South London Waste Partnership

Statement of Accounts 2010/11

South London Waste Partnership Joint Committee:

22 September 2011
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Explanatory Foreword

The South London Waste Partnership has been established to secure waste treatment and disposal services. The Partnership is governed by a Joint Committee, established under section 101 of the Local Government Act 1972.

Waste is cited as one of the top pressures on council tax and, therefore, realising efficiencies in this area is a priority. The Spending Review announcement in 2004 included local government efficiency gains on waste and street cleansing services of £300m by 2007/8. Partnership working is one of the ways local authorities can realise efficiency savings. Department for Communities and Local Government’s (DCLG) Strategic Partnering Taskforce’s final report published in 2004 described Strategic Partnerships as one of the main service delivery options available to local authorities in their quest for efficient and effective high quality services.

Promoting greater joint working between local authorities is a key focus of the Waste Strategy 2007 published by Department of Environment and Rural Affairs (DEFRA). Several of DEFRA’s waste policies have been targeted at driving greater partnership working.

These joint committee proposals are intended to facilitate savings through economies of scale and reduced transaction costs. However, there are complex financial adjustments and contributions, which are intended to be reflected in the operational agreements.

The South London Waste Partnership comprises the following partners:

London Borough of Croydon of Taberner House, Park Lane, Croydon, CR9 3JS
London Borough of Merton of Civic Centre, London Road, Morden, SM4 5DX
London Borough of Sutton of Civic Offices, St Nicholas Way, Sutton, SM1 1EA
Royal Borough of Kingston upon Thames of Guildhall, High Street, Kingston, KT1 1EU

The Royal Borough of Kingston upon Thames is the Lead Borough for the procurement of improved waste disposal services (Phase A) contracts and therefore is the Accountable Body for the Joint Committee Budget and shall prepare and keep accounts and make all accounting records and other documents available for inspection by any Authority on request.

As the Lead Borough for Phase A procurement, The Royal Borough of Kingston upon Thames, has delegated powers to enter into Contracts for itself and for on behalf of the other Authorities comprising the South London Waste Partnership.
The membership of the Joint Committee is drawn from Members of the participating Council’s as follows:

<table>
<thead>
<tr>
<th>London Borough of Croydon</th>
<th>two members of the Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Borough of Kingston upon Thames</td>
<td>two members of the Executive</td>
</tr>
<tr>
<td>London Borough of Merton</td>
<td>two members of the Executive</td>
</tr>
<tr>
<td>London Borough of Sutton</td>
<td>two members of the Executive</td>
</tr>
</tbody>
</table>

The key documentation for the formation of this Partnership, including its Constitution and Standing Orders, can be found in the Inter Authority Agreement which was signed by all parties on 26th August 2008.

**Cost Allocation and Payment**

There are 2 types of cost allocation:

- **Procurement Costs**
The procurement cost allocation is governed by the principle that costs incurred in procurement will be shared equally between the authorities.

- **Service Costs**
The principle of Service Cost allocation must ensure that the costs set out in the payment mechanism for each contract are fully covered.

There are 3 service contracts which have been procured and came into existence from late summer 2008. The contracts are as follows:

- **Contract 1**: Viridor Waste Management Limited has been awarded a 14 year contract for the transport, transfer and disposal of waste to landfill.

- **Contract 2**: Environmental Waste Controls have been awarded a 14 year contract to manage the Household Reuse and Recycling Centres across all the 4 partner Boroughs.

- **Contract 3**: Viridor have been awarded a 14 year contract to manage composting, recycling through a materials recycling facility and additional treatment of SLWP waste at the Lakeside Energy from Waste plant.

**Statement of Accounts**

This annual statement of accounts sets out the financial position to 31st March 2011.

It includes the following statements and accounts:

- Income and Expenditure Account
- Movement in Reserves Statement
- Balance Sheet
- Cash flow Statement
The transition from UK GAAP to International Financial Reporting Standards (IFRS) has affected all Local Authorities and similar bodies in the production of their 2010/11 Statement of Accounts. However, because of the nature of the Partnership’s business and the way it conducts its operations and, the changes have had a minimal impact on the Partnership’s accounts. All changes are presentational rather than having an impact on the way in which transactions are accounted for.

Financial Performance

The increase in expenditure between 2009/10 and 2010/11 (£4.7m) is largely explained by the increase in cost of sending waste to landfill. The previous government had increased Landfill Tax by an additional £8 per tonne as compared to 2009/10. This additional cost, together with increases in waste throughput explains the rise in cost in 2010/11.

Leigh Whitehouse
Director of Finance & S151 Officer for the Lead Borough
Royal Borough of Kingston upon Thames

15 September 2011
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Committee’s Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. From 1 April to 16 May 2010, the statutory Chief Finance Officer was the Head of Financial Services; from 17 May 2010 onwards, the statutory Chief Finance Officer was the Director of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets, and
- approve the Statement of Accounts.

Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the Partnership’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that were reasonable and prudent, and
- complied with the Local Authority Code.

The Director of Finance has also:

- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Finance and the Chair of the Partnership Committee

I certify that the Statement of Accounts present a true and fair view of the financial position of the authority as at 31 March 2011 and its income and expenditure for the year then ended.

Leigh Whitehouse  
Director of Finance & S151 Officer of the Lead Borough  
Royal Borough of Kingston upon Thames  
22 September 2011

Councillor Phil Thomas  
Chair of the SLWP Joint Committee &  
Croydon’s Executive Member of Environment  
22 September 2011
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SOUTH LONDON WASTE PARTNERSHIP

Opinion on the Partnership accounting statements

I have audited the accounting statements of South London Waste Partnership for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement in Reserves Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South London Waste Partnership in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance’s Responsibilities, the Director of Finance is responsible for the preparation of the Partnership’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Partnership’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Partnership; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of South London Waste Partnership’s affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.
Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007.

Conclusion on Partnership's arrangements for securing economy, efficiency and effectiveness in the use of resources

Partnership’s responsibilities

The Partnership is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Partnership has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Partnership’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Partnership had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, South London Waste Partnership put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of South London Waste Partnership in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Lindsey Mallors
District Auditor
Audit Commission
1st Floor, Millbank Tower
Millbank
London
SW1P 4HQ

28 September 2011
COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

If classification under Best Value Accounting Code of Practice (BVACOP) had been adopted, all income and expenditure would be recorded under “cultural, environmental, regulatory and planning services”. The format for the disclosure of income and expenditure has been adopted to show more transparency, the nature of expenditure and from where income has been received.

<table>
<thead>
<tr>
<th>2009/10</th>
<th>Notes</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4,236,131) Royal Borough of Kingston upon Thames Contribution 5</td>
<td>(5,427,620)</td>
<td></td>
</tr>
<tr>
<td>(10,635,387) London Borough of Croydon</td>
<td>(11,480,147)</td>
<td></td>
</tr>
<tr>
<td>(6,363,274) London Borough of Merton</td>
<td>(6,635,813)</td>
<td></td>
</tr>
<tr>
<td>(3,843,646) London Borough of Sutton</td>
<td>(6,404,063)</td>
<td></td>
</tr>
<tr>
<td>(25,278,439)</td>
<td></td>
<td>(29,947,643)</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>874,167 Procurement Costs 6</td>
<td>1,088,703</td>
<td></td>
</tr>
<tr>
<td>7,920,217 Waste Disposal 7</td>
<td>9,293,276</td>
<td></td>
</tr>
<tr>
<td>8,790,474 Landfill Tax</td>
<td>11,442,806</td>
<td></td>
</tr>
<tr>
<td>4,817,433 Household Waste Recycling</td>
<td>5,482,082</td>
<td></td>
</tr>
<tr>
<td>2,862,774 Management Fee 8</td>
<td>2,628,076</td>
<td></td>
</tr>
<tr>
<td>12,373 Audit Fees 9</td>
<td>12,700</td>
<td></td>
</tr>
<tr>
<td>25,278,439</td>
<td></td>
<td>29,947,643</td>
</tr>
<tr>
<td>OPERATING (SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(SURPLUS)/DEFICIT FOR THE YEAR</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

MOVEMENT IN RESERVES STATEMENT

There is a requirement for the Partnership to show a Movement in Reserves Statement in these Accounts. However, as the Partnership does not have any reserves, it cannot comply with this requirement.
BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by the reserves held by the Partnership.

<table>
<thead>
<tr>
<th>2009/10 restated £</th>
<th>Notes</th>
<th>2010/11 £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,449,032 Debtors</td>
<td>10</td>
<td>7,593,392</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,593,392</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6,449,032) Creditors</td>
<td>11</td>
<td>(7,593,392)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(7,593,392)</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contribution from SLWP members</strong></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL RESERVES</strong></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
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<td>0</td>
</tr>
</tbody>
</table>

CASH FLOW STATEMENT

There is a requirement for the Partnership to show a Cash Flow Statement in these Accounts. However, as the Partnership does not have any cash, it cannot comply with this requirement.
NOTES TO THE ACCOUNTS

1. Accounting Policies

i). General Principles

The Statement of Accounts summarises the Partnership’s transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Partnership is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The purpose of the Statement of Accounting policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

ii). Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Partnership in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity.

In accounting terms the South London Waste Partnership is assumed to be a jointly controlled operation as a joint venture between four London Boroughs. It is a contractual arrangement under which its participants engage in joint activities that do not create an entity. It does not trade on its own and is merely a cost sharing arrangement between the four boroughs and is designed not to make profit as a separate entity.

The joint venture does account for its own assets, liabilities and cashflows, measured according to the terms of the agreement governing the arrangement.

The four boroughs only record their share of assets and liabilities within their own single entity accounts and are not required to consolidate the Partnership accounts into their own Group Accounts.
iii). **Accruals of Income & Expenditure**

The revenue transactions have been prepared on an income and expenditure basis in accordance with best practice. The accounts therefore include all sums payable for goods and services provided or received during the year. Estimated amounts are included where the actual amounts are not known at the time of producing the accounts.

- Revenue from the provision of services is recognised when the Partnership can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Partnership.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payment is made.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iv). **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

v). **Financial Instruments (IAS 39)**

Debtors and Creditors. In line with the requirements of IAS 39 debtors and creditors are measured at fair value and carried at their amortised cost.

Financial assets are all loans and receivables at amortised cost and financial liabilities are all creditor balances and bank overdraft at amortised cost. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Since the debtor and creditor balances are with Partners, the Royal Borough of Kingston upon Thames state that there are no liquidity, financial or credit risks.

vi). **Events After the Balance Sheet date.**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when
the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of event would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii) Property, plant and equipment

The Partnership recognises assets when they have physical substance and are held for use, by the partnership rather than its constituent authorities, in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year. These are classified as Property, Plant and Equipment. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Partnership, the cost of the item can be measured reliably and the expenditure is directly attributable to bringing the asset into use.

viii) Employee benefits

The Partnership recognises employees when they are employed by the partnership rather than its constituent authorities. Any employees of the constituent authorities who undertake tasks of the partnership but who remain under the control of any of the constituent authorities are assumed to be employees of those authorities. The Partnership accounts includes within procurements costs (Comprehensive Income and Expenditure Statement) recharges from the Royal Borough of Kingston upon Thames for accounting and administrative services and the London Borough of Croydon for legal services. There are no recharges from London Borough of Sutton and London Borough of Merton.

ix) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.
x) **Reserves**

The Partnership does not hold reserves because all costs are shared between the constituent authorities (Croydon, Kingston, Merton and Sutton) in the year that costs are incurred.

2. **Accounting standards issued but not adopted.**

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets. This change will not affect the SLWP accounts in future years.

3. **Critical judgements in applying accounting policies**

The SLWP whilst by strict definition a joint venture is not considered to be an entity on its own but merely a cost sharing arrangement between four London boroughs where there is no intention for the entity to be left with a profit or a loss. The entity does not trade but instead collects cost from the waste activities of the four boroughs which are paid for, proportionately by the four boroughs, similar to a levying arrangement.

It has been assessed that there are no arrangements which may contain a lease against the requirements of IFRIC4 (determining whether an arrangement contains a lease). There are no lease arrangements with the Partnership as all such contract arrangements involving Partnership activity are set up with the individual borough. Disposal contracts are held by the Royal Borough of Kingston upon Thames on behalf of the Partnership whilst collection contracts are held and accounted for by the four boroughs (Croydon, Kingston, Merton, Sutton) individually. Plant and equipment used remain under the control of the contractor and, therefore, no lease arrangements can exist.

The Partnership considers that there are no assets under its direct control. For example, civic amenity sites are managed and controlled by the constituent authorities. Therefore, there are no requirements on it to make any disclosures about Property, plant and equipment.

In addition, the Partnership has no direct employees. All employees involved are primarily engaged on other functions for their constituent authorities. Any time spent on partnership activities are recharged to the partnership but this does not amount to a significant proportion of their time. As a result, there is no liability for the partnership to accrue for any benefits payable during employment or post employment benefits.
4. **Assumptions made about the future and other major sources of estimation uncertainty**

Revenues and expenses are recognized as they are earned or incurred and not as money received or paid. Revenue is earned when products are delivered or services are provided and Expense is recognized in the period in which related revenue is recognized and before cash is paid out. The Partnership has applied best practice in estimating the accruals shown in the financial statements.

5. **Contributions**

The contributions by the Partnership ensure that the costs under each of the 3 contracts are recouped in line with the costs of providing services for their areas.

6. **Procurement costs**

These are costs associated with procuring the contracts and are shared equally between the authorities.

7. **Contracts underlying the expenditure**

These relate to costs under the three 14 year contracts for the following:

- The transport, transfer and disposal of waste to landfill.
- The management of the Household Reuse and Recycling Centre.
- The composting, recycling through a materials recycling facility and additional treatment of SLWP waste.

8. **Management Fee**

This cost is in relation to Contract 2, The Management of the Household Reuse & Recycling Centres.

9. **Audit Fees**

This cost is for the fees payable with regard to the external audit services, including the VFM conclusion, provided by the Audit Commission.

<table>
<thead>
<tr>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>12,373</td>
<td>12,700</td>
</tr>
</tbody>
</table>

Fees payable with regard to external audit services carried out by the Audit Commission.
10. Debtors

These are amounts owing from Partnership authorities for the provision of goods and services under the three contracts and for the procurement costs.

<table>
<thead>
<tr>
<th></th>
<th>2009/10 restated</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>London Borough of Croydon</td>
<td>1,842,573</td>
<td>2,605,467</td>
</tr>
<tr>
<td>Royal Borough of Kingston upon Thames</td>
<td>854,072</td>
<td>850,792</td>
</tr>
<tr>
<td>London Borough of Merton</td>
<td>1,587,159</td>
<td>1,691,165</td>
</tr>
<tr>
<td>London Borough of Sutton</td>
<td>2,165,228</td>
<td>2,445,968</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,449,032</strong></td>
<td><strong>7,593,392</strong></td>
</tr>
</tbody>
</table>

11. Bank Balance

The Partnership does not have a separate bank account. All cash receipts and payments in respect of SLWP are reflected in the Royal Borough of Kingston upon Thames bank account. This situation is recognised by including as either a debtor or creditor to the Royal Borough of Kingston, the difference between external debtors and creditors remaining to be settled in cash. The figure for the Royal Borough of Kingston is £914,105Cr (2009/10, £2,323,082Cr). This figure is included within “Other Local Authorities” in note 12.

12. Creditors

These amounts relate to organisations we owe more to at the end of the financial year. Our main creditors are Viridor Waste Management Ltd and Environmental Waste Controls for the collection and disposal of waste materials.

<table>
<thead>
<tr>
<th></th>
<th>2009/10 restated</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Other Local Authorities</td>
<td>2,323,082</td>
<td>940,096</td>
</tr>
<tr>
<td>Other Entities and Individuals</td>
<td>4,113,577</td>
<td>6,640,596</td>
</tr>
<tr>
<td>Public Corporations and trading funds</td>
<td>12,373</td>
<td>12,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,449,032</strong></td>
<td><strong>7,593,392</strong></td>
</tr>
</tbody>
</table>

13. Related Parties

A related party relationship is created where there is some element of control or influence by one party over another, or by a third party over the two parties. In this reporting entity, no one party has direct or indirect control of the other parties. By nature of being the lead authority, the Joint Committee has adopted policies similar to those exercised by the authority for its own reporting entity but this does not give the Royal Borough of Kingston upon Thames any additional influence over the Joint Committee.
14. **Events after the Balance Sheet Date**

The Statement of Accounts were authorised for issue by the Director of Finance on 15 September 2011. At this date there were no post balance sheet events to report. Events taking place after this date are not reflected in the financial statements or notes.

15. **IFRS**

The transition from UK GAAP to International Financial Reporting Standards (IFRS) has affected all Local Authorities and similar bodies in the production of their 2010/11 Statement of Accounts. However, because of the nature of the Partnership’s business and the way it conducts its operations, the changes have had a minimal impact on the Partnership’s accounts. All changes are presentational, with some minimal disclosure requirements, rather than having an impact on the way in which transactions are accounted for in these accounts. Nonetheless, a review has been undertaken of the Code’s requirements under IFRS and the conclusion reached is that prior year restatement is not required.

16. **Segmental Reporting**

There is a requirement to show how internal reporting to management can be reconciled to external reporting through these accounts. The Partnership only has one recognised segment and this is fully disclosed in the Comprehensive Income and Expenditure Statement. Decisions taken by the partnership are based on financial information in a similar format to that reported in the Comprehensive Income and Expenditure Statement. Therefore, no additional disclosure is required.
ANNUAL GOVERNANCE ASSURANCE STATEMENT 2010/11

EXPLANATORY NOTE

The purpose of this statement is to provide assurance that the Partnership has a sound governance framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

It is also important to note that the Royal Borough of Kingston upon Thames, which provides support services to the Partnership, has a role in ensuring good governance for the Joint Committee. A degree of reliance can, therefore, be placed on the governance framework of RBK.

RBK has approved and adopted a code of corporate governance. Local authorities are required to prepare and publish an Annual Governance Statement (AGS) in accordance with the Solace/CIPFA framework which was published in July 2007. This is necessary to meet the statutory requirement set out in regulation 4(2) of the Accounts and Audit Regulations 2011. The AGS confirms that RBK has arrangements in place which support the Council’s compliance with the new framework and the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.

SCOPE OF RESPONSIBILITY

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

In discharging its responsibility, The South London Waste Partnership, is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the Partnership is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and it is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can only provide reasonable and not absolute assurance of effectiveness.
THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Joint Committee’s governance arrangements include arrangements for:

1. **Focus, purpose and outcomes for the community and implementing a vision for the local area**
   
   1.1. Exercising strategic leadership by developing and clearly communicating the Partnership’s purpose and vision and its intended outcomes for citizens and service users.
   
   1.2. Ensuring that users receive a high quality service.
   
   1.3. Ensuring that the Partnership makes best use of resources and that taxpayers and users receive excellent value for money.

2. **Members and officers working together to achieve a common purpose with clearly defined functions and roles**
   
   2.1. Ensuring effective leadership throughout the Partnership and being clear about executive and non-executive functions and the roles and responsibilities of participating authorities.
   
   2.2. Ensuring the public are clear on who to contact for what.
   
   2.3. Ensuring a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard

3. **Promoting the values of the South London Waste Partnership and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
   
   3.1. Ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
   
   3.2. Ensuring that organisational values are put into practice and are effective.

4. **Taking informed and transparent decisions which are subject to effective scrutiny and manage risk**
   
   4.1. Ensuring that the Joint Committee is rigorous and transparent about how decisions are taken and listens and acts on the outcome of constructive scrutiny.
   
   4.2. Ensuring it has good quality information, advice and support to ensure that services are delivered effectively and are what the community needs/wants.
   
   4.3. Ensuring it has an effective risk management system in place.
4.4. Ensuring it uses its legal powers to the full benefit of the citizens and communities in the participating authorities.

5. **Developing the capacity and capability of members and officers**

5.1. Ensuring it makes sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

5.2. Ensuring it develops the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.

5.3. Ensuring it encourages new talent for membership of the Partnership so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

6. **Engaging with local people and other stakeholders to ensure robust public accountability**

6.1. Ensuring it exercises leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships and develops constructive accountability relationships.

6.2. Ensuring it takes an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery in partnership or by commissioning.

6.3. Making best use of human resources by taking an active and planned approach to meet responsibilities to staff.

**EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS**

The South London Waste Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Partnership who have responsibility for the development and maintenance of the governance environment, but also work done by internal audit, and by comments made by the independent auditors.
SIGNIFICANT GOVERNANCE ISSUES

No significant governance issues have yet been raised. As and when any governance issues are raised, we will take all necessary management action to remove them, or at least mitigate the risks.

Signed:..........................................................................................

Name:.......................................................... Chair of the SLWP Management Group

Date: 22 September 2011

Signed:..........................................................................................

Name:.......................................................... Chair of the SLWP Joint Committee

Date: 22 September 2011