Auditor's Annual Report for West London Waste Authority

Year-ended 31 March 2026

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11 November 2026

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Our audit report will be made solely to the members of West London Waste Authority (the Authority) as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Authority's own responsibility for putting in place proper arrangements to ensure that public 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.

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01

Executive Summary

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2025-26 audit of West London Waste Authority (the 'Authority'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Authority alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Authority and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2025/26 ('the CIPFA Code').



Other information (such as the Narrative Report)- To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Authority.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Authority to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements	We issued an unqualified opinion on the Authority financial statements on 11 November 2026. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Authority. We have provided further details of the key risks we identified and our response on page 7.
Other information	We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Authority.
Value for money	We identified one significant weakness in respect of the arrangements the Authority has put in place to ensure effective governance. Please refer to page 11.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Authority's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet concluded its audit of the Whole of Government Accounts for the 31 March 2026 financial year, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.

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Executive Summary

There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.

As at the date of this report, we have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Authority is taking. We may also apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.

As at the date of this report, we have not applied to the courts.

Recommendations

We can make recommendations to the Authority. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Authority does not need to take any action, however should the Authority provide us with a response, we will include it within this report.

As at the date of this report, we made no recommendations under Schedule 7 of the Act.

Advisory notice

We may issue an advisory notice if we believe that the Authority has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

As at the date of this report, we have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Authority. Where we raise observations, we report these to management and the Audit Committee. The Authority is not required to take any action to these, however it is good practice to do so.

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02

Audit of the financial statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Authority's financial statements:

- Give a true and fair view of the financial position of the Authority as at 31 March 2026 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under and ensure we are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

We issued an unqualified opinion on the Authority financial statements on 11 November 2026.

The full audit report is included in the Authority's Annual Report and Accounts for 2025/26 which can be obtained from the Authority's website.

Further information on our audit of the financial statements is set out overleaf.

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Audit of the financial statements: Waste Authority

The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Valuation of SERC land and buildings asset

The carrying amount of revalued SERC Land & Buildings differs materially from the fair value

Our procedures

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.

Our findings

We completed the procedures as described and we identified a material misstatement in the valuation of building assets. This was corrected in the final accounts.

We have identified a control deficiency as a result of our audit procedures.

Management override of controls

Fraud risk related to unpredictable way management override of controls may occur

Our procedures

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Authority's normal course of business or are otherwise unusual.
- We analysed all journal entries posted throughout the year. Our testing focused on those journal entries assessed as higher risk, such as journals impacting income recognition, cash and expenditure.

Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

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Audit of the financial statements: Waste Authority

Valuation of the PFI Financial lease obligation

Application of method, data and assumptions in relation to valuation of PFI financial lease obligation is inappropriate

Our procedures

- Obtained understanding of any changes made in the PFI contract terms
- Reviewed and challenged the changes made in the PFI model
- Tested the accuracy of new data inputs in the model
- Assessed the accuracy of journal entries posted
- Developed expectation of the PFI financial lease obligation

Our findings

We have not identified significant issues relating to the data inputs, model and assumptions used in the calculation of the PFI financial lease obligation.

Accuracy of revaluation accounting

Revaluation adjustments to property, plant and equipment are not appropriately identified and classified or are not accurately recorded

Our procedures

- We evaluated the design and implementation of any relevant controls supporting our risk
- Obtained fixed asset register and reconcile to general ledger
- Reperformed management's calculation of revaluation movements
- Assessed the accuracy of journal entries posted
- Reviewed the accounting policies in relation of property, plant & equipment

Our findings

We completed the procedures as described with no audit differences identified.

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03

Value for Money

Value for Money

Introduction

We are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Authority for the following criteria, as defined by the Code of Audit Practice:

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

We do not act as a substitute for the Authority's own responsibility for putting in place proper arrangements to ensure that public 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. We are also not required to consider whether all aspects of the Authority's arrangements are operating effectively, or whether the Authority has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	13-14	15-16	17
Identified risks of significant weakness?	✗ No	✓ Yes	✗ No
Actual significant weakness identified?	✗ No	✓ Yes	✗ No
2024-25 findings	No significant risks identified	Significant weakness identified	Significant weakness identified
Direction of travel	←→	←→	↑

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Value for Money

National context

We use issues affecting Waste Authorities across London to set the scene for our work. We assess if the issues below apply to this Waste Authority.

Financial performance

Greater London has four waste disposal authorities, responsible for waste collection and disposal. The Authorities are all funded by a levy on the local authorities they service, and their operational costs are expected to be “fully-funded” by these levies. This means that the member Boroughs agree to a funding of the required activity of the Authority through the agreed levy rates. Therefore, unlike other parts of the Local Government sector (for example Councils) there is a reduced risk facing such Authorities regarding exposure to losses and unplanned utilisation of reserves. However the Waste Authorities need to be mindful of the financial pressures experienced by their member Borough Councils, and the expectation these Councils will do more, with less. When determining the annual levy, the Waste Authorities need to demonstrate the financial and operational benefits to the Boroughs they serve.

Environmental issues

The key environmental issues facing Waste Authorities are upcoming changes to legislation. Authorities that process non-recyclable waste through waste to energy facilities (e.g. burning waste) are particularly exposed to these changes, for while they avoid issues in regard to landfill impact, the emissions from these facilities (and the energy generated) are comparable to coal power. As such the following legislative changes would be considered to have a key impact:

- Emissions Trading Scheme (ETS)
- Extended Producer Responsibility (EPR)
- Deposit Return Scheme (DRS)

In addition, changes to Government regulations mean Waste Authorities will need to collect and handle waste in new ways by March 2026, including through mandatory food waste collections – historically less common across London.

Local context

The Authority's financial position remains stable, supported by a robust reserves position and a funding model based on borough levies. Budget monitoring indicates that WLWA continues to manage financial risks effectively, although future financial pressures may arise from increasing waste volumes, regulatory changes, landfill costs and volatility in energy markets.

The Authority is progressing a number of transformation initiatives through its Business Plan, including organisational development and governance improvements. The Authority is also working with boroughs to utilise Extended Producer Responsibility (EPR) funding to prepare for upcoming legislative changes and deliver long-term environmental and financial benefits.

WLWA maintains a relatively modest capital programme focused on operational improvements and infrastructure upgrades.

No significant adverse media coverage has been identified that would impact our assessment of WLWA's value for money arrangements. The Authority continues to maintain a positive public profile through its work on recycling, reuse, climate objectives and engagement with stakeholders.

Financial Sustainability

How the Authority plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Authority ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Authority identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

- The Authority has established a structured and collaborative budget-setting process involving operational managers, budget holders, borough representatives, senior management and Members. The process culminates in formal approval by the Authority following consultation. The Authority's budget-setting arrangements are comprehensive and involve a range of stakeholders across operational, financial and governance functions. The process incorporates challenge of key assumptions, consideration of emerging cost pressures, engagement with constituent boroughs and formal Member scrutiny before approval. Consequently, the arrangements provide a reasonable basis for developing a robust and informed annual budget that supports the Authority's operational and strategic objectives.
- West London Waste Authority (WLWA) is working with its constituent boroughs to transform waste collection and processing arrangements in response to significant forthcoming regulatory and financial pressures. The required change includes expanding and adapting recycling and food waste collection services, introducing collections for additional waste streams, and investing in infrastructure to reduce residual waste and associated costs. The primary drivers are forthcoming waste sector reforms, including Simpler Recycling from 2026, Flexible Plastics collections from 2027, and the inclusion of Energy from Waste (EfW) within the Emissions Trading Scheme (ETS) from 2028. Management estimates that, if these changes are not implemented, costs to the boroughs could increase by approximately £34.6 million per annum by 2030, comprising approximately £20 million per annum of ETS-related costs and £14.6 million per annum from waste growth.
- To address these risks, WLWA has earmarked £11.3 million of Extended Producer Responsibility (EPR) funding for investment and transformation projects. Planned allocations include:

- £3 million to boroughs to support recycling processing and service expansion.
- £2 million investment at Victoria Road transfer station to increase capacity, resilience and capability to handle additional waste streams. This is in addition to the previously approved £1.8 million food waste building project
- £6 million for borough recycling, communal collection and transfer infrastructure improvements.

- The Authority has not undertaken any capital works during the 25/26 financial year. Additions recognised in the financial statements relate to works carried out by the PPP contractor (SERC) on the PPP assets. This is funded through capital lifecycle costs payments the Authority is contracted to make under the PPP contract. As there are no ongoing capital projects there are no capital financing reports or specific capital financing reporting undertaken.
- As part of the 25/26 budget setting process, the Authority has taken a more considered approach to its reserves to ensure there are specific earmarked reserves in place for specific projects, These have been created through transfers out of the general fund. Historically most funds were held under the title of "general fund“. Although money was being held for specific purposes these were not clearly identifiable within budget papers or the financial statements.

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Financial Sustainability

How the Authority plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Authority ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Authority identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

- There is no evidence of a lack of accountability or transparency regarding the planned use of capital-type funding and investment resources. While the reports reviewed primarily relate to earmarked reserves and EPR funding rather than flexible use of capital receipts, they demonstrate clear reporting to Members on what funding will be used for, the expected outcomes, and associated risks. The Authority has engaged external support (PWC) in year to perform a review of its MRP policy. As part of this review PWC have also considered the Authority's approach to determining its annual Capital Financing Requirement.
- The Authority's Pay As You Throw (PAYT) model is an example of good practice in ensuring costs are allocated objectively based on actual waste tonnages. Quarterly reconciliations ensure boroughs are charged according to actual service usage, supporting transparency, accountability and fairness. This approach provides stronger behavioural incentives than fixed charging arrangements and reduces the risk of cross-subsidisation between boroughs.
- The Authority continues to strengthen its medium-term financial planning arrangements. During the year, management confirmed that all budget holders will be required to prepare three-year forecasts as part of the 2027/28 budget setting process. This is expected to enhance the Authority's ability to identify emerging financial pressures, improve longer-term resource planning and strengthen the alignment between financial forecasts and operational priorities.
- Management also highlighted a focus on achieving efficiencies through improved processes, service delivery and value for money rather than relying solely on workforce reductions. This approach supports the Authority's objective of delivering sustainable savings for constituent boroughs while maintaining organisational capacity and service quality.
- No risk identified regarding Financial Sustainability. The Authority has ended the year in a strong (surplus) position. There are strong Governance processes for the monitoring and approval of Financial Reporting and Budgeting. No significant weakness identified.

Key financial and performance metrics:	2025-26	2024-25
Planned surplus/(deficit)	Break-even	Break-even
Actual surplus/(deficit)	£21.7m	£21.7m
Usable reserves	£59.6m	£44.4m
Year-end borrowings	£75.7m	£78.5m
Year-end cash position	£66.1m	£49.8m
Forecast funding gap over MTFS period	Nil	Nil

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Governance

How the Authority ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Authority monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Authority approaches and carries out its annual budget setting process;
- how the Authority ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- The Authority operates a tiered governance structure comprising Budget Holders and Operational Managers, the Senior Leadership Team (SLT), the Chief Officers Group (COG), the Audit Committee and the Authority (Members). Authority and committee reports are prepared and reviewed through this governance framework, with decisions escalated according to delegated authorities, financial thresholds and strategic significance.
- Decision-making is not based solely on financial considerations. Governance documentation and reports reviewed demonstrate that management and Members consider service performance, operational resilience, health and safety, contract performance, environmental outcomes, resource requirements and delivery of strategic objectives when assessing proposals. The Authority's reporting arrangements also require consideration of governance and regulatory compliance matters, ensuring decisions are made within the Authority's legal framework and delegated powers. Whilst the Authority does not appear to operate a highly prescribed business case process/template for all decisions, the reports reviewed contained sufficient information to enable decision-makers to assess financial consequences, operational impacts, risks, performance implications and compliance requirements before approving significant proposals. Accordingly, the decision-making framework appears appropriate to support informed decision-making and effective governance oversight.
- In summer 2025 the Authority's Executive and Senior Leadership Team made the decision to temporarily close the Abbey Road transfer station to borough and trade waste. The site had phased reopening in February 2026 and has fully opened on 31 March 2026. The decision to close the site was made following the commissioning of an external investigation which identified concerns in respect of management of the site, culture, employee relations and health and safety. The findings from this investigation were not expected by the Authority's Board or Executive team indicating an ineffective communication and reporting channel. Our prior year review of the Authority's arrangements for governance at Abbey Road identified deficiencies in core governance controls at the site which included risk management, performance monitoring, health and safety monitoring and a strong reliance on temporary staffing.
- In response to these findings, the Authority strengthened its management and oversight arrangements at Abbey Road during the year, including increased senior management oversight and enhanced operational and health and safety reporting. The phased reopening also enabled management to introduce and test revised processes before services were fully restored. While these actions represent improvements in the governance and operational oversight of the site, many of the actions taken to address these weaknesses were not implemented until the later part of the financial year or after the 31 March 2026. As many of the arrangements were not implemented for most of the financial year they have not yet operated for a sufficient period to demonstrate that the improvements are fully embedded and operating effectively on a sustained basis. Continued monitoring will therefore be required during 2026/27 to assess their ongoing effectiveness.
- The Authority reorganised and expanded its Senior Leadership Team (SLT) in 2025/26, following the appointment of an Interim Managing Director, with a broader range of roles incorporated into the senior leadership structure. Alongside these changes, and in response to operational and governance challenges identified during the year, management established a dedicated Target Operating Model (TOM) Group to support the review and transformation of the Authority's operating arrangements. The TOM Group provided additional management focus over improvement activity, including governance, operational performance and organisational effectiveness. These arrangements reflected management action to strengthen leadership capacity and oversight during a period of organisational change; however, the gaps in governance processes in place during the financial year demonstrate that further improvement is required to ensure these arrangements operate consistently and effectively.

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Governance

How the Authority ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Authority monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Authority approaches and carries out its annual budget setting process;
- how the Authority ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- The revised governance structure provides defined forums through which financial and operational performance, KPIs, risk management, health and safety, governance, contract management and strategic priorities can be considered by the SLT and Chief Officers Group. The Audit Committee also provides oversight of key assurance areas, while the temporary TOM arrangements provided additional scrutiny of improvement activity during the year.
- The Authority continues to progress the longer-term redevelopment of the Abbey Road site, with design work, surveys and infrastructure improvements underway. Management reported that revised structural assessments indicated that previously condemned areas of the site are more secure than originally anticipated; however, this has not altered the Authority's planned redevelopment programme. Overall, we found evidence that the Authority has responded positively to previous operational challenges at Abbey Road and is taking appropriate steps to strengthen oversight, resilience and long-term service delivery.
- The Authority has established a range of counter-fraud and anti-corruption arrangements, including a Code of Conduct, Whistleblowing Policy, declarations of interest process, financial regulations, procurement controls and Audit Committee oversight. Responsibilities for fraud prevention, detection and reporting are clearly assigned, and employees are required to report suspected fraud or corruption.

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Improving economy, efficiency and effectiveness

How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Authority evaluates the services it provides to assess performance and identify areas for improvement;
- how the Authority ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Authority commissions or procures services, how it assesses whether it is realising the expected benefits.

- The Authority regularly evaluates its services and operational arrangements to identify opportunities to improve efficiency and effectiveness. We noted a continued focus on delivering efficiencies through process improvement, enhanced financial and operational reporting, and organisational development. Monthly financial monitoring is considered alongside operational indicators, including waste tonnages, contract activity and staffing, supporting management in identifying financial pressures and opportunities for efficiencies. The Authority also progressed wider organisational change during 2025/26, including rebuilding its senior leadership arrangements and increasing organisational capacity. As a number of these arrangements were introduced during the year, further time is required for them to become fully embedded and for the Authority to demonstrate that the anticipated efficiencies are being realised on a sustained basis.
- Partnership working remains fundamental to the Authority's operating model. The Authority works closely with its six constituent boroughs through established governance arrangements, budget consultation processes and the delivery of joint strategic priorities, including waste reduction, recycling and net zero initiatives. We noted ongoing engagement with borough officers and members when developing financial plans, business planning priorities and programmes funded through Extended Producer Responsibility (EPR) resources.
- The Authority delivers a significant proportion of its services through long-term contracted arrangements and partnership working. We found evidence that contract performance, financial outcomes and operational delivery are regularly monitored to assess whether expected benefits are being achieved. The Authority continues to review its service delivery model and investment programmes to ensure they support both operational performance and longer-term value for money objectives for constituent boroughs
- The Authority makes effective use of financial and performance information to monitor performance and identify areas for improvement. Regular financial monitoring, operational reporting and performance indicators are reported to Members and senior management, enabling the Authority to assess service performance, respond to emerging issues and monitor progress against its strategic priorities. The Authority has also invested in improved reporting and data analytics to support decision-making and provide constituent boroughs with greater visibility of operational performance
- The Authority is exploring opportunities to improve efficiency through the use of technology and automation. Management is looking to implement AI-enabled tools, including Microsoft Copilot, to support the automation of routine tasks and improve productivity in the year 2026-27. Management also confirmed that further work is underway to assess additional secure AI solutions that may support operational efficiency and service delivery in the future. This demonstrates a proactive approach to identifying opportunities to improve economy and efficiency through innovation and digital transformation.

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Significant Value for Money Risk

1 Temporary Closure of Abbey Road

Risk that value for money arrangements may contain a significant weakness linked to Governance

Significant Value for Money Risk

The Authority's Abbey Road site comprises the Abbey Road Household Reuse and Recycling Centre (HRRC) and Waste Transfer station (WTS) which is the only transfer station that is owned and operated by WLWA. The HRRC is run on behalf of Brent Council.

In summer 2025 the Authority's Executive and Senior Leadership Team made the decision to temporarily close the Abbey Road transfer station to borough and trade waste. As at November 2025 the site remains closed to trade waste.

The decision to close the site was made following the commissioning of an external investigation which identified concerns in respect of management of the site, culture, employee relations and health and safety. The findings from this investigation were not expected by the Authority's Board or Executive team indicating an ineffective communication or reporting channel.

Our response

We have performed the following procedures in respect of this risk:

- Assessment of the Authority's reporting to SLT and Authority Board or Audit Committee regarding health and safety incidents.
- Comparison of the Authority's 2026 Health & Safety report against recognised good practice
- Assessment of the Authority's process for investigating health and safety incidents, including near misses, to ensure lessons learned.
- Comparison of the Authority's Health and Safety policy against recognised good practice
- Assessment of the Authority's reporting to Board and SLT regarding HR matters and Staff Vacancy Levels
- Assessment of the Authority's reporting regarding Agency staffing
- Assessment of the Authority's risk management processes at both an organisational and divisional level.
- Review of Authority Board papers
- Inquiries with key personnel at the Authority

Our findings

Findings

Our detailed findings are documented on the next page.

Conclusion

Our conclusion is based on the arrangements in place during the 2025-26 financial year. While our findings noted that action has been taken to address the weakness identified in the prior year, many of these actions did not commence until the later part of the 25-26 financial year. As these new arrangements did not operate for most of the financial year, we have determined that the significant weakness identified and reported on in 24-25, continued to exist for the majority of the 25-26 financial year. We have therefore concluded there to be a significant weakness in arrangements relating to governance.

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Significant Value for Money Risk (cont.)

1 Temporary Closure of Abbey Road

Risk that value for money arrangements may contain a significant weakness linked to Governance

- Overall, our audit procedures found developments to have been made that indicate positive progress in addressing the weaknesses identified and reported on during our 24-25 audit. Weaknesses were identified in the Authority's operational oversight, health and safety governance and management reporting arrangements. However, we note that most of the action taken was not implemented until the later part of the 2025-26 financial year or after the financial yearend. As such the significant weaknesses identified and reported on during 2024-25 remains in place for the 2025-26 financial year.
- During 2025/26, management has implemented several actions to address the governance and operational weaknesses previously identified at the Abbey Road site. The site fully reopened to trade waste operations on 31 March 2026 following a phased reopening approach that commenced in January 2026. Management advised that the phased approach was adopted to allow new operational processes and control arrangements to be tested before full resumption of activities.
- There was no local risk register in place for the Abbey Road site during the 25-26 financial year. During the first quarter of 26-27 Management has updated is operational risk register to include risks arising at Abbey Road. We have considered the risk register developed in Q1 2026-27 and found it to demonstrate a significantly more developed site-level risk management framework than that identified during our prior year assessment. The register now identifies multiple operational, health and safety, people and financial risks specific to Abbey Road, together with mitigating actions and assigned ownership. Compared with the position identified during the prior year, there is evidence that risk management arrangements for Abbey Road have significantly matured. Since the 25/26 financial yearend the Authority now: (1) updates operational risk register; (2) Identifies clear risk owners; (3) Links operational risks to mitigation plans; (4) Escalates key Abbey Road risks into the corporate risk framework; (5) Monitors redevelopment, workforce, H&S and regulatory risks through formal governance processes. While improvements have been made post the financial yearend, our findings indicate weaknesses in the risk management arrangements in place during the 25-26 financial year.
- Since the 25-26 financial yearend additional oversight and assurance arrangements have been introduced. External health and safety support introduced during 25-26 and provided by Enviro Awards, is being systematically transitioned back to management in Q1 of 26-27, through a structured handover process, including the establishment of a dedicated checking and review function. Management also advised that the Director of Contracts and Operations is now spending significantly more time on site, providing enhanced operational oversight, challenge and transparency compared to prior arrangements. While improvements have been made during the financial yearend, our findings indicate weaknesses in the management arrangements in place for a significant part of the 25/26 financial year.
- We have reviewed the January to July 2026 Health and safety report which includes cumulative incident data for Abbey Road. A first version of this report was produced post yearend, with no similar reporting taking place during the 25/26 financial year. The report noted near misses as well as injuries and incidents that have occurred within the reporting period. The report also showed dashboards which demonstrates ongoing monitoring of incident types and trends. We further recommend that WLWA should enhance the reporting to reflect more information on the root cause of incidents identified.
- WLWA did not have an up-to-date Health and Safety policy in place during the 2025/26 financial year. A revised policy was in development and was finalised and approved post yearend in July 2026. Overall, the revised policy demonstrates a significantly stronger control framework than the version reviewed during 2024/25. While improvements have been made post the financial yearend, our findings indicate weaknesses in the health and safety arrangements in place during the 25/26 financial year.

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Significant Value for Money Risk (cont.)

1 Temporary Closure of Abbey Road

Risk that value for money arrangements may contain a significant weakness linked to Governance

- From Q4 of 2025-26, the Authority demonstrated a significant increase in the amount of performance reporting relating to Abbey Road compared with the position identified during the 2024/25 audit. Abbey Road is now being reported through multiple governance routes, including Chief Officers, KPI reporting and budget monitoring, providing greater visibility of operational, financial, workforce and health and safety performance.
- Importantly, governance arrangements have been strengthened, from October 2025, the Authority's Senior Leadership Team are now receiving regular operational and health and safety reports specifically relating to Abbey Road. This represents a significant improvement in management oversight compared to the position identified during the 2024/25 audit, however these changes only took place in the later part of the financial year indicating weaknesses previously identified and reported on remained in place for the majority of the 25/26 financial year.
- The Management information pack introduced in October 2025 demonstrates a marked improvement in the visibility of workforce resourcing issues, including agency staffing, compared to the position identified during the prior year audit. While the reporting does not provide agency headcount specifically for Abbey Road, it does show that agency spend is now being monitored through formal KPI reporting and management discussions. However, these enhanced arrangements were not in operation throughout the 2025/26 financial year. While the changes demonstrate that management has taken action to improve oversight of agency expenditure going forward, they do not address the weakness for the period under consideration. We have therefore retained the finding for 2025/26, while recognising the subsequent improvement in monitoring arrangements.

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Value for Money: Recommendations

The recommendations raised as a result of our work in respect of significant value for money weaknesses in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	Our prior year review identified a significant weakness regarding the Authority's arrangements for governance due to the temporary closure of its Abbey Road site from July 2025 to March 2026. Our review of the Authority's arrangements for governance at Abbey Road identified deficiencies in core governance controls at the site which included risk management, performance monitoring, health and safety monitoring and a strong reliance on temporary staffing. These matters are evidence of weakness in the Authority's governance arrangements that supports the day-to-day operation of the business. Whilst the Authority has begun implementing changes during the financial year to improve the core governance controls, further time is required to ensure all identified changes are fully implemented and are consistently and effectively applied. We recommend the Authority continues to implement the identified actions to address these deficiencies and monitor the effectiveness of the implementation of its new core governance controls.	The Authority identified the issues at Abbey Road at an early stage, informed the external auditors and began introducing controls in response. These included enhanced senior management oversight, strengthened operational and health and safety reporting, and revised processes tested through the phased reopening of the site. Whilst several arrangements were implemented in the latter part of 2025/26, this followed earlier identification of the issues and the commencement of corrective action. Implementation and embedding have been progressive. Management recognises that the controls had not operated for sufficient time by 31 March 2026 to demonstrate sustained effectiveness and will continue to embed and monitor these arrangements during 2026/27. Managing Director, March 2027

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