

West London Waste Authority

Statement of Accounts

For the year ended 31 March 2022

West London Waste
Treating waste as a valuable resource

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Narrative Report

Introduction

West London Waste Authority (WLWA) is a statutory joint waste disposal authority established on 1 January 1986 to undertake the waste disposal functions set out in the Waste Regulation and Disposal (Authorities) Order 1985 made under the Local Government Act 1985, Section 10.

WLWA undertakes the waste disposal function for its six constituent boroughs in west London and its administrative area covers a population of approximately 1.7 million and an area of 38,000 hectares.

The six boroughs are responsible for the collection of waste in their areas and the Authority's statutory responsibility is to arrange for the provision of:

- facilities for the receipt, recycling and disposal of waste which is collected by the six constituent boroughs;
- transport and disposal of waste which the constituent boroughs receive at their household reuse and recycling centres;
- household reuse and recycling centres; and
- the storage and disposal of abandoned vehicles which are removed by the constituent boroughs.

The Authority is governed by six Councillors, one from each of the six constituent boroughs: the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The members of the Authority usually meet five times each year. They also convene an Audit Committee during the year to consider matters of risk, control and governance. Additionally, there are regular partnership meetings between officers of the Authority and officers of the constituent boroughs.

At the end of the year WLWA employed 41 staff (previous year: 35) in two locations, the main administrative office in West Drayton and a small transfer station in Brent. WLWA is headed by the Managing Director and three part-time chief officers – the Clerk, Treasurer and Chief Technical Adviser, who are normally also full time chief officers employed in the constituent boroughs. Having close working relationships with the boroughs has enabled the Authority to receive support in specialised areas from borough staff as follows:

- London Borough of Ealing – treasury, payroll
- London Borough of Harrow – legal, insurance, procurement and committee services
- London Borough of Hounslow – dynamic procurement system (DPS)
- London Borough of Ealing – internal audit

These arrangements have not only provided relevant expertise but have also helped deliver value for money in back office functions.

Following the procurement and construction of an energy from waste plant, more recently the Authority's focus has been on how waste is disposed of – increasing reuse, recycling, composting

and recovery of energy and materials. The Authority has taken on the role of coordinating waste minimisation, that is, the prevention of waste arising. This work requires close co-operation with the constituent boroughs, achieved through an agreed long term Joint Waste Management Strategy. A key objective of this strategy is to improve the recycling rate which is reflected in a target of 65% agreed by boroughs and support a longer term push for increased circular economy. To further support this strategy, the Authority's Waste Minimisation team has developed into a Circular Economy team and a Projects team to increase our capability to meet the legislative challenges ahead.

In west London, working in partnership with constituent boroughs, the Authority has procured cost effective and long term contracts that ensure most of the constituent boroughs' waste that cannot be recycled or composted is used to produce energy. These long term arrangements provide for 400,000 tonnes of waste per year to be treated at energy from waste recovery centres, and through the anaerobic digestion contract (50,000 tonnes of food waste recycling per annum, which offers significant savings in comparison to disposal of residual waste).

The arrangements deliver one of the key objectives of the Joint Waste Management Strategy and mean that only a very small percentage of waste goes to landfill. They also guarantee an outlet for the majority of west London's waste for the next 20 years and dampen the effect of pricing inflation over that period.

Activity

The start of the year was dominated by the impact of the coronavirus pandemic. However, as things began to return to normal, the Authority's employees and management collectively responded to and managed the significant operational changes resulting from the aftermath of the pandemic including quickly ensuring covid-safe working practices. With waste collection and disposal being essential public services, these continued to be delivered and there was minimal impact on the Authority's financial performance and position for 2021-22.

During the financial year, the Authority continued to successfully collaborate with constituent boroughs to manage waste more holistically across west London through sharing of information and resources and by adopting consistent approaches towards managing the implications of the pandemic. Examples of this include formulating and putting in place contingency plans to deal with risks such as staff illness and changing waste flows, implementing a self-service hub for boroughs with access to management information reports and data visualisation to enable trend analysis and discussions around areas of concern, and the re-opening of household reuse and recycling centres to ensure both public and staff safety.

In 2020-21 the Authority provided £3.0 million funding to its constituent boroughs to improve food waste recycling services to over 100,000 residents in west London. Throughout 2021-22 there has been a significant improvement, with food waste tonnages increasing.

In 2021-22, the Authority committed to invest in the borough's household reuse and recycling centres and support in improving diversion from residual waste. This should enable boroughs to reduce residual waste and thus provide cost benefits overall.

The Authority routinely reviews business risks and has concluded that the current level of reserves at £71.5 million offers a reasonable level of cover to ensure adequate resilience in an environment that is rapidly changing. Recent and emerging legislation will result in challenges and risks that we will need to manage and things that we will need to do, which won't be optional.

Net Zero, Climate Emergency, Consistency, Extended Producer Responsibility, Deposit Return Scheme and the Emissions Trading Scheme are some examples of where we already have or will soon see new legislative requirements. The scale of the change required will be significant and reserves will enable the Authority and constituent boroughs to manage the risks.

The principal statutory responsibility for the Authority remains unchanged and is to receive, treat, transport and dispose of waste collected by boroughs from their households. A breakdown of the boroughs' collected waste is provided in the table below. The Authority has worked hard to limit growth, and this is indicated in the table below which shows a 1.0% increase in the volume of borough collected waste being received by the Authority to 609,000 tonnes for the year. The year on year increase incorporates recycling processed by the Authority on behalf of Ealing Council amounting to 24,000 tonnes a year; a service commenced in 2020-21. During the year, 99.3% of waste was recycled, reused, composted or converted to energy. The table below provides a breakdown of the waste tonnages.

	2021-22	2020-21
	Tonnes	Tonnes
Recycling and reuse	91,000	89,000
Composting	88,000	86,000
Energy recovery	426,000	424,000
Landfill	4,000	4,000
Total waste	609,000	603,000

The Authority supports the constituent boroughs in providing household reuse and recycling centres for residents to deposit their waste. Some of these centres also take in trade waste and other borough collected waste such as street cleansing and fly tipping. The Authority is responsible for arranging the transport and composting or disposal of all the waste received at these sites except for the waste that the boroughs recycle. The above total includes the waste collected and disposed from these sites.

There are six household reuse and recycling centres. The boroughs operate five of these (either directly themselves or through contractors) for which the Authority arranges transport and disposal through contracts with the private sector. The remaining site is operated by the Authority as agent of one of the boroughs.

For the year, within the above totals, residual waste sent for disposal from these centres totalled 86,000 tonnes. Of this, householders deposited 46,000 tonnes; 23,000 tonnes was trade waste and 17,000 tonnes was borough collected waste. The introduction of covid-safe working practices at sites has resulted in lower volumes compared to 2019-20 but volumes are returning to pre pandemic levels since things have returned back to normal. There is a 5,000 tonne increase from 2020-21

where the covid-19 pandemic did impact on opening of household reuse and recycling centres. A breakdown follows.

	2021-22	2020-21
	Tonnes	Tonnes
Household residual waste	46,000	45,000
Household recycle and re-used waste	7,000	5,000
Household composted waste	11,000	10,000
Trade residual waste	23,000	23,000
Borough residual street cleansing waste	17,000	16,000
Total Household Re-use and Recycling Centre waste	104,000	99,000

Financial Performance

WLWA is primarily financed by an annual levy on the constituent boroughs. Other income is generated from sources such as charges paid by businesses for the disposal of non-household waste. For the levy, boroughs’ tonnages are the basis for the majority of the apportionment with some fixed costs allocated according to Council Tax Base (i.e. the number of Band D equivalent properties). Authority expenditure is primarily related to waste treatment and transport contracts with the private sector.

During the year, the Authority raised an annual levy on the constituent boroughs of £62.9 million, a decrease from £63.4 million in 2020-21. During the year, there has been a decrease of net cost of services to £36.7 million, from the previous year’s £54.5 million. Net financing costs remain flat at £9.4 million and the overall result shows a surplus on provision of services of £16.8 million compared to a deficit of £0.6 million in the previous year.

The Authority instructed a valuer to carry out the five yearly valuations in 2021-22 resulting in an overall gain on property valuations of £35.2 million. An increase of actuarial gain on the pension liability valuation of £3.9million (£2.7 million loss in the previous year) resulted in total comprehensive income for the year of £55.9 million (total comprehensive expenditure of £3.2 million in the previous year).

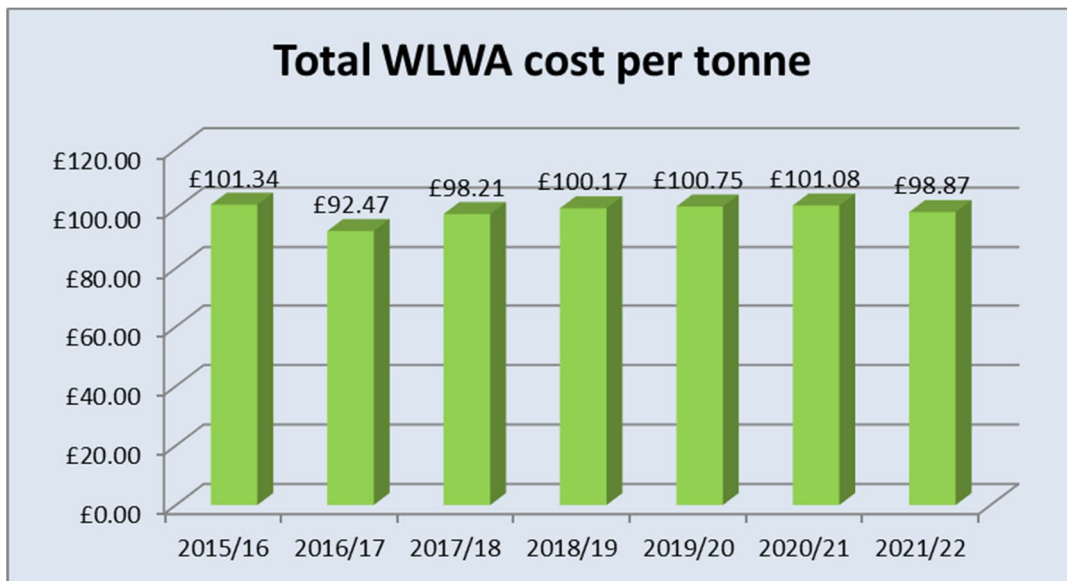
The Authority is entitled to a share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous income of £13.8 million. The recent high electricity prices have resulted in £10.7 million of PPP income which makes up the majority of this total. Another large component is £2.6 million in relation to a trial at London Borough of Ealing for the disposal of dry mixed recyclable waste, which is a continuation from the trial in 2020-21. This contract is a related party transaction and outside of the PPP scheme mentioned previously. The Authority’s aim for 2021-22 was to continue delivering ambitious business plan objectives and at the same time to break even and maintain reserves as a buffer

against unexpected budget pressures – so reducing the risk of having to request additional in-year funding from Boroughs. The Authority has continued to achieve this target.

The Authority's properties comprise of an energy from waste centre, three transfer stations and a head office building which have a combined balance sheet value of £241.0 million and have been funded by loans from constituent boroughs and the Public Works Loans Board with combined total balances of £85.9 million and a capital contribution balance from the Suez consortium of £104.6 million for the construction of the energy recovery centre.

Looking ahead into the longer term, the Authority has a healthy reserve position to manage any risks in relation to continuing and indeed extending its service offering to constituent boroughs. The Authority's long term financial plans and finance strategy incorporate sensitivity analysis to reflect the impact of key variables affecting the finances i.e. tonnage growth and inflation. The plans show a strong financial outlook including effective mitigation of risks, reflected in a low forecast of growth in costs and therefore levies. The plans also show a break even position throughout the medium term, despite a background of inflation and waste growth. The Authority has commenced collaboration with constituent boroughs to develop a new joint municipal waste management strategy for approval next year that will set out how the Authority and the boroughs will respond to the challenging legislative changes ahead.

To put the numbers into context and provide a better perspective of financial performance, it helps to look at results over time. To this effect, the key measure is the Authority's cost per tonne. This looks at how effectively the Authority has managed costs and is a key measure of efficiency and performance. The total cost of delivering services (Net Cost of Services plus Financing less Revaluation Losses) is divided by the total tonnes of waste (all materials) disposed by the Authority, to provide an overall cost per tonne figure. The share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous Income totalling £10.7 million has been excluded as well as the provision of the share of this income to be disbursed to the Boroughs, totalling £6.5 million which has been included in Other Supplies and Payments . This measure has been plotted over seven years in the chart that follows.



The key feature illustrated by this chart is that the Authority’s cost per tonne is 2.44% less than it was in 2015/16 with a 2.19% decrease on the previous year. This measure is calculated without recognising any valuation gains or losses, to reflect a fair picture. The decrease in cost per tonne reflects the Authority’s ability to deliver on service but control costs, with a year on year increase in tonnages. The costs are indicative of efficiencies made even during the pandemic to ensure that costs are maintained, but at no detriment to the service the Authority provides. It is worth noting that 2016/17 included significant one off benefits resulting from the commencement of full service at the new energy recovery centre.

Once again, by considering a longer timeframe, the level of reserves available to manage risk provides better perspective about the Authority’s financial health. The chart below considers the Authority’s reserves excluding the notional property revaluation over the same period, and the share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous Income totalling £10.7million. The provision of the share of this income to be disbursed to the Boroughs, totalling £6.5 million which has been included in Other Supplies and Payments has also been excluded. Prior to 2013-14, the Authority had more obligations and liabilities than it did assets and therefore held a negative reserve position. From 2013-14 the Authority has improved its position by building a stable level of reserves as the basis of a financial buffer to better manage unexpected risks.



Financial performance is reported to the Authority on a regular basis and matters of financial control are considered by the Audit Committee. The financial outturn and performance for the year shows that the Authority has achieved a position of financial stability, with operating performance delivering surpluses and a strong balance sheet reflected in net assets and positive reserves. The Authority’s long term capital investment also effectively manages the longer term risks of increasing landfill costs and tonnages and the Authority is well placed to continue delivering good value for money services to boroughs for the foreseeable future and to respond to the significant legislative changes that will affect the waste industry in the next few years.

Statement of Responsibilities for the Statement of Accounts

The Authority 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. For WLWA, that officer is the Treasurer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

The Treasurer’s Responsibilities:

The Treasurer is responsible for the preparation of the Authority’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 Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority Code.

The Treasurer 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.

The Treasurer is also responsible for the maintenance and integrity of the financial information included on the Authority’s website.

Statement of the Treasurer

I certify that the Statement of Accounts presents a true and fair view of the Authority’s income and expenditure for the year ended 31 March 2022 and the Authority’s financial position as at 31 March 2022.

Ian O’Donnell
 Treasurer
 27/10/2023



Authority

I can confirm that these Accounts were considered and approved by the Authority.



Signed on behalf of West London Waste
Authority
Councillor Deirdre Costigan (Chair)
27/10/2023

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices:

	Note	2021-22 £'000	2020-21 £'000
Gross expenditure			
Employees		(3,073)	(2,433)
Premises		(2,508)	(2,572)
Waste transport and disposal		(40,647)	(40,855)
Other supplies and payments		(7,854)	(4,405)
Depreciation	13	(8,943)	(8,934)
Total		(63,025)	(59,199)
Gross income			
Trade waste		2,160	1,724
Agency	25	373	373
Miscellaneous income	30	13,810	2,552
Reversal of prior year losses recognised in the CIES		9,956	
Total		26,299	4,649
Net cost of services		(36,726)	(54,550)
Net financing and investment income and expenditure	12	(9,377)	(9,400)
Levies on constituent councils	24	62,890	63,391
Total		53,513	53,991
(Deficit)/Surplus on provision of services		16,787	(559)
Gain / (loss) from revaluation of property		35,246	0
Actuarial (loss) / gain on pension liability	28	3,927	(2,672)
Other comprehensive income and expenditure		39,173	(2,672)
Total comprehensive income and expenditure		55,960	(3,231)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into "usable" reserves (i.e. those that can be applied to fund expenditure) and other reserves. The surplus (or deficit) on the provision of services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 1 April 2021	3,509	12,077	15,585
Surplus/(deficit) on provision of services (accounting basis)	16,787	0	16,787
Other comprehensive income/(expenditure)	0	39,173	39,173
Total comprehensive income/(expenditure)	16,787	39,173	55,960
Adjustments between accounting basis and funding basis under regulations (Note 11)	12,475	(12,475)	0
Increase/(Decrease) in year	29,262	26,698	55,960
Balance at 31 March 2022	32,771	38,775	71,546

	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 1 April 2020	3,012	15,640	18,816
Surplus on provision of services (accounting basis)	(559)	0	(559)
Other comprehensive expenditure	0	(2,672)	(2,672)
Total comprehensive expenditure	(559)	(2,672)	(3,231)
Adjustments between accounting basis and funding basis under regulations (Note 11)	1,055	(1,055)	0
Increase/(decrease) in year	496	(3,727)	(3,231)
Balance at 31 March 2021	3,509	12,077	15,585

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The unaudited accounts were issued on 03 May 2022 and the audited accounts are authorised for issue on 27th October 2023.

		2021-22	2020-21 <i>*restated</i>	As at 01/04/2020 <i>*restated</i>
		£'000	£'000	£'000
Property, plant and equipment	13	240,159	203,797	212,216
Capital work in progress	14	83	83	375
Long Term Assets		240,242	203,880	212,591
Cash and cash equivalents	16	29,045	22,209	17,949
Short term debtors	17	16,588	8,436	4,691
Current Assets		45,632	30,645	22,640
Total Assets		285,874	234,525	235,231
Short term creditors	18	(15,788)	(11,079)	(5,663)
Short term borrowing	19	(2,354)	(2,233)	(2,119)
Current PPP liability	27	(4,166)	(4,080)	(4,001)
Current Liabilities		(22,308)	(17,392)	(11,783)
Long term borrowing	19	(83,586)	(85,940)	(88,172)
Other long term liabilities	27	(100,413)	(104,579)	(108,661)
Pension fund liability	28	(8,022)	(11,028)	(7,799)
Long Term Liabilities		(192,021)	(201,547)	(204,632)
Net Assets		71,546	15,586	18,816
Usable Reserves	20	32,771	3,509	3,012
Unusable reserves	21	38,775	12,077	15,804
Total Reserves		71,546	15,586	18,816

* 2020/21 Balance Sheet was restated with a movement of £9.7 million between Usable and Unusable Reserves. This relates to the reclassification of reserves resulting from the 2018/19 PPE valuation. In 2018-19, the land and building property valuation gains and losses had been

netted off, meaning the Revaluation Reserve had been incorrectly understated by £9.7 million, and the General Fund overstated by £9.7million.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for reserves which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority:

		2021-22 £'000	2020-21 £'000
Net surplus/(deficit) on the provision of services		16,787	(559)
Adjustments to net surplus		5,842	20,562
Net cash generated from operating activities		22,629	20,003
<i>Investment activities</i>			
Payments for property, plant and equipment	13	(102)	(223)
Interest received	12	19	69
Net cash used in investment activities		(83)	(154)
<i>Financing activities</i>			
Interest paid	12	(9,396)	(9,468)
Loans repaid		(6,314)	(6,120)
Net cash generated (used in)/from financing activities		(15,710)	(15,588)
Net movement in cash and cash equivalents		6,836	4,261
Opening balance		22,209	17,949
Cash and cash equivalents at end of year		29,045	22,210

Cash Flow Statement

		2021-22	2020-21
		£'000	£'000
Adjustments to net surplus for non-cash movements			
Depreciation and impairments	13	8,943	8,934
Property valuation (gain)/losses		(9,956)	
IAS 19 non-cash pension entries		921	557
(Increase)/decrease in short term debtors	17	(8,151)	(3,746)
(Decrease)/increase in short term creditors	18	4,709	5,417
Sub Total		<hr/> 3,535	<hr/> 11,162
Adjustments for items included in financing/investing activities			
Interest received	12	(19)	(68)
Interest paid	12	9,396	9,468
Total Adjustments		<hr/> 5,842	<hr/> 20,562 <hr/>

Notes to the Core Financial Statements

The notes to the core financial statements (notes to the accounts) are provided to give additional information about items included in the core statements. The notes expand on some of the information and provide further explanation of a number of matters prescribed by accounting standards.

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the authority for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is used as a whole for decision making purposes in a single service authority with no directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020-21* restated				2021-22		
Net Income chargeable to General Fund	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement		Net Income chargeable to General Fund	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(45,243)	(9,307)	(54,550)	Net Cost of Services	(17,133)	(19,592)	(36,726)
45,739	8,252	53,991	Other income and expenditure	46,395	7,117	53,513
496	(1,055)	(559)	Surplus or (deficit)	29,262	(12,475)	16,787
<hr/>				<hr/>		
3,014			Opening General Fund Balance	3,509		
496			Surplus or (deficit)	29,262		
3,509			Closing General Fund Balance	32,771		

2. Accounting Policies

General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom that is recognised by Statute as representing proper accounting practices. They are also in line with the Accounts and Audit Regulations (2015).

Borrowing costs

Borrowing costs that can be directly attributed to the construction or manufacture of an asset for which a substantial period is required to bring the asset to its intended usable condition are capitalised as part of the costs of the relevant asset. All the other borrowing costs are expensed as incurred. Borrowing costs are the interest and other costs incurred by the Authority in connection with borrowing funds.

Capital Adjustment Account

This account sets out amounts set aside from revenue resources, or capital receipts, to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

Capital Work in Progress

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Cash and Cash Equivalents

The Authority manages its own cash balances and holds balances during the year within its bank account and deposits funds (cash equivalents) under a service level agreement with the London Borough of Ealing.

Debtors and Creditors

The accounts are prepared on an accruals basis. Outstanding debtors and creditors are brought into the accounts at year-end. Where exact amounts are unknown at the time of closing the accounts, accruals are supported by activity and pricing data.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction, using the straight-line method, over their estimated useful lives, as follows:

Type of Asset	Years
Land Assets	60
Buildings	21-25
Fixed Plant	8-12
Vehicles and equipment	7-8

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. There must be a contract whether actual or implied.

In accordance with the standard IFRS9 (Financial Instruments), the Authority recognises financial assets and liabilities when the Authority becomes a party to contractual provisions and at which point they are classified and initially measured at transaction price. Subsequent measurement will follow the initial measurement so will be at amortised cost.

Financial assets are held for day to day operations so are settled in the short term (i.e. generally within a few weeks). This means the time value of money is unchanged from the initial value i.e. nil amortisation. There is no gain or loss to recognise through the amortisation process.

Financial liabilities that are held for day to day operations (i.e. trade creditors) are also settled in the short term and their value will remain unchanged from the initial value. There is no gain or loss to recognise through the amortisation process.

Financial liabilities held over a longer term (borrowing/loans/PPP) where the time value is relevant are subsequently measured using the effective interest method. In WLWA's case the actual interest rate of the borrowing is the effective interest rate. There is no gain or loss to recognise through the amortisation process.

The transaction costs in relation to loan debts are immaterial and consequently charged immediately to surplus and deficit on provision of services.

Impairment and credit losses for trade receivables are required for assets classified under the amortised cost basis. The Authority has assessed impairment and credit losses for trade receivables. Reviewing current debt the Authority has forecast bad debt going forwards and adjusted for credit losses.

The Authority's financial assets comprise of bank balances, investments and trade receivables. The Authority's financial liabilities comprise of borrowings, PPP liability and trade payables.

Going Concern

The Authority's Statement of Accounts have been prepared on a Going Concern basis, i.e. the accounts have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future. This conclusion is supported by the Authority's Business Plan and financial plans principally it's medium to long term Financial Model which covers a period of 21 years from the balance sheet date of these accounts.

The financial plans show the Authority maintains suitable reserves to manage risks. The Section 73 Officer's recommendation of a minimum level of reserves of £9.2 million was approved by the Authority in December 2021. These are reviewed at least annually as part of the budget setting process. The reserves are also used to provide a buffer to absorb any variances from budgeted performance and so facilitate stability of levying to boroughs. The current reserve position as detailed in the balance sheet is largely reflected in the cash and equivalent balances. The forecast reserve position in 12 months from the audit report date of £14.5 million will also be fully reflected by the forecast cash position. There are no long term investments. These cash balances can be drawn down at short notice to support the cash position if needed. The Authority's cash flow projections demonstrate the Authority has no liquidity problems for the 12 months from the audit report date and no requirement for any borrowing for cash management purposes.

The financial plans are prudent. They show that the Authority will maintain healthy reserve and cash positions over the longer term, that borrowing will be repaid and that the key driving factors of waste volumes and inflation are effectively managed over the longer term. These are reflected over the longer term through projected balanced budgets and levies to boroughs rising at significantly less than inflation in context of growing waste volumes.

Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Impairments

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Leasing - The Authority as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases. There were no leases during 2021-22.

Minimum Revenue Provision (MRP)

Under Part IV of the Local Government and Housing Act 1989 the Authority is required to set aside a minimum revenue provision (MRP) as part of the means to finance capital expenditure. The Authority's policy is and is based on 4% of the capital financing requirement.

Employee Benefits

Short term employee benefits (to be settled within 12 months other than termination benefits) are recognised when the employee renders the service and are measured at the undiscounted amount of benefits expected to be paid in exchange for that service.

Pension Scheme

WLWA does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority (LPFA). This enables all WLWA staff to participate in the LPFA Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Administration) Regulations 2008.

The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the triennial valuation date (31 March 2019). The WLWA is committed to provide for service benefits up to the valuation date.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Employee Benefits (IAS19). Details are provided to the Authority by the LPFA's Actuary (currently Barnett Waddingham). The Notes to the Core Financial Statements provide details of how the Authority has met these requirements.

Post Balance Sheet Events

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

No events have been identified to the date of signing these accounts.

Public Private Partnership Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the contractor.

As the Authority is deemed to control the services that are provided under its PPP schemes, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) is balanced by the recognition of a liability for amounts due to the contractor to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority and measured at current value.

The amounts payable to the PPP contractor each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – interest and other financing charges on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability including deferred revenue balance – applied to write down the Balance Sheet liability towards the PPP contractor.
- Life cycle costs – reflecting the consumption of components and the cost of their replacement

(The profile of write-downs is calculated using the same principles as for a finance lease)

Property, Plant and Equipment

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

All property, plant and equipment are used in operations and measured at current value. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The expenses incurred for construction of the fixed asset are normally not capitalised (other than major projects spanning multiple years) but are charged to the Comprehensive Income and Expenditure Statement in the year to which they relate.

Land and buildings are normally re-valued every five years applying Fair Value assumptions using independent professional valuations to reflect the current value to the Authority in their existing use. Where appropriate a re-valuation will be carried out within a five year period. In between full or quinquennial valuations a review is undertaken to determine whether or not annual indexation should be applied to ensure the carrying value continues to reflect the current value. Non-property assets will be carried at historical cost as a proxy for current value.

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Authority and the cost of the item can be determined reliably. Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as rates, repairs and maintenance is charged to the Comprehensive Income and Expenditure Statement in the period which it is incurred.

Revenue Recognition

In accordance with the Waste Regulations and Disposal (Authorities) Order 1985 and the IFRS 15 (Revenue from Contracts) the Authority apportions costs in a manner agreed with boroughs then raises and notifies boroughs of an annual levy which is a statutory requirement for the boroughs to pay. This is charged in 12 equal instalments over the year. Revenue is recognised on the date of each instalment. The levies are then adjusted on a quarterly basis to reflect the actual service (i.e. tonnages of waste disposed) with boroughs receiving an additional charge or rebate. The adjustment is recognised in the revenue and any unsettled balance at year end reflected in creditors or debtors. Trade, agency and other income are recognised at the point of service delivery and sale.

Within Miscellaneous Income, the Authority has recognised £10.7 million of income which is from the Public Private Partnership (PPP), and determined by the increase in electricity prices. This is a

new source of income in financial year 2021-22 and not part of business as usual activities. The Authority is entitled to a share of the income (above certain thresholds). The additional income is due to be paid to the Authority in financial year 2022-23.

In relation to a trial at London Borough of Ealing for the disposal of dry mixed recyclable waste, the Authority does not act as an Agent in accordance with IFRS 15 as:

- We are contracting the vendor to dispose of waste for London Borough of Ealing
- We can determine the price
- We are exposed to credit risk should the service recipient not pay
- The remuneration is not based on a percentage commission based arrangement

We would bear the risk if the vendor is unable to carry on the service

Borough Service Costs

Administrative costs charged to the Authority by constituent boroughs are based on the time spent in respect of services rendered (e.g. financial, legal and technical). There are service level agreements in place where appropriate.

VAT

All income and expenditure is shown net of VAT.

Reserves

The net assets/(liabilities) of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserve is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

3. Accounting standards that have been issued but not yet adopted

The standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

4. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in the financial statements, the Authority has had to make certain judgements about complex transactions or those involving certainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future funding levels and long term contracts;
- Whether contracts need to be accounted for as service concessions or with embedded leases;
- The calculation of debtor and creditor accruals; and
- The recognition of assets and calculation of depreciation.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains a number of estimates that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2022- for which there may be a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of net pension liability depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries engaged by the London Pensions Fund Authority provide expert advice about the assumptions applied.	The actual results will only become apparent on crystallisation of the pension liability. However the effects on the net pension's liability of changes in individual assumptions can be measured and are illustrated in note 20.

<p>Property Valuation</p>	<p>Independent professional property valuations take place every 5 years by surveyors appointed by the Authority. The valuations are undertaken in accordance with RICS and CIPFA rules and require the use of a variety of information and the judgement of surveyors in relation to market conditions, components and lifecycles.</p>	<p>Actual results only become apparent on the disposal of property. However, the balance on the revaluation reserve in note 14 provides an indication of the level of notional gain resulting from valuations. For prudence where there are notional losses, these are immediately recognised in the income and expenditure statement. A full valuation was undertaken as at 31 March 2022.</p>
<p>Fair Value of Long Term Borrowing/ PPP Liability estimated by Arlingclose</p>	<p>Independent professional fair value valuations take place every year by an external independent valuer, Arlingclose. The valuations are undertaken in accordance with relevant rules and regulations and use of a variety of information and the judgement of valuers in relation to market conditions, components and lifecycles.</p>	<p>For prudence where there are notional losses, these are immediately recognised in the income and expenditure statement. A full valuation was undertaken as at 31 March 2022.</p>

6. Events after the Balance Sheet Date

The Statement of Accounts is authorised for issue by the Treasurer of the Authority on 31st August 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022 they have been taken into account.

7. Material Items of Income and Expense

The majority of income is comprised of levies charged to the six constituent boroughs. Details of this is within the Related Parties Transaction note. The Authority is also entitled to a share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous income of £13.8 million. The recent high electricity prices have resulted in £10.7 million of PPP income which makes up the majority of this total.

A material expense which makes up the majority of the Authority’s expenses are the waste transport and disposal costs. These are outlined in the Comprehensive Income and Expenditure Statement. Within Other Supplies and Payments, £6.5 million relates to the payment of the above income to the six constituent boroughs. This will be paid to the boroughs within the financial year 2022-23.

8. Segmental Income

The majority of income is comprised of levies charged to the six constituent boroughs. Details of this is within the Related Parties Transaction note. This is agreed at the start of the financial year and paid monthly by the boroughs to the Authority.

There are no other material segmental income to disclose.

9. Expenditure and Income Analysed by Nature

All material expenditure and income has been analysed within the Comprehensive Income and Expenditure Statement, Related Parties Transaction note, and Material Items of Income and Expense note.

10. Provisions

Within Short Term Creditors, a provision of £6.5 million has been made which has been charged to Other Supplies and Payments. This relates to the payment to the six constituent boroughs of the additional PPP income driven by an increase in electricity prices. This will be paid to the boroughs within the financial year 2022-23.

11. Adjustments between Accounting Basis and Funding Basis under Regulations

	2021-22 £'000	2020-21 £'000
Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:		
Depreciation* (note 13)	8,943	8,934
Impairments and revaluation gains/(losses)*	9,956	0
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	921	557
	19,820	9,491
Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:		
Statutory provision for the Repayment of Debt* (note 21)	(7,226)	(7,932)
Revenue expenditure funded from capital under statute (note 21)	(102)	(515)
	(7,328)	(8,447)

Transfer (from)/to general reserves

Accumulated Absences Account (note 21)	(17)	11
	(17)	11
Net additional amount to be credited to general balances for the year	12,475	1,055

* Adjustments impact capital adjustment account (unusable reserve)

12. Financing and Investment Income and Expenditure

	2021-22	2020-21
	£'000	£'000
Interest payable and similar charges	5,304	5,414
Pensions interest and expected return on pensions assets	211	195
PPP financing interest	3,393	3,473
PPP contingent rents	488	386
Interest receivable and similar income	(19)	(68)
	9,377	9,400

13. Property, Plant and Equipment

	Land and Buildings Freehold	Land and Buildings Leasehold	Fixed Plant and Vehicles	TOTAL
	£'000	£'000	£'000	£'000
Gross book value at 1 April 2021	221,173	0	484	221,657
Additions	57	0	46	103
Revaluation increases/(decreases) recognised in Revaluation Reserve	8,798			8,798
Revaluation increase/(decrease) recognised in comprehensive income and expenditure statement	9,956	0	0	9,956
Gross book value at 31 March 2022	239,984	0	530	240,514
Accumulated depreciation at 1 April 2021	(17,553)	0	(307)	(17,860)
Depreciation charge for the year	(8,895)	0	(48)	(8,943)

Depreciation written out to Revaluation Reserve	26,448	0	0	26,448
Accumulated depreciation at 31 March 2022	0	0	(355)	(355)
Net book Value at 31 March 2022	239,984	0	175	240,159
Net book Value at 01 April 2021	203,620	0	177	203,797

Land and buildings include assets under PPP arrangement with net book value of £175.1 million. A full valuation exercise valued properties at 31 March 2022.

Within depreciation charge for the year, £359k in land and buildings freehold reflects the decrease in ground rent value towards the lease expiry.

	Land and Buildings Freehold	Land and Buildings Leasehold	Fixed Plant and Vehicles	TOTAL
	£'000	£'000	£'000	£'000
Gross book value at 1 April 2020	220,658	0	484	221,142
Additions	515	0	0	515
Disposals	0	0	0	0
Leasehold buyout	0	0	0	0
Revaluation increases/(decreases) recognised in Revaluation Reserve	0	0	0	0
Revaluation increases/(decreases) recognised in Comprehensive income and expenditure statement	0	0	0	0
Gross book value at 31 March 2021	221,173	0	484	221,657
Accumulated depreciation brought forward	(8,690)	0	(236)	(8,926)
Disposals	0	0	0	0
Depreciation charge for the year	(8,863)	0	(71)	(8,934)
Leasehold buyout	0	0	0	0
Depreciation written out to Revaluation Reserve	0	0	0	0

Accumulated depreciation carried forward	(17,553)	0	(307)	(17,860)
Net book Value at 31 March 2021	203,620	0	177	203,797
Net book Value at 01 April 2020	211,968	0	248	212,216

14. Capital Work in Progress

	2021-22	2020-21
	£'000	£'000
Opening balance	83	375
Expenditure in year	0	0
Recognised in long term assets	0	(292)
Closing balance	83	83

15. Financial Instruments

Accounting regulations require the "financial instruments" shown on the Balance Sheet to be further analysed into various defined categories:

	Long term		Current	
	2021-22	2020-21	2021-22	2020-21
	£'000	£'000	£'000	£'000
Financial Assets – Amortised Cost				
Cash and cash equivalents	0	0	29,045	22,209
Trade debtors and prepayments	0	0	13,126	4,520
Financial Liabilities – Amortised Cost				
Trade creditors	0	0	(7,841)	(10,276)
Long term borrowing	(83,586)	(85,940)	(2,354)	(2,233)
PPP liability	(100,412)	(104,579)	(4,166)	(4,081)

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The financial asset or liability's discount rate of return at 31 March 2022
- No early repayment or impairment
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

	2021-22		2020-21	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Long term borrowing (note 19)	85,940	86,481	88,172	91,445
PPP liability	104,579	111,349	108,659	127,566

The fair value for the year was provided by an independent professional valuer, Arlingclose, who are regulated by the Financial Conduct Authority. The higher fair values reflect that these essentially fixed rate instruments have higher interest rates than similar loans available in the market at balance sheet date. The loans and long term liabilities are valued at Level 2 (previous year: Level 2) as the valuation of the underlying debt is derived from observable inputs (i.e. estimated using market data) as they are not readily quoted or sold in active markets. The valuation is derived from future cash flows which are discounted at the equivalent interest rate the Authority would expect to obtain for the same product at 31 March 2022 (same methodology used in previous year). The discount rates

range between 1.90% and 7.60% (previous year: 1.70% to 7.60%) to reflect the particular features of each financial instrument and are set using market information including as the AA rated corporate bond yields, swap rates and margins.

Nature and Extent of Risks arising from Financial Instruments

Overall Procedures for Managing Risk:

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund its services. The procedures for risk management in relation to key financial instruments are set out through the legal framework detailed within the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance.

In order to comply with the requirement that the Authority is required to set a balanced budget (Local Government Finance Act 1992) this is reported at the same time as the levy setting meeting. The annual Treasury Management Strategy outlines the detailed approach to managing risk in relation to financial instrument exposure. Actual performance is compared to the strategy and reported annually to members.

The Treasurer is responsible for all of the Authority's banking, borrowing and investment activities. Under a service level agreement, the London Borough of Ealing provides a low risk option for investing balances.

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Refinancing and Maturity risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

Credit risk for the Authority arises from deposits with banks and credit exposures to debtors. Deposits are not made with banks unless they are rated independently and meet the Authority's credit criteria, which are restricted to the upper end of the independent credit rating criteria. The credit risk around debtors is set out in Note 11.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment

strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Through the Local Government Finance Act 1992, the Authority is required to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that the Authority will be unable to raise finance to meet its commitments.

Refinancing and Maturity Risk

The Authority's approved Treasury strategy is set to avoid the risk of refinancing on unfavourable terms. The maturity analysis for borrowing is set out in Note 13. All trade and other payables are due to be paid in less than one year.

Market Risk

As at the 31 March 2022 the Authority holds no variable rate borrowings as they are all fixed rates. Therefore there is no predicted impact for this on the Comprehensive Income and Expenditure Statement.

16. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following:

	2021-22	2020-21
	£'000	£'000
Bank balance (HSBC)	6,045	4,709
Deposit placed with the London Borough of Ealing	23,000	17,500
Total	29,045	22,209

17. Short Term Debtors

	2021-22	2020-21
	£'000	£'000
Other Local Authorities	414	2,330
Central Government Bodies	2,399	3,716
Other Entities and Individuals	63	60
Prepayments and Accrued Income	13,712	2,330
Total	16,588	8,436

In determining the recoverability of Short Term Debtors, the Authority considers the credit quality of the receivable. Credit risk is low as the majority of balance relates to HMRC and constituent boroughs. Credit losses for doubtful debts are recognised against trade receivables, based on estimated irrecoverable amounts determined by debt analysis and management judgement.

Age of receivables due	2021-22	2020-21
	£'000	£'000
< 90 days	317	1,893
90 – 180 days	0	0
> 180 days	0	150
Total	317	2,043

18. Short Term Creditors

	2021-22	2020-21
	£'000	£'000
Other Entities and Individuals	(6,678)	(9,102)
Other Local Authorities	(9,110)	(1,978)
Total	(15,788)	(11,080)

Trade creditors for waste transport and disposal are the main component of short term creditors.

19. Borrowing

The Authority's capital expenditure for the project to build a residual waste to energy plant is financed by loan arrangements with four constituent Boroughs (Brent, Ealing, Harrow and Richmond). The interest charged was 7.604% and will be repaid over 25 years with interest being charged on the reducing balance basis. The purchase of two transfer station sites during the year was financed by a loan from the PWLB at a fixed interest rate of 2.24%.

	2021-22	2020-21
	£'000	£'000
Opening balance	(88,172)	(90,291)
Loans in year	0	0
Repayments	2,233	2,119
Closing balance	(85,940)	(88,172)

At 31 March 2022 £152,000 loan interest payable within 12 months was accrued and is included within short term creditors.

The table below shows the loans split by maturity into short term and long term elements.

	2021-22	2020-21
Analysis by maturity	£'000	£'000
Short term element	(2,354)	(2,233)
Between 2 and 4 years	(10,803)	(10,228)
Between 5 and 10 years	(17,424)	(16,452)
10 years or more	(55,359)	(59,259)
Long term element	(83,586)	(85,939)
Total liability	(85,940)	(88,172)

The table below shows the loans split by maturity including interest into short term and long term elements.

	2021-22	2020-21
Analysis by maturity	£'000	£'000
Short term element	(7,521)	(7,524)
Between 2 and 4 years	(30,040)	(30,058)
Between 5 and 10 years	(37,426)	(37,458)
10 years or more	(74,322)	(81,794)
Long term element	(141,789)	(149,310)
Total liability	(149,310)	(156,834)

20. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

21. Unusable Reserves

	2021-22	2020-21
	£'000	£'000
Revaluation reserve	(52,732)	(17,486)
Capital adjustment account	5,910	(5,661)
Pensions reserve	8,022	11,028
Accumulated absences account	25	42
	(38,775)	(12,077)

(i) Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation;
- or disposed of and the gains are realised.

In 2021-22, the freehold properties were valued, and the gain recognised through the Comprehensive Income and Expenditure Statement, and via the revaluation reserve.

(ii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition.

	2021-22	2020-21
	£'000	£'000
Balance as at 1 April	(5,661)	(6,148)
Depreciation	8,943	8,934
Statutory provision for repayment of debt	(7,226)	(7,932)
Impairment and revaluation	9,956	0
Amounts written out of Revaluation Reserve	0	0
Net written out amount of the cost of non-current assets consumed in the year	6,012	(5,146)
Revenue financing to capital	(102)	(515)
Balance at 31 March	5,910	(5,661)

(iii) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating

the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources of the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021-22	2020-21
	£'000	£'000
Balance as at 1 April	11,028	7,799
Actuarial gains or losses on pension assets and liabilities	(3,927)	2,672
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	710	747
Employer's pensions contributions and direct payments to pensioners payable in the year	211	(190)
	<hr/>	<hr/>
Balance at 31 March	8,022	11,028

(iv) Accumulated Absences Account

The Accumulated Absences Reserve reflects untaken leave balances outstanding as at the 31 March 2022. This reserve absorbs the differences that would otherwise arise in the General Fund from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

	2021-22	2020-21
	£'000	£'000
Balance as at 1 April	42	31
Amounts accrued at the end of the current year by which remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(17)	11
	<hr/>	<hr/>
Balance at 31 March	25	42

22. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Salary and Termination Benefits (£)		Pension Contributions (£)		Total (£)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	Director	150,990	146,543	19,808	19,783	170,798
Clerk	11,179	11,014	1,509	1,487	12,688	12,501
Technical Advisor (till April 21)	918	11,014	0	248	918	11,262
Technical Adviser (from May 21)	10,157	0	617	0	10,774	0
Treasurer	11,179	11,014	1,509	1,487	12,688	12,501

The number of employees excluding Senior Officers whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band including exit packages	2021-22	2020-21
	No of employees	No of employees
£50,000 to £54,999	3	1
£55,000 to £59,999	2	1
£60,000 to £64,999	1	0
£65,000 to £69,999	0	1
£70,000 to £74,999	0	1
£85,000 to £89,999	1	0
£90,000 to £94,999	0	1

Members Allowances

£5,400 allowance to members was paid for attending Authority meetings 21-22.

£750 allowance was paid to Audit committee member for meetings in 21-22.

Redundancy

One member of staff received a redundancy payment under £5,000.

23. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2021-22	2020-21
	£'000	£'000
Audit of the Authority	57	112
Other services	2	0
Total Fees	59	112

24. Related Party Transactions

This disclosure has been prepared after considering the requirements of "related party transactions" in accordance with the Authority's interpretation and understanding of International Accounting Standard 24 (IAS 24) and its applicability to the public sector utilising current advice and guidance. Any disclosure under IAS 24 is designed to set out relationships with other parties that might materially affect the Authority. The Authority is composed of one Councillor from each of the six constituent boroughs, the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames and its operations are financed by an annual levy on the constituent boroughs. Borough loans have also been used to finance large capital investments. The Authority has sought and received declarations from Members, the advisors and senior officers of any "related party transaction" in which they or their related parties have been engaged in during 2021-22. No related party transactions were declared. At the end of the financial year the officers in the post of Clerk to the Authority and Chief Technical Advisor were also Chief Officers at the London Borough of Harrow. The Authority pays the individuals directly for the services they provide. The Authority also receives support services from Ealing, Hillingdon, Hounslow and Harrow, and the cost of these support services are set out below and are included in the Comprehensive Income and Expenditure Account.

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Pay as you Throw	9,311	10,438	7,006	9,215	8,324	5,791	50,085
Fixed Cost Levy	2,176	2,588	1,931	2,255	1,900	1,955	12,805
Total Levies	11,487	13,026	8,937	11,470	10,224	7,746	62,890
Agency and other income	373	2,642	0	0	0	0	3,015
Total 2021-22	11,860	15,668	8,937	11,470	10,224	7,746	65,905
Total 2020-21	11,773	15,233	8,823	11,841	10,523	7,812	66,005

Interest expense 2021-22	1,189	1,189	1,189	0	0	1,189	4,758
Interest expense 2020-21	1,212	1,212	1,212	0	0	1,212	4,848
Expenditure							
Waste Transport and Disposal Costs	0	0	0	0	0	0	0
Rent and Rates	102	0	0	391	0	0	493
Support Services	0	29	15	5	0	0	49
Other	0	0	0	0	0	0	0
Total 2021-22	102	29	15	396	0	0	542
Total 2020-21	602	509	500	901	528	500	3,540
	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors 2021-22	15	160	0	3	85	0	263
Debtors 2020-21	13	1,591	0	0	717	9	2,330
Creditors 2021-22	792	622	157	179	679	180	2,610
Creditors 2020-21	561	425	44	448	0	500	1,978
Borrowings 2021-22	15,493	15,493	15,493	0	0	15,493	61,971
Borrowings 2020-21	15,816	15,816	15,816	0	0	15,816	63,264
Cash / equivalents 2021-22	0	23,000	0	0	0	0	23,000
Cash / equivalents 2020-21	0	17,500	0	0	0	0	17,500

25. Agency Services

This can be found under the Related Parties Transaction note. This is made up of managing Brent's Household Reuse and Recycling Centre and the trial at London Borough of Ealing for the disposal of dry mixed recyclable waste,

26. Leases

The Authority does not hold any finance or operating leases.

27. Other Liabilities

The construction of an energy from waste centre included investment by the Suez consortium which the Authority will benefit from over the life of the contract. A liability was recognised as project assets were completed, equal to the fair value of each asset less any capital contribution. This benefit will be realised over the life of the contract.

	2021-22	2020-21
	£'000	£'000
Energy from waste facility:		
Opening balance	108,659	112,662
Developer's contribution	0	0
Reduced through unitary payments	(4,081)	(4,003)
Closing balance	104,578	108,659

PPP liability repayments	Finance liability	Deferred income	Total repayments
	£'000	£'000	£'000
Within one year	1,398	2,768	4,166
Two to five years	6,560	11,072	17,632
Six to ten years	10,894	13,840	24,734
Eleven to fifteen years	14,912	13,840	28,752
Sixteen to twenty years	17,288	12,005	29,294
Twenty to twenty five years	0	0	0
Long term liability	49,654	50,758	100,412
Total repayments	51,052	53,526	104,578

The table below shows the split by maturity including interest payments:

PPP liability repayments including interest	Finance liability	Deferred income	Total repayments
	£'000	£'000	£'000
Within one year	4,707	2,768	7,475
Two to five years	18,826	11,072	29,899
Six to ten years	23,533	13,840	37,374
Eleven to fifteen years	23,533	13,840	37,374
Sixteen to twenty years	20,409	12,005	32,415
Twenty to twenty five years	0	0	0

Long term liability	86,302	50,758	137,060
Total repayments	91,009	53,527	144,535

The twenty seven year, £900 million Public Private Partnership contract provides for up to 300,000 tonnes of waste that West London’s residents haven’t recycled to be treated each year. Crucially, the approach will mean a minimum of 96% of waste will not go to landfill.

On early termination or expiry, West London Waste Authority is placed in a position broadly equivalent to if the main treatment facility was constructed on an Authority site and the PPP contract provides WLWA with a variety of options as follows (which it may exercise at its discretion):

- WLWA may walk away on expiry of the contract without having to bear decommissioning risks and SUEZ must pay WLWA the Residual Life Rebate;
- WLWA may extend the contract for 5 years after which WLWA may walk away without having to bear decommissioning risks but SUEZ then do not pay WLWA the Residual Life Rebate; or
- WLWA may exercise its right to take a lease of SERC (Conditional Lease) for 25 years post expiry to allow WLWA to secure the site and retender the operation of the facility. With this option, WLWA would have to pay rent and bear decommissioning risks at the end of the term and SUEZ do not pay WLWA the Residual Life Rebate.

28. Defined Benefit Pension Scheme

The West London Waste Authority (WLWA) does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority. This enables all WLWA staff to participate in the London Pensions Fund Authority (LPFA) Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 1997.

The Scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the triennial valuation date. The WLWA is committed to provide for service benefits up to the valuation date. Pension costs are a very minor proportion of total spending and the effects of the defined benefit scheme and its valuation on the timing, uncertainty and risk around cash flows is not material.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Retirement Benefits

(IAS 19) in respect of retirement benefits. Details are provided to the Authority by the Actuary (currently Barnett Waddingham) via the LPFA. The notes to the Core Accounts provide details of how the Authority has met these requirements.

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that is required to be made is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of General Fund via the Movement in Reserves Statement. Changes in the net pension liability arising as a result of past events which are not concurrent with the assumptions made in the course of the last actuarial valuation, or as a result of revised actuarial assumptions are charged to the Pensions Reserve.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Total Reserves via the Movement in Reserves Statement during the year:

Balance sheet disclosure	2021-22	2020-21
	£'000	£'000
Present value of funded obligation	(31,419)	(31,734)
Fair value of Scheme Assets (bid value)	23,560	20,882
Net Liability	(7,859)	(10,852)
Present value of unfunded obligations	(163)	(176)
Net Liability in Balance Sheet	(8,022)	(11,028)

Comprehensive Income and Expenditure Statement

	2021-22	2020-21
	£'000	£'000
Service costs	883	529
Net interest on defined liability	211	195
Administrative expenses	27	23
	1,121	747

Reconciliation of the present value of the scheme liabilities:

	2021-22	2020-21
	£'000	£'000
Opening balance as at 1 April	31,910	25,154

Current service cost	883	529
Interest cost	612	627
Change in financial assumptions	(1,057)	7,197
Change in demographic assumptions	0	(260)
Experience (gain)/loss on liabilities	81	(344)
Liabilities assumed/extinguished on settlements	0	0
Estimated benefits paid net of transfers in	(1,123)	(1,264)
Past service costs including curtailments	0	0
Contributions by scheme participants and other employers	290	285
Unfunded pension payments	(14)	(14)
	<hr/>	<hr/>
Closing balance as at 31 March	31,582	31,910

Reconciliation of fair value of the scheme (plan)

assets:	2021-22	2020-21
	£'000	£'000
Opening balance as at 1 April	20,882	17,355
Interest on assets	401	432
Return on assets less interest	2,951	3,921
Other actuarial gains	0	0
Administration expenses	(27)	(23)
Employer contributions	200	190
Contributions by scheme participants and other employers	290	285
Benefits paid	(1,137)	(1,278)
Settlement prices received/(paid)	0	0
	<hr/>	<hr/>
Closing balance as at 31 March	23,560	20,882

Assumptions as at	31 March 2022	31 March 2021	31 March 2020
	p.a.	p.a.	p.a.
Discount rate	2.60%	1.95%	2.55%
Pension increases	3.30%	2.80%	1.90%
Salary increases	4.30%	3.80%	2.90%

The LPFA's actuary undertakes sensitivity analysis by looking at the impact on the present value of the scheme by flexing the assumptions (e.g. increasing discount rate by 0.1%).

Life expectancy from age 65 (years)		31 March 2022	31 March 2021
Retiring today	Males	22.2	22.1

	Females	23.7	23.6
Retiring in 20 years	Males	22.7	22.6
	Females	26.0	25.9

Sensitivity analysis on major assumptions	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	31,042	31,582	32,132
▪ Projected service cost	789	812	836
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	31,619	31,582	31,546
▪ Projected service cost	812	812	812
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	32,091	31,582	31,081
▪ Projected service cost	835	812	789
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
▪ Present value of total obligation	33,165	31,582	30,078
▪ Projected service cost	849	812	776

Re-measurements in other comprehensive income	2021-22	2020-21
	£'000	£'000
Return on plan assets in excess of interest	2,951	3,921
Other actuarial gains on assets	0	0
Change in financial assumptions	1,057	(7,197)
Change in demographic assumptions	0	260
Experience gain on defined benefit obligation	(81)	344
Total	3,927	(2,672)

Projected pension expense for next year	2022-23
	£'000
Service cost	812
Net interest on the defined liability	205
Administration expenses	31
Total	1,048

Employer contributions	195
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Assets by Class	2021-22	2020-21
	£'000	£'000
Equities	13,411	11,874
Target Return Portfolio	5,074	4,878
Infrastructure	2,400	1,732
Property	2,114	1,894
Cash	561	504
Total	23,560	20,882

Analysis of 2021-22 Assets	% Quoted	% Unquoted
Equities		
Real Estate	1%	
Consumer Discretionary	4%	
Consumer Staples	8%	
Energy	0%	
Financials	6%	
Health Care	4%	
Industrials	6%	
Information Technology	13%	
Materials	1%	
Communication Services	2%	
Utilities	0%	
Fixed Income & Other	0%	
Trade Cash/Pending	2%	
Synthetic Equity	0%	
Private Equity		9%
Fixed Income	3%	
Total Return		
Investment/Hedge funds and unit trusts	11%	
Credit		8%
Infrastructure		10%
Real Estate		9%
Cash		
Cash	2%	
LDI	0%	
Currency Hedge (Forward Contracts)		-0%
Total	64%	36%

29. Contingent Assets and Liabilities

At 31 March 2022 there was a contingent asset relating to additional income from waste plants generated by increasing third party waste volumes and rising electricity prices. The amount is subject to risk and requires negotiation and legal agreement. Although not determined an estimate of the value is £389,000 (31 March 2021: nil).

At 31 March 2022 there was no contingent liability (31 March 2021: nil).

30. Miscellaneous Income and Other Supplies and Payments

This year income from the Severnside Energy Recovery Centre (SERC) has been recognised within Miscellaneous Income, and totals £10.7 million. It principally relates to income resulting from high electricity prices and current levels of activity. The disbursement to the boroughs of £6.5 million has been recognised within Other Supplies and Payments.

The remaining income within Miscellaneous Income is in relation to a trial at London Borough of Ealing for the disposal of dry mixed recyclable waste, which is a continuation from the trial in 2020-21. This amounts to £2.6 million. Other minor items make up a further £0.3 million of miscellaneous income.

Over the longer term there may also be opportunities to secure income by increasing third party waste volumes processed at the SERC. This is the key facility for managing residual waste as part of the West London Residual Waste Services contract between the Authority and West London Energy Recovery Ltd (WLER). When this proposal come to fruition, there will be additional income received by the Authority, which will be partially be disbursed to the boroughs and a proportion retained to mitigate risks and invest in a wider strategic project across the six constituent boroughs.

31. Prior Period Errors

In 2020/21, the Balance Sheet was restated with a movement of £9.7 million between Usable and Unusable Reserves. This relates to the reclassification of reserves resulting from the 2018/19 PPE valuation. In 2018-19, the land and building property valuation gains and losses had been netted off, meaning the Revaluation Reserve had been incorrectly understated by £9.7 million, and the General Fund overstated by £9.7million.

Annual Governance Statement 2021-22

1. Scope of Responsibility

The WLWA is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging its responsibilities the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code can be obtained from WLWA's website (<http://westlondonwaste.gov.uk>). This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1) which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with its stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

The key elements of the Governance Framework include

- Production of business plans and long term financial forecasts
- Performance monitoring information (Key Performance Indicators)
- Statement of Accounts
- Schemes of delegation for Officers
- Regular scrutiny of operations at Chief Officer’s meetings
- Audit Committee
- Regular progress meetings with members
- Internal Audit
- Whistle Blowing Policy
- Financial Regulations and Related Policies
- HR Policies providing a framework for the organisation culture
- Health & Safety Policy and annual action plans
- Public meetings, except for confidential items
- Clear communication with stakeholders
- Collaborative development with constituent boroughs of the Authority’s long term Strategy
- Regular meetings with constituent borough Environment Directors and Finance Directors
- Consultation with constituent boroughs of Authority papers

4. Review of Effectiveness

The Authority 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 the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the internal auditor’s annual report, and also by comments made by the external auditors.

The work of the Audit Committee includes monitoring the progress of action plans and ensuring appropriate systems of governance and internal control. The Audit Committee considered reports from the internal auditors on:

- Health and Safety
- Revenues
- Data

The internal audit reports provide assurance about specific activities and over a number of years all of the Authority’s activities will be audited. This year’s reports provided substantial or reasonable assurance for reported areas, identified no high risk items/recommendations and almost all medium and low risk recommendations have been accepted and most implemented.

Risk registers were regularly reviewed at all levels within the Authority and were considered at each Audit Committee meeting. Financial performance was scrutinised and a strong focus on controlling spending delivered efficiency savings.

The Authority has been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Officers and Audit Committee and that it is agreed that the current arrangements can be regarded as fit for purpose in accordance with the Governance Framework.

5. Significant Governance Issues

No significant governance issues were identified from internal audit, management reporting or other assurance processes. Therefore no action plan is required.



Councillor Deirdre Costigan

Chair to the Authority

27/10/2023



Hugh Peart

Clerk

27/10/2023

Independent Auditor’s report to the Members of West London Waste Authority

Opinion

We have audited the financial statements of **West London Waste Authority (the ‘Authority’)** for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of **West London Waste Authority** as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Narrative Report set out on pages 2 to 8, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information contained within the Narrative Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 9, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The authority 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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- Waste and Emissions Trading Act 2003 ,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how West London Waste Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, through enquiry of employees to confirm Authority's policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we obtained the Authority's manual year end income accruals, challenging assumptions and corroborating the income to appropriate evidence.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the West London Waste Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the West London Waste Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the West London Waste Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

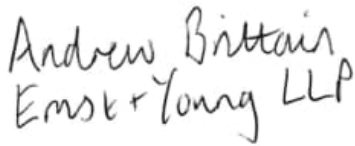
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of West London Waste Authority as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

27 October 2023