upgrades to waste loading and lifting equipment, improved fire suppression, extra tipping and bulky space, and speeding up vehicle movements. The waste compactors are currently being replaced.

The French waste and resources company Veolia bought a 29.9% stake in Suez in October and has announced its intention to acquire the rest. Suez has been publically critical about the takeover attempt. Veolia is a major provider of environmental services in the UK, and concerns have been raised that an acquisition might be a breach of competition rules in the UK and other countries. Officers are working to better understand the risks and opportunities associated with the potential acquisition.

## 3. Viridor residual waste contract (Lakeside)

Lakeside ERF has been operating well. As a result of the Serc shutdown the inputs to Lakeside were planned to be higher than usual this month.

Viridor Energy Limited has replaced Viridor Waste Management Limited as the parent company to Viridor's Energy business. The novation of the contract to the new parent company is currently in progress.

#### **4. Food waste contract**

The contract covers the collection and treatment of kerbside collected food waste from Transport Avenue, Southall Lane and Alperton Lane transfer stations to Bio Collectors (in Mitcham) for treatment by anaerobic digestion.

Food waste is up to 7% higher than the equivalent period last year which is a likely result of the lockdown in January/February (schools being closed and an increased number of residents working from home).

The London Borough of Hammersmith and Fulham food trial is operating well and the borough is pleased with the tonnage of material collected through the trial and processed through the Bio Collectors contract.

#### **5. Green waste and mixed organics contracts**

These contracts are:

- CountryStyle Recycling Ltd contract – green waste
- West London Composting Ltd contract – green waste and mixed organic waste.

Operationally both contracts continue to perform well. Green and mixed organics waste inputs are 9% lower than the equivalent period last year despite HRRC's remaining open during the January/Feb 2021 lockdown.

There have been no contamination or operational issues to report.

#### **6. Transport contracts**

The transport contracts are:

- For transporting non-recyclable waste from HRRCs, provided by J Shorten & Sons Ltd
- For the removal of segregated materials from the HRRC sites in roll-on roll-off containers, provided by Suez transport.

Both contracts continue to deliver a very good service.

#### **7. Dry Recyclables**

This contract covers the collection of Ealing Council's dry mixed recyclables from Greenford depot (Ealing) for processing at Viridor's MRF at Crayford. The contract began in June 2020. Other Boroughs are able to join this contract at a later date. This contract is performing well.

Over the January/February lockdown there has been an increase in contamination and rejected loads at the Crayford MRF (mainly attributable to food waste, black bag and textiles contamination). LB of Ealing has put in place a number of front end, onsite sorting measures at its Greenford transfer station to respond to the increase in contamination. Since these measures have been put in place Crayford has reported a significant improvement in the quality of material delivered for processing.

#### **8. Abbey Road HRRC and WTS**

Improvements continue to be made at the site which is managed by WLWA on behalf of Brent.

New signs explaining what happens to the materials taken to site have been installed in the HRRC. They show the journey from the resident discarding the item to it becoming a useful resource again, either through being made in to new products or by generating energy.

To increase the site's role in the circular economy, reuse partnerships have been arranged leading to the following actions:

- 34 bikes have been collected from Townmead (Richmond's HRRC) for refurb and reuse.
- 420kg of wooden furniture was sent to Petit Miracles for upcycling. They work with disabled, long-term unemployed and vulnerable people.

- About two dozen laptops have been passed on to a Restart group ready to be tested and refurbished for re-use.
- Hubbub’s Community Calling scheme for smartphones has launched.
- 380kg of pallets, tyres and toys were donated to Heathrow Primary School to build an outdoor playground (see photos).



Site staff have been working with staff at other HRRCs to identify improvement opportunities at their sites, such as upgrades to weighbridge software and joint sale of recyclables. Work is also underway to develop a waste performance data dashboard for all west London HRRCs.

## 9. Procurements

Please refer to the Procurements Update for more information about planned procurement work.

## 10. Health and Safety

At Abbey Road the new hazard reporting system, where staff are encouraged to complete hazard reporting cards located around the site, is working well.

Risk assessments continue to be reviewed and refined and further attention will be given to the waste transfer station risk assessments going forwards.

Health and Safety is a key topic in all meetings with contractors.

## 11. Financial Implications

The impacts of the pandemic have led to changes in waste flows, please refer to the budget monitoring report for more information.

## 12. Staffing Implications - None.

## 13. Legal Implications - Any specific legal issues are described in the body of this report.

## 14. Joint Waste Management Strategy Implication - The contracts mentioned in this report meet the Authority’s Joint Waste Management Strategy policies, as described in Section 1.

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WEST LONDON WASTE AUTHORITY

Report of the Contracts and Procurement Manager

26 March 2021

**Annual Procurement Plan 2021/22**

**SUMMARY**

This report provides details of the Authority's Annual Procurement Strategy for the year 2021/22.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Approve the Annual Procurement Plan for 2021/22;

**1. Background** – The Authority has the statutory responsibility to arrange for the disposal of controlled waste collected in its area by the waste collection authorities (the six constituent boroughs). The Authority and boroughs manage approximately 650,000 tonnes of waste per annum. Including waste streams for; re-use, recycling, composting, waste treatment and disposal. A significant proportion of the tonnage of both the residual waste and food waste fraction is contractually committed under three long term waste treatment contracts:

- The Residual Waste Services Contract with West London Energy Recovery Ltd operated by Suez,
- The Waste Processing (Lakeside) contract with Viridor Waste Management Ltd; and
- The organic waste stream contract with Bio Collectors Ltd.

The remaining waste is managed via medium and short-term contracts and arrangements. These are subject to procurement and market testing on a regular basis to ensure value for money and/or best environmental options is being delivered within the existing waste market.

The procurement and provision of high quality waste management contracts is key to the delivery of key strategic objectives in the joint strategy (JMWMS); effective and efficient operations focused on where we want to be in the future and joined up and consistent approaches using high-quality data. Successful procurement of suitable services and arrangements will have a critical role in delivering the above strategic objectives.

**2. Dynamic Purchasing System (DPS)** – In total 22 suppliers are pre-approved onto the DPS for the offtake of materials and services. If suppliers are unsuccessful in their application onto the DPS they can reapply at any future stage. The Contracts and Procurement Manager is working closely with potential suppliers to raise awareness of the procurement opportunities that exist within the WLWA DPS to increase and diversify the range of suppliers on the DPS.

The DPS will also support the boroughs by providing them with a procurement vehicle that offers greater flexibility, more efficiency and access to a wide range of pre-approved and specialist suppliers.

The DPS has been successfully used to carry out the Ealing MRF procurement and will potentially be used to tender the treatment of mattresses, treatment of green waste and for mini competitions for the treatment/recycling of a range of materials from HRRC sites.

**3. Authority Contract Register** – The Contract Register for 2021/22 has been published on the Authority’s website in compliance with the Local Government Transparency Code 2014 requirements. [Click here](#) for a link to the website page hosting the Contracts Register.

**4.** The Contract Register details the Authority’s current contracts for not only waste management operations but other goods and services where their expected value exceeds the £25,000 threshold for publication. Included are the details of expiry dates, review dates, approximate annual value and comments relating to the ongoing management of these services. As well as providing statutory information, the publication of the Contracts Register will permit potential contracting partners’ to identify upcoming future tendering opportunities.

**5. Authority Contracts and Procurement Rules** – The updated Contracts and Procurement Rules were approved at the December 2020 Authority meeting. These rules are now operational and all staff are procuring in line with these rules. WLWA staff have also been updated and trained on the changes to the Procurement rules. The Procurement Review Board is established and meets monthly to discuss the business cases for new procurements. WLWA will ensure the rules are updated in accordance with procurement process changes resulting from the UK’s exit from the European Union.

**6. Procurement Plan** – The table below presents the projected procurements coming up in the 2021/22 financial year. The business cases for procurements are analysed on the basis of its benefit to WLWA strategic objectives, outcome of market research and difficulty to procure.

If additional services are required as a result of market/policy changes throughout the year – a business case for each procurement over £50,000 will be discussed by the Procurement Review Board, and the Contract Manager will report back to Chief Officers / Members accordingly.

**Table 1 - Approximate contract values on a per-year basis**

Strategic Procurement (2021/22)	Procurement timescales	Approx annual value (£ p/a)
Utilities (Elec) for Abbey Road	Mar-21	£25,000
Website design & development	Mar-21	£50,000 (one off cost)
Committee Services	Apr-21	£10,000
HRRC booking system for WLWA area	May-21	£15,000-20,000
Legal Procurement Advice (PPP)	Jun-21	£120,000
PPP financial support	Jun-21	£30,000
Collection & treatment of Mattresses from within WLWA area	Jun-21	£500,000
Internal Audit	Jun-21	£15,000
Dust suppression	Jun-21	20,000 (one off cost)
Renewal of EasyRoute software licence	Jun-21	£20,000
Offtake material: Asbestos	46 <sup>-21</sup>	£3,000

Cleaning services - Abbey Rd & West Drayton	Jul-21	£30,000
Offtake material: cooking oil / engine oil	Jul-21	£1,000
Offtake material: car batteries	Jul-21	£1,000
CCTV/ANPR/Security services/LED lighting for Abbey Rd, Tran Ave & Vic Rd	Jul-21	£100,000 (one off cost)
Construction of food waste bulking shed	Jul-21	£1,000,000 (one off cost)
Bulky Collection Service	Jul-21	£35,000-40,000
Replacement for Formstack	Jul-21	£10,000
Rubble, hardcore & soil	Jul-21	£220,000
Textiles	Aug-21	£5,000 (income)
Bin washing machines	Aug-21	£25,000 (one off cost)
Offtake material: Gas bottle	Sep-21	£7,000
Offtake material: Fire extinguisher	Sep-21	£3,000
Offtake material: tyres	Sep-21	£10,000
Electric vehicle charger for Abbey Road	Sep-21	£10,000 - £15,000 (one off cost)
Automated new access gates for Abbey Road	Sep-21	£40,000 (one off cost)
Bin sensors	Sep-21	£50,000
Groundworks Transport Avenue and Victoria Rd (resurfacing road & footpath upgrade)	Nov-21	£100,000 (one off cost)
H&S Advisor support	Jan-22	£45,000
Solar panels for Abbey Road	Mar-22	£40,000 (one off cost)
Software to record staff attendance, timekeeping, over time etc (if ITrent can't do it)	Mar-22	<£5,000
New containers for Abbey Road	Mar-22	£20,000 (one off cost)
New item of plant for Abbey Road to enable more sorting of materials	Mar-22	£200,000 (one off cost)
Transport and associated services (Bulker & RoRo transport lots)	Apr-22	£900,000
Treatment of Green waste (including bulking & transportation) from within WLWA area	Apr-22	£1,200,000
Construction of bulking/source seg facility	Mar-23	£2,000,000 (one off cost)
Offtake material: Ferrous/non-ferrous	On going	£65,000 income
Offtake material: Paper/card	On going	£12,000 income

**7. Procurement Advice and Support** – The Authority continues to have external legal advisors (Sharpe Pritchard and HB Public Law) in place to provide on-going support for the West London Residual Waste Services contract. These services are provided through Service Level Agreements and under Framework Agreements. Advisors from HB Public Law are also used to support contract and procurement decisions. Additional advice and support for procurement projects primarily the Dynamic Purchasing System is provided by Hounslow Council Procurement Team.

**8. Financial Implications** – Financial provision has been included within the approved 2020/2021 budget for the provision of the services, including any proposed procurements as set out in this report.

**9. Risk Management** – The proposals detailed in this procurement plan will be aligned with the requirements of the Authority’s T&C Regulations. Officers will manage any risks that may be identified as they arise.

**10. Health and Safety Implications** – Health and Safety considerations form part of the tender evaluation process including potential partners’ record on health and safety and proposed future management arrangements. Where appropriate advice will be sought from the Authority’s Health and Safety advisors from Kevin Kerin, Universal Safety Practitioners Ltd.

**11. Legal Implications** – As a local authority the Authority is required to act in accordance with the Public Contracts Regulations 2015. Many of the arrangements will involve the Authority entering in to a formal contract.

**12. Impact on Joint Municipal Waste Management Strategy** – The procurement and provision of high quality waste management contracts are key to the delivery of the Joint Waste Management Strategy and strategic procurement and joint working across the boroughs is also vital to a number of key WLWA strategic objectives; ‘effective and efficient operations focused on where we want to be in the future’, ‘collaborative models in the sub-region and pan-London’ and ‘working joined up and consistent, using high-quality data’.

Background Papers	None
Contact Officers	<p>Beth Baylay, Contracts Manager, 01895 545516  <a href="mailto:bethbaylay@westlondonwaste.gov.uk">bethbaylay@westlondonwaste.gov.uk</a></p> <p>Tom Beagan, Head of Service Delivery 01895 545518  <a href="mailto:tombeagan@westlondonwaste.gov.uk">tombeagan@westlondonwaste.gov.uk</a></p> <p>Emma Beal, Managing Director 01895 545515  <a href="mailto:emmabeal@westlondonwaste.gov.uk">emmabeal@westlondonwaste.gov.uk</a></p>

**Budget Monitoring Report Period 10 (January)**

**SUMMARY**

This report provides an update on financial and operational matters

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Note the current financial position, forecast for 2020/21
- 2) Note the KPIs
- 3) Note the financial decisions taken under the Scheme of Delegation to Officers
- 4) Note closure of 2019/20 external audit and proposed additional fees
- 5) Note the external audit planning report for 2020/21 the accounts
- 6) Delegate the recruitment and selection of the Independent Audit Committee member to the Chair of Audit Committee and Treasurer

**1. Financial position – high level summary**

A summary of the financial performance for the period and forecast to the end of the year is provided below:

High Level Summary

	P10 Budget £ 000s	P10 Actual £ 000s	P10 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
<b>Expenditure</b>						
Employees	1,810	1,766	(44)	2,173	2,176	4
Premises	2,173	2,263	90	2,607	2,725	118
Waste Transfer and Disposal	39,931	40,423	493	47,917	48,494	577
MRF Waste Transfer and Disposal	0	1,682	1,682	0	2,403	2,403
Supplies and Services	750	1,189	439	900	1,498	598
Depreciation	7,315	7,323	8	8,778	8,806	28
Financing and Other	5,233	5,278	44	6,280	6,286	6
Concession Adjustment	(3,580)	(3,580)	0	(4,296)	(4,296)	0
	<b>53,632</b>	<b>56,345</b>	<b>2,713</b>	<b>64,359</b>	<b>68,093</b>	<b>3,735</b>
<b>Income</b>						
Levies	(51,894)	(53,249)	(1,355)	(62,273)	(63,948)	(1,675)
MRF Service Charge	0	(1,682)	(1,682)	0	(2,403)	(2,403)
Trade and Other	(1,738)	(2,008)	(270)	(2,085)	(2,331)	(246)
	<b>(53,632)</b>	<b>(56,940)</b>	<b>(3,308)</b>	<b>(64,359)</b>	<b>(68,683)</b>	<b>(4,324)</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>(595)</b>	<b>(595)</b>	<b>0</b>	<b>(589)</b>	<b>(589)</b>
Food waste projects	0	0	0	0	2,000	2,000
<b>Net Position</b>	<b>0</b>	<b>(595)</b>	<b>(595)</b>	<b>0</b>	<b>1,411</b>	<b>1,411</b>

The summary shows how financial performance compares to the budget for both the period and the forecast for the year.

Whilst the net position for the period shows a small surplus of £0.6 million, the forecast for the year shows a deficit of £1.4 million. This reflects the agreed contribution of £0.5 million towards each borough's food waste projects, to be paid as agreed with boroughs, mostly in March.

The main feature of performance for the year remains the impact of the Covid-19 pandemic. In particular its impact on waste flows (principally residual waste which accounts for the majority of spend) and therefore the large variances for Waste Transport and Disposal (WTD) costs and Levies.

The budget also includes the financial effects of a new dry mixed recycling (DMR) contract providing services to Ealing. The materials from collections are processed at the contractors Materials Recycling Facility (MRF). This is cost neutral for the Authority but creates off-setting variances of £2.4 million in both MRF WTD costs and MRF Income.

Variances are detailed in the standard breakdown in Appendix 1 which separates out the main types of waste streams and distinguishes between PAYT and FCL activities. A summary of the key points from Appendix 1 follow.

Firstly, considering Waste Transport and Disposal budgets, the principal activity and area of spending.

In terms of PAYT waste, almost all materials from borough collections have seen higher than budgeted volumes of waste - in overall terms volumes are 5% higher. By far the largest spend relates to residual waste and the additional costs to date total £1.4 million.

Food, mixed organic, and green collections spending combined were £0.3 million more than budget reflecting the higher volumes of recyclable waste collected.

The increased volume and growth in costs of household collected waste is mirrored by an increase in the amount boroughs pay through the PAYT levy and this totals £1.4 million for the period.

For the PAYT budget the pass through of costs in the form of levies based on actual volumes leaves a broadly neutral position (£0.2 million overspend).

In terms of FCL waste, the closure of HRRCs to the public earlier in the year together with lower overall ongoing volume of waste received at sites following their re-opening, have resulted in spending at below budgeted levels.

Residual waste is the main component of HRRC waste costs and during the period this was £0.4 million lower than budgeted.

Wood waste and mattresses also showed significantly lower volumes and resulted in lower than budgeted spending of £0.2 million and £0.3 million respectively.

It should be noted that FCL costs are recovered through a fixed charge to boroughs which is set and agreed at the outset of the year. Therefore the effect of lower waste volumes at HRRCs is a key driver of an underspend in the FCL budget.

All of the above will be familiar patterns from the weekly services reports which have been shared with Members and borough Environment Directors since the start of the Covid-19 pandemic.

So, in terms of the year's forecast of WTD costs, these have been built by focussing on the main waste streams (which account for the vast majority of the spend) and by separately considering the collections activity (PAYT) and HRRC activity (FCL).

The pattern of waste volumes has become far clearer as the year has progressed and we are now able to forecast with a little more certainty.

Once again residual waste is the key driver of spend and the variance. For borough collected residual waste (PAYT), the forecast variance is £1.7 million of additional costs. This is passed through to boroughs in the levies as described earlier.

For HRRC residual waste (FCL), the forecast spending is £0.4 million below budget.

Moving on to other key variances, there are two to note.

Firstly, the FCL includes the commencement of a dry mixed recycling (DMR) contract procured for LB Ealing as reported in Contract Updates to the Authority during the last year. This commenced in June and is cost neutral for the Authority. The forecast spend from this service will be £2.4 million which will be offset by income from Ealing of £2.4 million.

Secondly, Supplies and Services includes £0.6 million for the Authority's share of an increase in the SERC insurance premium. Under the PPP contract the risk of increases in the insurance premium is shared. The contractor is responsible for all the increase up to a threshold. The amount above the threshold is then shared with the Authority. It should be noted that the waste sector faces a very challenging insurance market and premiums are likely to rise in coming years.

The overall forecast position after all of the above is a deficit of £1.4 million which will reduce reserves in the same way as disbursements have in previous years.

## **2. KPIs for 2020/21**

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities together with their RAG rating. Most indicators are on target however a number of activities have been effected by the Covid-19 pandemic and this is reflected in the RAG rating and commentary. These are briefly summarised below:

- KPI5 and KPI6 site closures to public, changes in operations and waste flows together with varied performance across HRRCs have all contributed to the lower overall levels of reuse, recycling and composted rates and percentage diversion from residual waste.
- KPI17, KPI18 and KPI21 reflect the hold on some face to face waste minimisation activities (e.g. events) as a result of the pandemic to ensure the safety of employees

and residents. Events are a key driver of social media activity, so this has also been significantly reduced

### **3. Delegated decisions**

To provide further transparency of operational arrangements, this standard section of the budget monitoring report summarises any significant financial decisions made by the Managing Director and/or Chief Officers under the Scheme of Delegations since those reported to the last Authority meeting.

There were none.

### **4. Closure of 2019/20 external audit and plan for 2020/21**

The 2019/20 accounts were presented to the June Authority meeting with delegated authority to the Chair to sign off any minor changes to the numbers resulting from the completion of the external audit by EY, principally pension fund confirmations.

EY have confirmed their external audit has now been completed. There were no changes to the numbers only minor additional commentary and accordingly the accounts have been published on our website.

On the matter of external audit fees, the Public Sector Auditor Appointments (PSAA) are the agency responsible for procuring the external audit service for most public sector organisations. The audit fee agreed between EY and PSAA for 2019/20 accounts was £15,223. EY have advised that they are in discussion with the PSAA and seeking additional fees totalling £48,286.

This is a common theme for many public sector organisations for the 2019/20 audit and the PSAA advise that all firms of auditors have requested significant additional fees. It is not a reflection of the Authority's audit. Indeed both ELWA (EY) and WRWA (Deloitte) are reporting similar very significant levels of additional fees.

The additional fees have been challenged. Progress with our discussions with the PSAA and EY will be reported to the Authority in due course.

Also note the external audit plan for work on the 2020/21 accounts in Appendix 3.

### **5. Independent Member for Audit Committee**

A vacancy for this position arose in January when the previous post holder stepped down. The recruitment process for this role is identified below. It follows a similar approach as previously adopted, in particular giving borough Audit Committee (or similar) independent members the initial opportunity to apply given their relevant experience.

- Borough and Waste Authority Independent Members be invited to apply with cv and covering letter (February/March)
- WLWA members to delegate recruitment and selection process to Chair of Audit Committee and Treasurer (March)
- Chair of AC and Treasurer to hold interviews (April/May)
- Complete necessary HR paperwork - eligibility, references etc. (May)
- Induction (June)
- Recommendation for appointment to the Authority (June)
- Welcome to first meeting (June)

If the selection process above is unsuccessful then the position will need to be advertised and this will push out the timeframe for appointment.

**6. Financial Implications** – These are detailed in the report.

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## Appendix 1

Pay As You Throw	Period 10				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	31,733	33,163	1,431	5% more waste	38,079	39,830	1,750	average of July to January used to forecast until March
Waste - Food	268	359	91		322	432	111	
Waste - Mixed Organic	701	781	80	11% more waste	842	858	16	prior year average February to March used for seasonality
Waste - Green	699	793	93	growth for some boroughs offset by later start to collections in other boroughs	839	887	48	prior year average February to March used for seasonality
Waste - Other	484	364	(120)	much lower volume of mattresses	581	461	(120)	
Depreciation	5,405	5,405	0		6,486	6,486	0	
Financing	3,419	3,419	0		4,103	4,103	0	
Premises	1,021	1,021	(0)		1,225	1,225	(0)	
Concession Accounting Adjustment	(3,037)	(3,037)	0		(3,645)	(3,645)	0	
Levy Income	(40,693)	(42,048)	(1,355)	reflecting increased collection volumes	(48,831)	(50,506)	(1,675)	reflecting increased volumes forecast until March and factoring in seasonality for green and mixed organic waste
<b>PAYT Net Expenditure</b>	<b>0</b>	<b>220</b>	<b>220</b>		<b>0</b>	<b>130</b>	<b>130</b>	

Fixed Cost Levy	Period 10				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,810	1,766	(44)	release of pension charge	2,173	2,176	4	
Premises	1,152	1,243	90		1,383	1,501	118	
Waste - Residual	4,172	3,793	(379)		5,006	4,600	(406)	average of July to January used to forecast until March
Waste - Green	326	205	(121)	closure of HRRCs to public	391	218	(173)	
Waste - Wood	861	618	(243)	closure of HRRCs to public	1,034	748	(286)	average of July to January used to forecast until March
Waste - Other	687	347	(339)	closure of HRRCs to public	824	461	(363)	average of July to January used to forecast until March
Waste - MRF	0	1,682	1,682	DMR for Ealing	0	2,403	2,403	DMR for Ealing
Supplies and Services	750	1,189	439	WLWA's share of the increase in SERC insurance premium is £663k	900	1,498	598	year to date reduced spend across waste minimisation and projects is offset by overspend on health and safety and a further £663k is the impact of WLWA's share of the increase in SERC insurance premium
Depreciation	1,910	1,918	8		2,292	2,320	28	
Financing	1,047	1,092	44		1,257	1,263	6	
Revenue Funding of Debt	767	767	0		920	920	0	
Concession Accounting Adjustment	(543)	(543)	0		(651)	(651)	0	
Trade Waste and Other Income	(1,738)	(2,008)	(270)	increased trade waste	(2,085)	(2,331)	(246)	increased trade waste
MRF Income	0	(1,682)	(1,682)	DMR for Ealing	0	(2,403)	(2,403)	DMR for Ealing
Levy Income	(11,202)	(11,202)	0		(13,442)	(13,442)	0	
<b>Fixed Cost Levy Net Expenditure</b>	<b>0</b>	<b>(815)</b>	<b>(815)</b>		<b>0</b>	<b>(720)</b>	<b>(720)</b>	

## Appendix 2

KPI No	Measure	2020/21 Target	Outturn	Comments	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Red Threshold / RAG rating
forecast performance not on target is amber, if poorer than this red threshold then red															
<b>Efficiency</b>															
KPI1	Total waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% of 346,443	349,638		39,979	45,361	50,086	50,058	44,462	48,344	46,291	47,168	44,552	40,472	> +/- 10% is red
KPI2	Total kgs waste per dwelling	+/- 5% of 848	853		745	795	841	864	836	864	864	866	862	851	> +/- 10% is red
KPI3	HRRRC reuse, recycling, composted % (Abbey Road)	40%	35%		Site closed	45%	43%	39%	31%	32%	30%	32%	28%	34%	Red = below 19/20 actual (36%)
KPI4	HRRRC diversion from residual waste % (Abbey Road)	60%	57%		Site closed	65%	65%	65%	56%	52%	47%	49%	52%	62%	Red = below 55%
KPI5	Borough HRRRC Average reuse, recycling, composted % (excl Abbey Road)	40%	21%	impact of pandemic on operations	Sites closed	20%	24%	25%	23%	25%	20%	16%	19%	19%	Red = below 19/20 actual (29%)
KPI6	Borough HRRRC Average diversion from residual waste % (excl Abbey Road)	60%	35%	impact of pandemic on operations	Sites closed	35%	40%	44%	44%	43%	39%	35%	36%	37%	Red = below 55%
KPI7	Trade debt as proportion of non levy income	Max of 8% (1 month)	7%	The Authority started a new DMR contract for a constituent borough and recently issued bills (not overdue) account for 12.4% of this debt %. This large value arrangement (compared to all others) skews the calculation of this KPI.	5.4%	4.3%	5.4%	4.7%	4.3%	4.3%	15.7%	7.8%	8.5%	8.6%	> 16% (2 months debt)
KPI8	Average days to pay creditors	Max of 30 days	22	High volume of invoices pending queries resulted in back logs with a significant amount of invoices not being received within the 30 days from the date of invoice.	6	7	12	7	33	28	29	36	29	32	>35 days
KPI9	Number of audit actions or recommendations overdue	0	0		0	0	0	0	0	0	0	0	0	0	> 3 overdue recommendations
<b>Service Delivery</b>															
KPI10	Residual waste landfill diversion rate	96%	100.0%		100.00%	100.00%	100.00%	100.00%	100.00%	99.99%	99.99%	99.99%	99.99%	99.99%	Below target
KPI11	Recycling rate for residual waste	2.00%	6%		5.69%	5.38%	5.47%	5.46%	5.59%	5.66%	5.71%	5.75%	5.75%	5.79%	Below target
<b>Safety</b>															
KPI12	Lost Time injury frequency rate	0.00%	0%	No LTI reported within this timeframe	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	If above 5% is red
KPI13	RIDDOR incidents at Abbey Road (previously rate)	0	0		0	0	0	0	0	0	0	0	0	0	If goes above 1 then is red
KPI14	Safety observations and closeout actions	10 per month	38	required number of observations made during this timeframe	0	0	0	0	10	10	10	6	3	6	Below target
<b>Environment</b>															
KPI15	EA reported incidents at rail transfer stations	0	0		0	0	0	0	0	0	0	0	0	0	If goes above 1 then is red
KPI16	EA reported incidents at Abbey Road	0	0		0	0	0	0	0	0	0	0	0	0	If goes above 1 then is red
<b>Education</b>															
KPI17	Number of people engaged at events	4,000	352	Very few events due to pandemic - first online engagements in August, outdoor events in autumn	0	0	0	0	173	3	129	0	9	0	2,800 and under (70% of target)
KPI18	Engagement on social media	9,000	2,542	Limited events due to pandemic reducing engagement	413	147	153	146	100	426	503	83	57	90	6,300 and under (70% of target)
KPI19	Skills plan items completed	100	105	Significant L&D booked for final months will bring this closer to target	0	2	7	1	0	15	26	12	0	8	< 80
KPI20	Number of visitors to our website	75,000	201,594	Booking systems & bulky waste launches have increased online traffic significantly	8,245	13,699	14,415	15,553	27,467	27,747	23,921	14,609	11,168	11,171	52,500 and under (70% of target)
KPI21	Number of nappy pack requests (from Oct 2020 Newsletter sign ups instead as scheme completely on hold)	300	389	Scheme on hold due to pandemic - no packs given out since April and no new requests since mid-October, newsletter since October	17	12	15	5	17	14	8	11	218	7	210 and under (70% of target)

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# West London Waste Authority Draft Audit Planning Report

Year ended 31 March 2021

9 March 2021

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Audit Committee  
West London Waste Authority  
Unit 6, Britannia Court, The Green  
West Drayton  
UB7 7PN

9 March 2021

Dear Audit Committee Members

**Draft Audit Planning Report**

Our planning is underway for 2020/21 and we are pleased to attach our Draft Audit Planning Report which sets out our initial consideration of how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 25 June 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley

For and on behalf of Ernst & Young LLP

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of West London Waste Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of West London Waste Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of West London Waste Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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# Overview of our 2020/21 audit strategy



# Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Valuation of Property, Plant and Equipment (PPE)	Significant risk	No change in risk	<p>At 31 March 2020, the asset values of £212 million represented a significant proportion of the Authority's balance sheet, with a risk that even a small fluctuation in value could have a material impact on the Comprehensive Income and Expenditure Statement and on asset carrying values.</p> <p>By their nature, PPE assets are more difficult to value because their valuation includes an element of judgement, which increases the risk of misstatement. This is even more uncertain in the context of Covid-19.</p>
Pension liability valuation	Inherent risk	No change in risk	The Authority's pension fund deficit is a material estimated balance disclosed on the Authority's balance sheet. At 31 March 2020 this totalled £7.8 million. Accounting for this scheme involves significant estimation and judgement, management engages an actuary to undertake the calculations on their behalf. We will liaise with the auditors of the pension fund to gain assurance over the information supporting this balance.
PPP liability	Inherent risk	No change in risk	The Authority's PPP liability is a material liability which is calculated by a modeller into which the Authority inputs assumptions. The assumptions entered into the model are a form of management estimate.
Disclosures on Going Concern	Inherent risk	No change in risk or focus	The unpredictability of the current environment gives rise to a risk that the Authority would not appropriately disclose the key factors relating to going concern, underpinned by a management assessment with particular reference to Covid-19 and the Authority's actual year end financial position and performance for the going concern period of 12 months after the auditor's report date.

## Overview of our 2020/21 audit strategy

### Materiality

Planning  
materiality

£1.2m

Planning materiality represents 2% of the prior year's gross expenditure on provision of services, consistent year on year.

Performance  
materiality

£0.9m

Performance materiality represents 75% of planning materiality, consistent year on year.

Audit  
differences

£0.06m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £60,000, which is calculated as 5% of planning materiality. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

# Overview of our 2020/21 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of West London Waste Authority give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

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- Strategic, operational and financial risks relevant to the financial statements;
  - Developments in financial reporting and auditing standards;
  - The quality of systems and processes;
  - Changes in the business and regulatory environment; and,
  - Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of West London Waste Authority's audit, we will discuss these with management as to the impact on the scale fee.



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# 02 Audit risks





## Audit risks

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error\*

### What is the risk?

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

As a result, there is a risk that the financial statements as a whole are not free of material misstatements whether caused by fraud or error.

### What will we do?

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

## Audit risks

# Our response to significant risks (continued)

### Valuation of Property, Plant and Equipment

#### What is the risk?

The last full revaluation of assets was undertaken by management's experts as of 31 March 2019. The approach undertaken by management is to revalue all PPE assets every five years and to review the residual value, useful life and depreciation method as well as to identify any indicators of impairment at least at each financial year-end.

Asset values are significant and there is a risk that even a small movement in valuation could have a material impact on the Comprehensive Income and Expenditure Statement and on asset carrying values.

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Assess accounting estimates for evidence of management bias;
- ▶ Assess the reasonableness of the Authority's valuation approach and assumptions and the completeness and accuracy of the source data used in the valuation models;
- ▶ Identify whether management has performed an appropriate impairment review and the results have been appropriately considered in the account balances and financial statements disclosures; and
- ▶ Ensure that appropriate and sufficient disclosures regarding the assets valuation are included in the financial statements

#### Financial statement impact

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Misstatements that occur in relation to valuation could affect the year end carrying value of Property, Plant and Equipment (31 March 2020: £212m).

## Audit risks

# Other areas of audit focus and inherent risk

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

### What is the area of focus/ inherent risk?

#### Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the London Pensions Fund Authority (LPFA) Pension Fund.

The Authority's pension fund liability is a material estimated balance and the CIPFA Code requires that this liability be disclosed on Authority's balance sheet. At 31 March 2020 this totalled £7.8 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the London Pensions Fund Authority. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### Public-Private Partnership (PPP)

The Authority has one PPP arrangement with the Suez consortium. This is a PPP for the construction of the Severn Energy Recovery Centre. A liability is recognised as project assets are completed, equal to the fair value of each asset less capital contributions. The total value of the liability was estimated to be £112.6 million as at 31 March 2020.

### What will we do?

We will:

- ▶ Liaise with the auditors of the LPFA Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority;
- ▶ Assess the work of the Pension Fund actuaries, including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the West London Waste Authority's financial statements in relation to IAS19.

We will:

- ▶ include a review of the assumptions used in the PPP accounting model to assess whether there have been any changes since our initial review;
- ▶ comment on adjustments, if any, by the Authority; and
- ▶ review the planned entries and disclosures for the Authority's 2020/21 accounts and ensure that they reported in line with the standards.

## Audit risks

### Other areas of audit focus and inherent risk (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

#### What is the risk/area of focus?

##### Going concern disclosure

There is a presumption that the Authority will continue as a going concern for the foreseeable future. However, the Authority is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on its waste disposal volumes and on the constituent boroughs' ability to pay the waste disposal levy, there is a need for the Authority to ensure its going concern assessment, including its cashflow forecast, is thorough and appropriately comprehensive.

88 The Authority is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

#### What will we do?

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Authority's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Authority's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We will discuss the detailed implications of the revised auditing standard with finance staff shortly and seek to agree with management to receive an early draft of the Authority's going concern assessment in advance of the 2020/21 year-end audit in order to provide management with feedback on the adequacy and sufficiency of the proposed disclosures in relation to going concern.



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# 03 Value for Money Risks





# Value for Money

## The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal controls that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Auditor's responsibilities under the new Code

Under the 2020 Code of Audit Practice we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

## Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Authority's arrangements, we are required to consider:

- ▶ The Authority's governance statement
- ▶ Evidence that the Authority's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies and
- ▶ Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement.



# Value for Money

## Planning and identifying VFM risks (continued)

However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Authority to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Authority's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Authority;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Authority's reported performance;
- Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Authority has had to respond to the issue.

## Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

## Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2020/21 VFM planning

We have yet to fully finalise our detailed VFM planning. However, one area of focus will be on the arrangements that the Authority has in place in relation to financial sustainability in light of the impact of Covid-19. We will continue to update the Audit Committee meeting on the outcome of our VFM planning, any further changes to our risk assessment and also our planned response to any identified risks of significant weaknesses in arrangements.



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## Audit materiality



## Materiality

### Materiality

For 2020/21 planning purposes, we are using the prior year's final materiality, which was set at £1.2m. This represents 2% of the Authority's prior year gross operating expenses on provision of services. It will be reassessed throughout the audit process. The rationale for this is that the expectations of the users of the entity are focused on the measurement of expenses. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

### Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.



# 05 Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

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#### Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

#### Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

#### Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantively testing transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

#### Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

#### Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



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Audit team



# Audit team

## Audit team structure:

EY Actuaries

EY Real Estate

EY Data  
Analytics Team

Maria Grindley\*  
Associate Partner

Larisa Midoni  
Manager

Sithembile Sandla/Jennifer  
Ding  
Senior

### Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

\* Key Audit Partner

## Audit team

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### Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team - Scope to be determined once planning completed.
Pensions disclosure	EY Actuaries and PWC Actuaries

79 In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



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# Audit timeline





# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	February - March		
Walkthrough of key systems and processes	February - March 2021		
Interim audit testing	February - March 2021		
Audit Planning Report presented to the Audit Committee	25 June 2021	Audit Committee	Audit Planning Report
Year end audit: Account testing	May - July 2021 (TBC)	Audit Committee	Progress report setting out any changes to the audit planning and approach if applicable.
Year end audit: Audit Completion procedures	July 2020 (TBC)	Audit Committee and Authority meeting	Audit Results Report Audit opinions and completion certificates
Completion	July 2020 (TBC)	Audit Committee	Annual Audit Letter



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# Independence



# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

Planning stage	Final stage
<p>83 ▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Maria Grindley, your audit engagement partner, and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees. We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.  
There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

 Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>



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# Appendices



## Appendix A - Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2020/21 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

Description	Planned fee 2020/21, £	Final Fee 2019/20, £
Audit Fee - Code work	15,223	15,223
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	40,100	40,100
Audit procedures to address the significant risk around PPE valuation and additional procedures on IAS19 figures (Note 2)	TBC	2,867
Additional specific one-off work required for Covid-19 considerations, including additional work in relation to Going Concern and professional consultations (Note 2)	TBC	3,007
Additional work performed due to misstatements in financial liability disclosures of fair values and liquidity risk (Note 2)	-	2,312
<b>Total Audit Fee</b>	<b>TBC</b>	<b>63,509</b>

### Notes:

1. We remain in discussion with PSAA about increasing the scale fee to reflect the additional work auditors are required to do to meet regulatory requirements.
2. The 2020/21 additional fees have been discussed with management but are subject to PSAA approval.

### *All fees exclude VAT*

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B

# Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.

### Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
 Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Planning Report
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report

## Appendix B

# Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report
69 Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Corrected misstatements that are significant</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	Audit results report
Related parties	<ul style="list-style-type: none"> <li>▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report

## Appendix B

# Required communications with the Audit Committee (continued)

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		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	  <b>When and where</b>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit results report
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Management letter/audit results report

## Appendix B

# Required communications with the Audit Committee (continued)

### Our Reporting to you

Required communications	 What is reported?	  When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Audit Planning Report and Audit results report

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## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

## Additional audit information (continued)

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

36 The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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