

Somerset Waste Partnership

Statement of Accounts

2014/15

**Kevin Nacey, CPFA,
Director of Finance and Performance**

Index

| | |
|--|----|
| Explanatory Foreword to the Statement of Accounts | 3 |
| Explanatory Foreword: Chairman's Statement | 7 |
| Explanatory Foreword: Managing Director's Report | 9 |
| Annual Governance Statement 2014/2015 | 12 |
| Statement of Responsibilities for the Statement of Accounts | 24 |
| Independent Auditor's Report | 25 |
| Core Financial Statements:- | |
| Comprehensive Income and Expenditure Statement | 27 |
| Balance Sheet | 28 |
| Cash Flow Statement | 29 |
| Movement in Reserves Statement | 30 |
| Notes to the Accounts – Introduction & Statement of Accounting Policies | 31 |
| Notes to the Accounts - Additional Explanatory Information | 39 |
| Glossary of Terms | 54 |
| Somerset Waste Board membership for 2014-2015 | 59 |
| Somerset Waste Board membership for 2015-2016 | 60 |
| Somerset Waste Partnership Business Plan Action Table 2015-2016 | 61 |

Explanatory Foreword to the Statement of Accounts

Introduction

After a long and successful period of close partnership working, the Waste Collection Authorities and the Waste Disposal Authority within Somerset have set up the **Somerset Waste Partnership** and delegated to it a number of their waste authority functions. This has been done in the interests of efficiency, service performance and increased value for money in what is a high-profile and volatile public service.

The Somerset Waste Partnership is governed by the **Somerset Waste Board**, comprising 2 elected councillors from each of the 6 partner authorities. The Board is a formal **Joint Committee** established under section 101 of the Local Govt Act 1972.

Somerset Waste Partnership comprises the following partners:-

Mendip District Council, Cannards Grave Road, Shepton Mallet, Somerset, BA4 5BT

Sedgemoor District Council, Bridgwater House, Kings Square, Bridgwater, Somerset, TA6 3AR

Somerset County Council, County Hall, Taunton, Somerset, TA1 4DY

South Somerset District Council, PO Box 25, The Council Offices, Brympton Way, Yeovil, Somerset, BA20 2DS

Taunton Deane Borough Council, The Deane House, Belvedere Road, Taunton, Somerset TA1 1HE

West Somerset District Council, West Somerset House, Killick Way, Williton, Somerset, TA4 4QA

Somerset County Council acts as the **Administering Authority** to the Somerset Waste Partnership.

Key documentation for the formation of this Partnership can be found in its **Inter Authority Agreement** and its **Constitution**. The Somerset Waste Partnership also produces and publishes an annual **Business Plan**, with a 5 year horizon, that is endorsed by the Somerset Waste Board. Further explanatory information about the activities of the Somerset Waste Partnership is included within the Chairman's Statement and the Managing Director's Report.

The Accounts

The Somerset Waste Partnership came into being on the 1st October 2007 and a set of statutory accounts has been prepared for each financial year since that date. This is therefore the Partnership's seventh full financial year, and these accounts set out a summary of our financial affairs for the period 1st April 2014 to 31st March 2015, and show our financial position on 31st March 2015.

Financial contributions to the Partnership come from all 6 partners, as listed above, plus income earned from fees and charges raised, consultancy work undertaken, grants won, and partners such as Marks and Spencer. The exact contribution from each partner is set out through a series of formulae in the Inter Authority Agreement, which is known as the Cost Sharing Agreement. Partners pay the Administering Authority 1/12 of the annual contribution each month. The Administering Authority employs the staff and pays all costs on behalf of the Partnership.

The majority of the expenditure incurred during this period was spent with 2 external contractors – Viridor Waste Management, who operated our waste disposal contracts, and Kier, who operated our waste collection contracts.

The Statement Accounts show a deficit of £354,255 for 2014/2015. However, this figure includes the impact of prior year balances held on behalf of partners and now returned and the release of prior year earmarked reserves to combat flytipping and to support future procurement activity. The in-year surplus achieved, excluding these items, was £132,279.

Further information about the major influences on the accounts, and the activities of the Somerset Waste Partnership, are included in the Chairman's Statement and Managing Director's Report, which form part of the explanation and context for these accounts.

We have used some technical terms in these accounts, which we have explained in the Glossary.

International Financial Reporting Standards (IFRS) Requirements

This Statement of Accounts for the Somerset Waste Partnership has been compiled under the new CIPFA "Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015". This Code of Practice is based on International Financial Reporting Standards (IFRSs). These standards are seen as "best practice", and will give a "true and fair view" of the financial position and transactions of an authority. They will also allow better comparisons to be made between organisations. The Code is now in place across the entire UK public sector. It also constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003, and we have adopted it for the Somerset Waste Partnership.

The format and content of the accounts are therefore largely dictated by the Code requirements. Specifically, there is a requirement to include the following "**core**" financial statements within the accounts:-

- **Comprehensive Income and Expenditure Statement** for the period.
- **Balance Sheet** as at the end of the period.
- **Cash Flow Statement** for the period.
- **Movement in Reserves Statement** for the period.

An explanation as to the purpose of each statement precedes each individual section within the Statement of Accounts.

We are also obliged to supplement these statements by means of **Notes**, comprising a summary of significant accounting policies and other explanatory information.

Local Audit and Accountability Act 2014 – Changes to audit requirements for Joint Committees

The Audit Commission Act 1998 (section 2 and Schedule 2) required joint committees to prepare accounts and undergo an audit separate from their constituent bodies. From 1 April 2015, implementation of the Local Audit and Accountability Act 2014 will mean that joint committees will no longer be required to have their accounts separately prepared and audited. This approach follows consultation with the local government and accounting sector and means that the final mandatory audit for such bodies will cover the period 2014/15.

The Government has made this change as the appropriate parts of the financial results of Joint Committees are reported in the accounts of their constituent bodies, so they will be audited by auditors appointed to audit the accounts of those bodies, and there will be no need for a separate audit appointment to them.

It is still the intention of the Somerset Waste Partnership to produce accounts at the end of each financial year after the 2014/2015 Statement of Accounts. However, because these will no longer be a statutory requirement, they will be more tailored towards a “management information” or Annual Report style, and will no longer be subject to formal audit under the legislation.

The Purpose of the Statement of Accounts

The Somerset Waste Partnership publishes an annual Statement of Accounts to give stakeholders clear information about the Partnership’s finances. These stakeholders will include electors, those subject to locally levied taxes and charges, members of the Board and the partner authorities, and employees. The Statement is prepared in order to answer such questions as:-

What did the Somerset Waste Partnership’s services cost in the year of account?

Where did the money come from?

What were the Somerset Waste Partnership’s assets and liabilities at the year-end?

We are expected to reflect a common pattern of presentation with other organisations to allow comparisons to be drawn. Interpretation and explanation of the accounts are also considered to be extremely important.

The CIPFA Code also states that:-

‘for local authorities the objective of the financial statements is also to provide information about the authority’s financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the authority’s management and for making economic decisions. Financial reporting is not an end in itself. Its purpose is to provide information useful to users of the financial statements. The objectives of financial reporting are therefore determined by reference to the users of the financial statements, and their information needs. In the public sector, providing information that allows for an assessment of the stewardship and accountability of elected members and management for the resources entrusted to them is of paramount importance’.

More information

If you have any comments or feedback on these accounts, please contact us. This will help us to provide a more informative and useful document.

For more information on these accounts, for extra copies or for other key documents, please write to:

Martin Gerrish CPFA
Strategic Manager – Financial Governance
County Hall
Taunton
Somerset
TA1 4DY.

Phone: 01823 355303
E-mail: mgerrish@somerset.gov.uk

These accounts are also available on the internet at www.somerset.gov.uk/accounts

These accounts can also be made available in Braille, in large print, on tape and on disc, and we can translate them into different languages.



Somerset Waste Partnership Chairman's Statement May 2015

It has to be said that the past year has been very like the curate's egg; "good in parts". The overlying trend is a considerable increase in the tonnages of waste requiring landfill; inevitable given the county's population increase. In response to growing number of children and the increasing proportion of the elderly, huge numbers of new dwellings are being built now and will be required to be built by 2028 to fulfil statutory Local Plans.

Although there is still a very long availability period for landfilling in the county's two main sites, it is no longer sustainable or financially viable to use this all too convenient option. The cost per tonne of disposal including tax is now over £100, consuming a quarter of Somerset Waste Partnership's available budget of £40m+. Given that 95% of the entire budget is spent on the statutory requirement for collection and disposal of household waste, and that the SWP is being required to make £1.43 million cuts in its current budget over the next three years, it is not hard to see that radical changes will have to be made in the fundamental ethos of our operational model. The luxury of delay is not an option as the market for recycling is slack, and demanding only the cleanest and highest quality of recycle.

Regrettably there is still a very large quotient of the public who still disregard all attempts to minimise or in any way segregate and sort recyclables from the increasing amounts of residual waste put out for collection. This problem has been recognised and, with external funding from WRAP, a detailed program to diagnose the resistance factors particularly in food waste recycling was implemented in March 2014 in Street and Wellington. It consisted of the provision of stickers for residual bins saying no food waste in here and leaflets for 2,800 houses in Street which culminated in a 20.8% increase in food waste collection, but in Wellington where 10,500 houses were targeted, the combination of measures only raised the food collection by some 1.9%. However on other WRAP funded pilot areas increases of from 40% to over 60% in food collection were recorded. So it would seem that the saturation of areas with free bin liners, leaflets and bin stickers has considerable potential, and there may be a business case to repeat this across the county. Further WRAP money was offered and accepted to roll this out across half the county in March 2015.

Food waste is the fuel for the anaerobic digester in Walpole and this is cheaper as well as a more sustainable outlet so it is important. After some teething troubles this facility is now fully operational. As with similar facilities, the use of non-digestible starch bags has proved challenging but seems to have been dealt with by the installation of a new equipment.

In April 2014 the Board formally requested Viridor to propose alternatives to landfill on both environmental grounds and to mitigate the amount of budget cuts that we have to make. Having looked at their proposal received last October, it became clear that the proposal was still relatively expensive and the only way that there was a possibility of balancing the budget in 2016/17 would be to activate the exclusivity clause in the contract whereby the exclusive right of Viridor to all our waste output is suspended leaving SWP free to explore other outlets and markets. The Board agreed to take this step in March 2015.

In order to obtain a broad spectrum of possible bidders and ideas, a supplier event was convened and 25 representatives from around 15 potential suppliers attended. A number of interesting possibilities have emerged. Some will be capital intensive requiring sites and plant in county; others could be aligned with other aspects of the suppliers' existing facilities. Most of the ideas are centred on the residual waste being sorted, packaged and then used as refuse derived fuel (RDF) for power generation either UK or abroad. Viridor have applied for the creation of Transfer Stations both at Dimmer near Castle Cary and at Walpole near Bridgwater. The Dimmer site is contentious as the local residents are very concerned about

the amount of traffic this will generate and want to see the site completely closed. Viridor have stated their intention to stop landfilling at the site in 2016/17 if it gets planning permission to use the redundant in-vessel composting building as a Transfer Station for a further 15 years from SCC's Regulation Committee.

At the time of writing the outcome for Dimmer is not certain. Either way SWP are also looking at other existing and potential sites for Transfer across the county as part of the procurement process.

Whatever happens, our "modus operandi" will have to change for ever. In the short to medium term at least we will have to export waste out of the county for final disposal, either in treated or untreated form. We will also need to be totally alive to market prices and trading in a market where small margins are everything and large risks abound.

It remains to be seen if the new Secretary of State for Communities and Local Government, Greg Clark, will have a different outlook to his predecessor Eric Pickles on the management of waste, but either way I think we are going to be leaving our comfort zone.

D.N.L.Yeomans
Chairman Somerset Waste Partnership

Managing Director's Report

In our seventh full year of operation SWP faced four main challenges:-

- The need to make real progress on moving away from landfill
- Reviewing our kerbside collection system
- Persuading and enabling people to better segregate their waste
- Saving money

Moving Away From Landfill

In April 2014 the Somerset Waste Board formally requested Viridor to submit a proposal for an alternative to landfill. Viridor submitted a comprehensive bid in October 2014 but it did not match our reasonable expectations about reducing the cost per tonne of disposal. The Board invited Viridor to revise their proposal but Viridor advised they could not at that time improve their offer.

On this basis in March 2015 the Board resolved to invoke a contractual clause to suspend Viridor's exclusive right to dispose of Somerset's municipal waste and to move to soft market test other options with other suppliers with a view to procurement. Viridor are not excluded from the process but any further proposal must compete with the wider market.

This work is a major work stream in 2015/16. One thing is clear; whatever future solution we adopt, we will require at least one, and probably two, Transfer Stations in the county. In this respect we are unlikely to find a solution that has no impact on residents anywhere but we will have regard to these and environmental factors while seeking best overall value. We are not necessarily constrained to use facilities provided by Viridor even if they obtain planning consents.

Despite our overriding need to seek savings, we do continue to value our Strategic Partnering Relationship with Viridor who manage our Recycling Centres and other services beyond the disposal of residual waste.

Reviewing our kerbside collection system

The Board continues to aspire to improve the range of materials collected at kerbside. Historically the partners have accepted that major changes to services (Sort It in 2003-5 and Sort It Plus in 2009-11) would cost more than the system they replaced. The SWP did however do much to mitigate these costs at the time through attracting external funding from central Government and the private sector. Our ground breaking five year funding partnership with Marks and Spencer ended at the end of this period, and once again we would like to thank M&S for providing almost £1.25m over five years. That support has enabled us with householders to recycle over 60,000 additional tonnes of recyclate in that time. Although the funding has run its course the system remains in place.

The financial position is however very different now with no prospect of things becoming less austere for local Government. Any changes to the system must meet an imperative to reduce costs for partners.

Most of the current kerbside recycling vehicles will require replacing between 2016-18. This is an opportunity to review the system in the context of service development and savings.

The Board was grateful for the support of the Taunton Deane Council's Executive to approve a suite of "High Diversion" trials across the district between September and December 2014. These examined the impact of adding additional materials while varying collection frequencies for both recycling and refuse collection, including three weekly refuse collection in and around Wiveliscombe. The results of the trials were very encouraging and are due to be reported to the Board in June 2015. These will help inform our review of the whole service.

There have also been some important regulatory changes in the period, with the Waste (England and Wales) Regulations 2011 coming into effect from 1st January 2015. This requires anyone who undertakes collection of waste to offer a service for the separate collection of glass, paper, metals and plastics. Work done confirms that SWP's kerbside sort systems are highly compliant with the Regulations. We must now take continued compliance into consideration when we evaluate options for the future model.

Additional desktop work is planned for the summer of 2015 with a view to the Board evaluating options in the autumn and making recommendations to the partners for a preferred option early in December 2015.

Persuading and enabling people

Overall recycling rates have not changed much over the last few years. On the upside this is despite the (positive) fact that there are lower amounts of the heavy fraction materials available such as paper and glass. Manufacturers continue the trend towards lightweighting of packaging.

However the basic persistent problem remains that much of what people throw away could still be recycled if only it were segregated. One of the biggest lost opportunities is food waste. In 2014 we put in a strong bid for some external funding offered by WRAP (wrap.co.uk) to test ways to increase the use of food waste collection. Along with others in early 2014 we tested the effect of stickers on bins, leaflets, door to door conversations and free caddy liners. This had mixed - but largely very positive - effects with up to 60% increases in some of the poorer performing areas. We were invited by WRAP to apply for further funding which enabled us to apply the best combination - stickers, liners and leaflets - across half the county in March 2015. The results so far are very encouraging and a business case for covering the rest of the county will be proposed to the Somerset Waste Board.

The Re-use shop at Priorswood Recycling Centre was an instant hit on opening in January 2014 and has continued to be ever since. The Business Plan contains plans for two more.

Saving money

As is evident above, seeking opportunities to deliver more for less, along with project risk assessment and health and safety, is a core theme running through all that we do. This includes my own time, shared with the Gloucestershire Joint Waste Committee and is the key driver for our priority projects. This is even more challenging as overall waste arisings appear to be rising year on year and this is the primary pressure on budgets. Care is however needed in interpreting trends and we continue to maintain very tight scrutiny of the statistical data available to us and reported to the Board on a quarterly basis.

Other highlights

Working with Colleagues in the Education Unit of SCC and collection contractor Kier, the recycling contract for schools has been revised, allowing schools for the first time to participate in food waste recycling.

The SWP continues to be committed to support training and we have offered apprenticeships to young people continuously over the last five years. All of our apprentices have secured full time employment within the SWP or the County Council at the end of their terms.

Acknowledgements

More than seven years on, SWP stands out locally and nationally as a highly successful partnership. SWP remains a model for other waste partnerships and for joint working in other service areas and we provide advice to those exploring both. This is attributable to three main things. The SWP enjoys the support and trust of the partners and the Chairman and Members of the Waste Board who value service reliability, honesty and forward thinking. We have excellent support from the senior officers of each partner who make up the Strategic Management Group and from the County Council officers who provide so called “back room” services to us. I would once again single out our financial support as exceptional. Thirdly and I am reliant on the excellent team of Senior Managers and Staff of the SWP to run the ship and keep a steely watch on the horizon.

We are however never complacent and we are ever mindful that our primary purpose is to provide quality services to the residents of Somerset and to take them with us through changes.

Inspection and Audit

Before completing the audit, we made these accounts available for public inspection from 6th July to 31st July (inclusive) so that people who pay Council Tax and other members of the public, could ask the auditor any questions. This is a legal requirement, but SWP staff and the Administering Authority’s support staff will answer questions from anyone with an interest at any time. The accounts will be audited from July, and the Grant Thornton’s audit report will appear on page 25. The Somerset Waste Board will consider the Statement of Accounts, the Annual Governance Statement and the External Auditor’s report on the 25th September 2015.

Steve Read
Managing Director

Annual Governance Statement 2014/2015

Responsibility

We are responsible for making sure that we:-

- carry out our business in line with the law and proper standards;
- protect public money and account for it properly; and
- use public money economically, efficiently and effectively.

We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of **economy, efficiency** and **effectiveness**. In discharging this overall responsibility, the Somerset Waste Partnership is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

We are required under Regulation 4(2) of the Accounts and Audit (England) Regulations 2011 to conduct a review at least once a year of the effectiveness of our system of internal control and include a statement reporting on the review with any Statement of Accounts. Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 requires that for a local authority in England the statement is an Annual Governance Statement. The review of internal controls provides additional assurance that the Statement of Accounts gives a true and fair view of the authority's financial position at the reporting date and its financial performance during the year.

The purpose of this statement, which is formally signed by the Chair of the Somerset Waste Board and the Managing Director of the Somerset Waste Partnership, is to provide assurance that the Partnership has a sound governance framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

The Annual Governance Statement is written on the Core Principles of the CIPFA / SOLACE framework "*Delivering Good Governance in Local Government*." By following this framework, we ensure that we meet our statutory obligations. A copy of the document can be obtained from Martin Gerrish, at mgerrish@somerset.gov.uk.

In reading this assurance, it is also important to consider that the Administering Authority, which provides support services to the Partnership, has a role in ensuring good governance for the Joint Committee. A degree of reliance can therefore be placed on the governance framework of Somerset County Council and this Statement has been written (where appropriate) to align with the Administering Authority's own Statement.

We review our financial management arrangements on an annual basis to ensure that they conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

These require the Chief Financial Officer to:-

- be a key member of the leadership team,
- be actively involved in all material business decisions to ensure that they align with the authority's financial strategy, and
- promote good financial management to ensure that public money is safeguarded at all times and used economically, efficiently and effectively.

A review carried out in May 2015 / June 2015, by finance staff in the Administering Authority, confirmed that during the financial year 2014/15 that both the County Council and the Waste Partnership complied with all these requirements.

The Purpose of the Governance Framework

The governance framework comprises the **systems** and **processes**, and **culture** and **values**, by which the Partnership is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Board to set its strategic objectives, monitor their achievement and consider whether they have led to the delivery of appropriate, cost-effective services.

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. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Somerset Waste Partnership's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. It ensures they are managed efficiently, effectively and economically.

The governance framework has been in place at the Somerset Waste Partnership for the whole of the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

Core Principle 1: The Somerset Waste Partnership aims to focus on its purpose and on outcomes for the community, creating and implementing a vision for the local area with partners.

The purpose for the Somerset Waste Partnership is set out in its key documents, all of which are publically available. There are also regular references back to these documents in the Somerset Waste Board papers, which are also public documents. The original aims and objectives of the Somerset Waste Board, the Joint Committee that the Partnership reports to and is governed by, are set out in its **Constitution**. The delivery of these aims and objectives is governed by the "rules" of the Partnership as set out in the **Inter Authority Agreement**.

The combined Somerset Waste Authorities have a Joint Municipal Waste Management Strategy, which is a key policy document. This was first published in 2003/04, and reviewed as a significant exercise with all stakeholders during 2010/2011. It remains a "live" document, as part of the on-going strategy to determine how best to prevent waste and / or move material up the waste hierarchy in Somerset.

Subsequently, the Board again considered the Waste Core Strategy Development Plan Document, as adopted by Somerset County Council. The County Council is required by law to produce a Waste Core Strategy Development Plan Document (DPD). This sets out Somerset County Council's approach to waste planning until 2028, considering all waste types, focusing on the spatial context for future waste development in Somerset, and will act as a framework for waste activities within Somerset.

The general framework and direction for the Somerset Waste Partnership itself is set out in the Board's Business Plan (latest version 2015-2020, approved February 2015). This clearly sets out strategic plans to shape and direct how we manage ourselves overall, our vision, aims and priorities. The Somerset Waste Partnership's Vision clearly states that we will:-

“Drive material up the waste hierarchy and, where sustainable markets exist, into the circular economy.”

“Avoid landfill and encourage high participation in waste avoidance, reuse, recycling and food waste collection schemes.”

“Engage with local people, support economic wellbeing and use efficient, sustainable and affordable solutions at every stage of the process.”

“Encourage and facilitate innovation, joined up strategy, policy and operations across the county.”

The Business Plan format has been simplified for the current Plan and explicitly sets out three clear priority areas going forward –

Alternative Refuse Treatment (disposal)
New Service Model (collection)
Addressing the impact of waste

To support these priority areas, there are 39 separate, specific actions set out in the Action Plan, with an outcome or target for each, and a lead officer who is responsible for delivery. Details are appended at the rear of the Statement of Accounts. The Business Plan and associated Action Plan, once approved, provide the direction that the Partnership will follow in the next financial year, but looking towards a 5 year horizon.

The Business Plan is an iterative document, and is formally adopted by the Board on an annual basis, but only after being taken to all partners for their own comments and endorsements. We also consider (and publish) comments received from partners as part of the Business Plan process. The formal Waste Partnership project process requires the lead officer to conduct an Impact Assessment for each action described in the Business Plan.

The Business Plan is the primary means to seek both the approval for its proposals from the partner authorities, and for the resources to implement them. It is therefore always presented to the Waste Board alongside the corresponding Annual Budget for the proposals in the Plan. There is also a medium term budget forecast (up to and including 2019/2020) built on a series of assumptions for inflation, landfill tax, household and waste volume growth. By 2019/2020, the Waste Partnership net budget is forecasted to reach £49.7m, subject to any service changes or initiatives that the Board may implement in that period. At the request of partners, we have now included a 5 year budget forecast for each individual partner, in order that this can inform their own financial planning processes.

The continual need to contribute to the efficiency savings for all partners is acknowledged. Independent evaluation has already confirmed that operating as a partnership delivers more than £1.5m in real savings to the partners annually (over £10m from the Partnership’s inception). Given the scale of the additional revenue funding required on waste, and the increased proportion of the individual partner authorities’ budgets that needs to be dedicated to this service, the implementation of the Business Plan priority areas are critical.

During the 2014/2015 financial year, the Partnership undertook a number of High Diversion Trials to determine whether it is financially possible to economically add additional materials (plastic pots, tubs and trays, small electrical appliances, batteries and drinks cartons) to the kerbside recycled materials, and to increase overall recycling participation. Feedback from residents on the trials, even in areas where refuse collection had been scaled back to three

weekly as part of the overall Trial package, was extremely positive in nature. The Trials will be extremely valuable in shaping any future proposals around the New Service Model for collection.

We have addressed a need for the refuse fleet to be replaced in 2015/2016, with a report to the Board on 8th August 2014. The financing for some of these vehicles (c£3.6 million) will be done through 2 of our partner authorities (Taunton Deane and South Somerset) through the Public Works Loans Board instead of directly through the contractor. Use of this mechanism will allow for some savings for the borrowing partners, and also the Partnership itself in supplying the vehicles to Kier. It also ensures that the vehicles remain in the ownership of the local authorities.

During the year, we have continued to examine alternative refuse treatment, and are seeking an alternative to landfill that will be better both economically and environmentally. We have followed the contractual process for seeking new disposal methods with Viridor, engaged expertise in the waste industry and waste disposal market, and the Board have now determined (20th March 2015) that officers should undertake an open procurement exercise in order to seek best value for money.

Our aims, priorities and actions continue to be influenced by Government policy, consultation with community stakeholders along with locally agreed policies, commitments and pressures. These are supported by our statutory duties and responsibilities to deliver particular services. We also align our strategy, plan and other key documents to those of our key partners and other stakeholders. We acknowledge that we are a partnership of 6 local authorities within Somerset, and our strategy links to the corporate objectives of each of our partners.

We continue to promote waste reduction in initiatives, particularly working with third sector bodies such as a number of local furniture reuse groups. Following the successful trial of the reuse shop based at our Taunton Recycling Centre, we are now in the process of finalising contract tender documents (with our site management contractor Viridor) that will allow us to formally tender the continued provision of this well used facility. Depending on the success of this tendering exercise, will then inform whether we should look to replicate such a reuse provision at or near to other sites, with Chard and Highbridge referenced in our current Business Plan as the likely future locations.

We continue to report regularly to the public Somerset Waste Board meetings and to the partners on our delivery, performance and financial progress.

Core Principle 2: The Somerset Waste Partnership aims to ensure members and officers working together to achieve a common purpose with clearly defined functions and roles.

The Somerset Waste Partnership is governed by the Somerset Waste Board, comprising two Members from each partner authority. The Board is the democratically accountable body of elected Members. The Board is a formal Joint Committee established under section 101 of the Local Government Act 1972. The six partner authorities have delegated their powers in relation to waste services to the Somerset Waste Board. The Board delivers this obligation through the Somerset Waste Partnership. The general ethos for the Somerset Waste Board is set out in Appendix 2 of its Constitution.

Members of the Board are appointed on an annual basis by their authority's Full Council. The Somerset Waste Partnership offers induction training and awareness for any new members. There is no limit on the term served, but Members must stand down from the Board if they

cease to be members of their parent authority or if they are not reappointed by the partner. At least one Member of the Board must be a cabinet member. Members may be substituted provided the Clerk is informed and rules regarding the cabinet status of members are followed. The Board meets formally in public at least once per quarter and also meets for training, site visits, and informal workshops in between formal meetings. The Chairman and Vice Chairman are elected by the Board members at the Annual General Meeting.

To help us develop policies and make decisions we have a clear and open Constitution and Inter Authority Agreement, which set out the basic rules controlling our business, including our committee structure, codes of conduct, standing orders, financial regulations and scheme of delegation. The Constitution itself has been operating in practice since October 2007, and we will continue to review its effectiveness and bring any necessary amendments back to the Board for approval.

The roles of Board members are clearly set out within the Constitution. These include representing the interest of the Partnership and ambitious community leadership, but we are always ultimately accountable to the communities that elected us. In shaping the partnership we have been mindful of the community's aspiration to recycle more, but also to receive quality services and ensure value for money through efficiencies and economies of scale. A full list of Members appointed to the Board at the Annual General Meetings of June 2014 (those charged with governance for the year in question) and June 2015 (those asked to approve this Statement) appears at the end of the Statement of Accounts. Members have been very active in their participation in joint events to consider the Business Plan objectives and on various site visits, such as to Walpole to see the Anaerobic Digester in operation.

The Responsibilities of the Chairman of the Board as set out in the Constitution include establishing "a constructive working relationship" between members and officers, and to "encourage the Board to delegate sufficient authority to the Managing Director" to carry out the Board's functions efficiently.

We have (with Board approval and under our Constitution) set up a non-decision making sub-group of members to act as a New Project Task and Finish Group to look at the alternative refuse treatment options and to report back to the Board with proposals.

The Managing Director of the Somerset Waste Partnership, whilst acknowledging the reporting links to the relevant directors in partner authorities, is primarily accountable to the Board itself and reports directly to the Chair of the Board. The Managing Director and all his staff within the Single Client Group have formal Job Descriptions that set out their responsibilities in assisting the Somerset Waste Partnership in achieving its Business Plan vision, aims and objectives. Provision is made within the Constitution for any of the officers to advise the Board as appropriate, and during 2014/2015 a number of officers within the Somerset Waste Partnership presented reports on their own areas of expertise to the Board.

We continue to seek to improve our fitness for purpose. During 2014/2015 we completed (following previous Board approval) the restructure of the organisation. The revised structure will provide a more flexible and customer-facing approach. Staff at the same level can, by agreement, move between specialist roles straightforwardly and the assignments can be updated from time to time to reflect contemporary priorities as set out in the Business Plan.

Core Principle 3: The Somerset Waste Partnership aims to promote the values of the Somerset Waste Board and demonstrate the values of good governance through upholding high standards of conduct and behaviour

Somerset Waste Board members are subject to the Code of Conduct for elected members adopted by the partner authority that nominated them to be a Board member.

Members of the Board's responsibilities are formally set out in the Constitution. They specifically include behaviours such as acting in the interests of the Board as a whole, being committed to, and acting as a champion for, the Partnership's Aims and Objectives, and to being a good ambassador for the Board. Members of the Board are also tasked with acting as advocate between the Board and the partner authority that nominated them. This is a key role in the operation of a Joint Committee arrangement.

Somerset Waste Partnership staff are employed by the Administering Authority on behalf of the partners and are therefore governed by Somerset County Council's regulatory framework, including Contract Standing Orders, Financial Regulations and guidance, the Scheme of Delegation, whistleblowing and complaints procedures. Staff are updated on key issues from time to time through team and sub-team meetings

Managers are responsible for ensuring members of staff adhere to policies, procedures, laws and regulations and for making sure that we demonstrate a robust approach to risk management in their work.

Core Principle 4: The Somerset Waste Board aims to take informed and transparent decisions, which are subject to effective scrutiny and risk management arrangements

To achieve this, the Somerset Waste Board:-

- ensures that the significant decisions affecting the roles and responsibilities of the Board and the performance of its functions are taken with the full involvement of members of the Board through:
 - their participation in meetings of the Board;
 - their participation as lead members in roles requiring specialist knowledge or focus;
 - their participation as members in their communities;
 - their participation as members of the partnership between the Board and its partner authorities and other organisations;
- ensures that members and officers receive the information which is necessary for them to take balanced and informed decisions about the matters under consideration;
- asks its Members to remain acquainted with emerging technologies and processes in the area of waste management, often through site visits and presentations from officers or contractors;
- ensures that members and officers understand the parameters in which they make decisions, are accountable for these and consider the implications and potential impact;
- take active steps to promote as far as possible the meetings, decisions and minutes of the Board and conduct its meetings as open and accessible to the public;

The Somerset Waste Board has the overall responsibility to approve our risk-management strategy and policy statement. We formally and publically review risks that may prevent us from achieving our aims. SWP takes a proactive approach to understanding risks and consideration of both downside and upside risks are built into all reports to the Board and in preparation of Project Initiation Documents which are now routinely used in our work.

The updated risk register is now incorporated within the Business Plan, and was debated and approved by the Board at its meeting in February 2015. We also take advice and guidance from the Administering Authority's risk specialists and from the South West Audit Partnership (SWAP) in this respect. The Board are also suitably conversant with risk management, so as to be able to review the opportunities from this process.

The revised Waste Framework Directive requires measures to promote high quality recycling. These are implemented in England by the Waste (England & Wales) Regulations 2011, as amended in 2012. At its March 2015, the Board was presented with a detailed report on our compliance with these Regulations and an assessment of whether the Partnership could provide sufficient evidence to comply. Based on guidance published by the Environment Agency, SWP should be at low risk of requiring intervention.

The Somerset Waste Board does not have a separate Audit Committee, and the Board has previously resolved to hear both internal and external audit reports at the main Board meetings when appropriate. Our internal audit charter gives direct access for the auditor to report to the Managing Director and to the Board. Audit findings and management responses can also be made directly available to officers within the partner authorities.

Partner authorities have the right to consider any proposal by the Board which they consider to be a "material change", and which therefore they consider must be subject to approval by elected members of the partner authority.

The Constitution requires that the decisions made by the Board shall be subject to the Scrutiny arrangements of each Partner Authority. The Partnership's Managing Director and other managers attend individual Scrutiny Committees from time to time particularly during consultation on the Business Plan. Any decision of the Board, except those agreed as urgent, shall not be implemented until the Scrutiny Arrangements of the Partner Authority whose membership has called in the decision or action has been completed. To date, the only "call-in" has been the decision regarding changes to Recycling Centres in March 2011.

In addition, to meet a general demand for and interest in more information and involvement, the partners (excepting Sedgemoor) agreed to form an informal Joint Scrutiny Committee, which meets on an ad hoc basis, usually twice a year, in particular to comment on the draft business plan prior to approval by the Board and consultation with individual partners. The Chairman of the Joint Scrutiny Panel is also, by invitation of the Board, a member of the task and finish group set up to oversee the alternatives to landfill project. Several Joint Scrutiny Panel members participate in workshops, visits and events and often attend the Board meetings.

We receive support from our Internal Auditors (the South West Audit Partnership), who give their independent opinion on the systems of internal control and our risk management. In addition, our External Auditors (Grant Thornton) provide an opinion on whether the accounts "give a true and fair view" of the Partnership's financial position and also provide a Value For Money (VFM) conclusion. Other inspection agencies will also look at specific areas of our business from time to time in the future. We have previously received an unqualified external audit opinion for the Statement of Accounts for every year of the Partnership, and also an unqualified Value For Money conclusion on the Committee's arrangements for securing economy, efficiency and effectiveness.

Detailed Performance Monitoring reports are now provided to every Board meeting, alongside the Financial Monitoring reports.

Core Principle 5: The Somerset Waste Partnership aims to develop the capacity and capability of members and officers to be effective in their roles

Members of the Board have a responsibility within the Constitution to:-

- be committed to, and act as champion for, the achievement of the Aims and Objectives; and
- remain acquainted with emerging technologies and processes in the area of waste management

To assist members in remaining effective, we have and will continue to organise training, workshops, visits and events. We will also hold informal meetings in addition to the formal Board and have issued Members Information Sheets. Officers regularly give presentations and updates to member and officer groups, such as the Somerset Chief Executive Group.

Staff within the Somerset Waste Partnership participate in a personal development review process, which is in place for managers to discuss with each member of staff their capacity and capability to carry out their role and future roles. Managers are then responsible for arranging appropriate training and development opportunities. Mindful of the financial situation, staff members are encouraged to undertake relevant qualification and non-qualification training and to occasionally attend appropriate cost effective seminars, workshops and waste industry events to keep up with emerging issues or best practice.

Senior staff are sometimes asked to speak at events, which raises our profile and also provides a cost effective route to continuing professional development and networking. For example, in September 2014 the Managing Director spoke at the MRW / CIWM exhibition at Birmingham NEC.

Core Principle 6: The Somerset Waste Partnership aims to engage with local people and other stakeholders to ensure robust public accountability

The Somerset Waste Partnership is not an autonomous body. While it has an independent management structure reporting to the Board, it maintains close strategic and operational links with the partners at member and senior officer level. The Inter Authority Agreement is a legal contract between all partners and was signed in September 2007. It includes a role for the Strategic Management Group (SMG) consisting of Directors from the Partner authorities. SMG's role is to monitor the Somerset Waste Performance to ensure it is carrying out its delegated functions and duties, delivering best value and maintaining performance. The SMG also reviews the Business Plan, Action Plan and Budget and acts as a sounding board and source of ideas for the partnership. The SMG meets monthly.

In addition to the SMG, we have tasked individual Senior Operational Officers to each establish and maintain personal contacts with an individual waste collection authority. This allows easy communications links at an operational level to provide accountability and to resolve any emerging concerns quickly.

We use as many media channels as possible to reach as wide an audience as possible to promote waste prevention, recycling and appropriate disposal methods. Examples have included promotion of the Recycling More high diversion collection trials, including leaflet packs and a roadshow in Wiveliscombe and leaflets to households involved, a prize draw at recycling centres to promote national Recycling Week in June 2014, using Your Somerset to promote the Taunton Reuse shop, posters and leaflets promoting washable nappies in various hospitals and the Managing Director as a guest on BBC Somerset radio "in the hot seat" fielding waste related questions.

Our dedicated website had over 236,000 visits in 2014/2015, with over 83,000 different visitors. Officers continue to appear on local radio programmes and in trade media publications. The Somerset Waste Partnership has its own growing Twitter and Facebook accounts, and over 2,900 subscribers to its e-newsletter. SWP staff endeavour to provide talks on recycling for community groups when resources allow. Examples include Rotary Clubs, Church tea talk groups, Dementia Support groups, and gardening clubs.

The Community Engagement Officer also provides talks and activities on reducing and recycling food waste, supporting the national Love Food Hate Waste scheme and recently had a stall at the Abbey Hill Steam Rally and Bridgwater Science Festival fun day which had 1200 visitors. Last year, Love Food Hate Waste – Save More activities were offered by SWP in conjunction with Children’s Centres as a pilot project. This year SWP aims to engage with more hard to reach audiences by working with more children centres, housing associations and other appropriate organisations.

In addition, a new scheme is being developed to recruit and train volunteers to become Food Champions to help spread food waste reduction and recycling in their communities. This is being developed on similar lines to Somerset’s successful Compost Champions scheme which started in 2009 and currently has around 65 volunteers to engage individuals and community groups to share encouragement, tips and advice on home-composting. Since the start of the scheme Compost Champions have donated thousands of hours of volunteer time, attending talks and events and being involved in a range of other projects with schools, communities (e.g. allotments and demonstration sites) and other forms of promotion.

We also support any changes to services with communications activity – such as revised kerbside collections around Bank Holidays and the changes to the Recycling Centres at the start of 2014/2015.

Our national reputation and advanced thinking on Sort It Plus enabled us to be a lead partner for Marks and Spencer, to pioneer a scheme whereby the retailer makes a £250,000 per annum contribution toward the cost of collecting new packaging through Sort It Plus. This meets the approval of DEFRA who support the idea of innovative public private partnerships to improve recovery of packaging.

Assisted collections are available for both recycling and refuse. This means that refuse crews will retrieve and return containers from a convenient point outside the premises so that the householder does not have to deliver the container to the curtilage. Free clinical waste collections are available to those households that routinely generate this type of waste.

We continue to promote (and where possible assist in their access to funding) furniture re-use groups, who provide a free collection service and provide items for those on benefits.

We report on our publications, promotions and press reports to the Board on a six monthly basis.

Review of effectiveness

The Somerset Waste Partnership is responsible 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 Partnership, who have responsibility for the development and maintenance of the governance environment. It is also informed by work done by internal audit. It also takes into account the effectiveness of

the governance framework of the administering body, Somerset County Council. We can place strong reliance on the review of governance that the Somerset County Council has carried out, and also the local arrangements of all 6 partners for scrutiny.

The review was carried out by the Finance Officer and the Managing Director, with specific input from key technical staff as appropriate. A number of sources of information were considered, including Somerset Waste Board reports and feedback from public meetings, internal audit reports, Senior Management Group discussions and input from the Senior Management Team.

One key source for the annual review is the Internal Audit Annual Opinion, which for the Somerset Waste Partnership is provided by the South West Audit Partnership (SWAP). The Somerset Waste Board approved the annual audit plan for 2014/2015 at the February 2014 meeting. A total of 80 audit days are available.

Operational Audits completed by SWAP during the period April 2014 to March 2015, together with the Control Assurance offered, are summarised in the following table:

| <i>Audit Area</i> | <i>Audit Opinion</i> |
|---|-----------------------------|
| <i>Waste Collection – Assisted Collections</i> | <i>Reasonable</i> |
| <i>Recycling Centres and Business Waste</i> | <i>Substantial</i> |
| <i>Anaerobic Digestion Benefit Realisation</i> | <i>Deferred to 2015/16</i> |
| <i>Fly Tipping (new audit to replace above)</i> | <i>Non-Opinion</i> |
| <i>SWP Performance Management Follow up</i> | <i>In Progress</i> |

At the request of the SWP it was felt that the review of the anaerobic digestion benefit realisation would be more informed in 2015/16 and was therefore deferred and the planned audit time used to perform a review on Fly Tipping and ensuring that each of the District Councils was providing consistent and accurate data.

In addition to the above reviews, key financial controls are examined as part of the SCC Key Financial Audits (SWP's Administering Authority). Sample transactions were taken covering creditors and payroll with no issues identified relating to SWP.

The Internal Audit Annual Opinion for 2014/2015 concludes that:-

“Although there is still some work in progress, the reviews that have been completed have found very few control weaknesses and therefore feel I am able to offer **Reasonable Assurance** as an opinion on the internal control environment. Risks are generally managed, although there are some areas that require the introduction or improvement of internal control to help achieve SWP's objectives.”

The Board also receive external audit opinions and letters as part of the Grant Thornton's work.

There has been no evidence or suggestion of fraud or corruption within the Somerset Waste Partnership. The SWB has never had a complaint or issue referred to the Local Government Ombudsman despite delivering over 100 million individual collection services since instigation in 2007.

We are confident that the Board itself took all decisions in accordance with our Inter Authority Agreement and Constitution. As with all of the individual partners, we will continue to be challenged in terms of delivering services with less funding available, and we will continue to review our governance in light of these requirements.

Members and senior staff within the Somerset Waste Partnership remain in demand with other local authorities, who still want to learn from our experiences and emulate our partnership working, which has been described by DEFRA as “the leaders in the field of joint working on waste”.

In addition to the Managing Director’s continued part time Head of Service role with Gloucestershire, two members of staff remain were seconded throughout 2014/15 to Kier to lead on service operation and development.

The Managing Director also maintains close and regular contact with equivalent senior officers within the South West region.

Governance Issues and Considerations

No significant governance issues were raised during the financial year. As and when any governance issues are raised we will take all necessary management action to remove them, or at least mitigate the risks. We take significant assurance from the internal audit work, our governance arrangements and risk management, plus the role of the Administering Authority.

Internal Audit has previously commented that “we have been pleased with the positive response to the recommendations and I am therefore confident that where weaknesses have been identified, management have or will take the necessary action to address those weaknesses”.

We acknowledge that health and safety concerns are particularly prevalent in our industry, and whilst the contractors take primary responsibility for the safety and health of their workforce, the SWP has a role in encouraging, monitoring and fostering a culture of safety. We continue to publicly report to the Board twice a year on the Health & Safety performance of SWP and its contractors. Reportable incidences continue to be low.

Looking ahead, the Somerset Waste Partnership faces significant challenges, (many of which are set out in the Chairman’s Statement and the Managing Director’s Report), that will impact on the governance of the Partnership in 2015/2016 and beyond. Significant financial pressures within all 6 partner authorities will inevitably affect the level of services that they can continue to provide. As funding diminishes for all partners, (and the proportion of spend on waste services increases in relative terms), the level of scrutiny around the costs of waste collection and disposal will increase commensurately.

Landfill tax, contract inflation and household growth alone required additional revenue funding of £2.7 million in 2015/2016, simply to achieve a “stand still” position. Given the financial pressures that are on all partners, this is not sustainable in the future and changes to the services as set out in the Business Plan are urgent and inevitable. Whilst the Anaerobic Digester project in conjunction with Viridor at Walpole was a major step forward in the process of diversion from current disposal routes, it is still only a part of the financial solution.

Currently the establishment is 26.46 FTE as at 31st March 2015, including two members fully seconded and one partially seconded. The expertise of the seconded officers is generating much needed income but this does bring risks in terms of stretching the remaining local

resource. The Service Review process has therefore aimed to improve resilience and has been undertaken with capacity and customers at the very forefront of our thinking.

On-going review of the Somerset Waste Partnership will be essential given the scale of changes outlined above, to ensure that we continue to have adequate governance arrangements in place in 2015/2016 and future years.

Officers have already identified 3 governance requirements that will need to be addressed in 2015/2016:-

- Provide on-going training and development for new members of the Board;
- Review our Constitution and consider if there any improvements that might be made, given that the Partnership has developed substantially since its inception in 2007; and
- Consider what new governance will be required to support any changes to service, such as amending the Cost Sharing Agreement and Inter Authority Agreement.

Signed:

.....

**Derek Yeomans
Chair of the Board**

Signed:

.....

**Steve Read
Managing Director**

Statement of Responsibilities for the Statement of Accounts

It is the responsibility of the Administering Authority to provide the necessary financial support to the Somerset Waste Partnership. The following is a statement by the Chief Financial Officer on behalf of the Administering Authority as to the responsibilities that he and his staff have discharged in preparing the Statement of Accounts for the Somerset Waste Partnership.

The Somerset Waste Partnership is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. (For the Partnership, that officer is the Chief Financial Officer of the Administering Authority);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities:

The Chief Financial Officer is responsible for preparing the Partnership's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer's Declaration

This Statement of Accounts gives a true and fair view of the financial position of the Somerset Waste Partnership on 31 March 2015, and its income and expenditure for the year ended 31 March 2015.



**Kevin Nacey, CPFA ,
Director of Finance and Performance,
(Chief Financial Officer)
Somerset County Council
25 September 2015**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOMERSET WASTE PARTNERSHIP

We have audited the financial statements of Somerset Waste Partnership for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 2014/15.

This report is made solely to the members of Somerset Waste Partnership, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members of the Somerset Waste Partnership 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 Somerset Waste Partnership and the Somerset Waste Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Performance and auditor

As explained more fully in the Statement of the Director of Finance and Performance's Responsibilities, the Director of Finance and Performance 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Somerset Waste Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Performance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Somerset Waste Partnership as at 31 March 2015 and of its expenditure and income 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 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires Somerset Waste Partnership to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that Somerset Waste Partnership has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our review in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission *in* October 2014, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of Somerset Waste Partnership in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Peter Barber
Associate Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

25 September 2015

Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the cost in the year of providing waste collection and waste disposal services in accordance with generally accepted accounting practices. It also shows from where contributions came to fund these services.

If we refer to a note number in the right-hand column, there is a further explanation in the section "Notes to the Accounts - Additional Explanatory Information"

| 2013/14 | | | | 2014/15 | | | Notes |
|------------------------|---------------------|----------------------|--|------------------------|---------------------|----------------------|-------|
| Gross Expenditure £ | Gross Income £ | Net Expenditure £ | | Gross Expenditure £ | Gross Income £ | Net Expenditure £ | |
| 25,124,775 | (216,378) | 24,908,397 | Waste Disposal | 26,524,058 | (533,947) | 25,990,111 | 1 |
| 18,194,681 | (3,081,755) | 15,112,926 | Waste Collection | 18,455,810 | (3,173,150) | 15,282,660 | 1 |
| 43,319,456 | (3,298,133) | 40,021,323 | Gross Cost of services | 44,979,868 | (3,707,097) | 41,272,771 | |
| | (40,507,857) | (40,507,857) | Contributions from Partner Authorities | | (41,405,050) | (41,405,050) | 2 |
| 43,319,456 | (43,805,990) | (486,534) | (Surplus) or Deficit on Provision of Services | 44,979,868 | (45,112,147) | (132,279) | |
| 116,659 | | 116,659 | Contributions to / from Reserves | 486,534 | | 486,534 | 1 |
| 43,436,115 | (43,805,990) | (369,875) | Total Comprehensive Income and Expenditure | 45,466,402 | (45,112,147) | 354,255 | 3 |



**Kevin Nacey, CPFA,
Director of Finance and Performance
25 September 2015**

Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at this date of the assets and liabilities recognised by the Somerset Waste Partnership. The net assets of the Partnership (assets less liabilities) are matched by the reserves that we hold on behalf of all partners. Reserves are reported in two categories – usable reserves (those that can be used to provide services or returns to partners) and unusable (which are unrealisable or technical adjustments).

| 2013/14 £ | | £ | 2014/15 £ | Notes |
|----------------|--|---------|----------------|-------|
| | CURRENT ASSETS | | | |
| 135,191 | Inventories | | 136,996 | 4 |
| 256,029 | Short Term Debtors & Payments in Advance | | 756,204 | 5 |
| 1,477,195 | Cash and Cash Equivalents | | 263,101 | 6 |
| 1,868,415 | | | 1,156,301 | |
| | CURRENT LIABILITIES | | | |
| - | Cash and Cash Equivalents | - | | |
| 1,138,166 | Short Term Creditors & Receipts in Advance | 842,722 | | 7 |
| 62,415 | Provisions | - | | 8 |
| 1,200,581 | | 842,722 | | |
| 667,834 | NET CURRENT ASSETS | | 313,579 | |
| - | LONG TERM ASSETS | | - | |
| - | LONG TERM LIABILITIES | | - | |
| 667,834 | NET ASSETS | | 313,579 | |
| | Usable Reserves | | | |
| 399,403 | Somerset County Council Reserve | 100,189 | | |
| 86,126 | Mendip District Council Reserve | 29,129 | | |
| 18,028 | Sedgemoor District Council Reserve | 23,688 | | |
| 145,706 | South Somerset District Council Reserve | 99,037 | | |
| 32,807 | Taunton Deane Borough Council Reserve | 36,401 | | |
| (14,236) | West Somerset District Council Reserve | 25,135 | | |
| 667,834 | | | 313,579 | 9 |
| - | Unusable Reserves | | - | |
| 667,834 | TOTAL RESERVES | | 313,579 | |



Kevin Nacey, CPFA,
Director of Finance and Performance
25 September 2015

Cash-Flow Statement **

The Cash Flow Statement shows the changes in cash and cash equivalents of the Somerset Waste Partnership during the reporting period. The statement shows how the Partnership 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 Partnership are funded.

If we refer to a note number in the right-hand column, there is a further explanation in the section "Notes to the Accounts - Additional Explanatory Information"

| 2013/14 £ | | | 2014/15 £ | Notes |
|--------------|---|-----------|--------------|-------|
| 369,875 | Net surplus or (deficit) on the provision of services | | (354,255) | |
| - | Adjustments to net surplus or deficit on the provision of services for non-cash movements | | - | |
| (1,381,942) | Add increase / less (-) decrease in creditors / RIA / Provisions | (357,859) | | |
| 1,274,726 | Less (-) increase / add decrease in debtors / PIA | (500,175) | | |
| (26,099) | Less (-) increase / add decrease in stocks and Work-in-progress | (1,805) | | |
| | | | (859,839) | |
| 236,560 | Net increase or decrease in cash and cash equivalents | | (1,214,094) | |
| 1,240,635 | Cash and cash equivalents at the beginning of the reporting period | | 1,477,195 | |
| 1,477,195 | Cash and cash equivalents at the end of the reporting period | | 263,101 | 6 |



**Kevin Nacey, CPFA,
Director of Finance and Performance
25 September 2015**

** For the purposes of the Statement of Accounts, the contribution from Somerset County Council is shown as a cash inflow into the Somerset Waste Partnership. However, in its' capacity as the Administering Authority, Somerset County does not operate a separate bank account for the Somerset Waste Partnership, and income and expenditure for the Partnership goes through the main Somerset County bank account. Therefore, the Somerset County Council contribution is actually a budgetary allocation, which we treat as a notional cashflow in the accounts.

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.

If we refer to a note number, there is a further explanation in the section "Notes to the Accounts - Additional Explanatory Information"

| | Somerset County Council Reserves | Mendip District Council Reserves | Sedgemoor District Council Reserves | South Somerset District Council Reserves | Taunton Deane Borough Council Reserves | West Somerset Council Reserves | Total Useable Reserves | Unusable Reserves | Total Authority Reserves |
|---|---|---|--|--|--|---|------------------------------|----------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance at 31 March 2013 | (92,738) | 106,334 | 87,632 | 128,215 | 42,996 | 25,520 | 297,959 | - | 297,959 |
| Movement in reserves during 2013/14 | | | | | | | | | |
| Surplus or (deficit) on the provision of services | 399,403 | 41,777 | (16,742) | 79,714 | (3,382) | (14,236) | 486,534 | | 486,534 |
| Transfers to/from Earmarked Reserves | 92,738 | (61,985) | (52,862) | (62,223) | (6,807) | (25,520) | (116,659) | - | (116,659) |
| Increase/Decrease in 2013/14 | 492,141 | (20,208) | (69,604) | 17,491 | (10,189) | (39,756) | 369,875 | - | 369,875 |
| Balance at 31 March 2014 carried forward | 399,403 | 86,126 | 18,028 | 145,706 | 32,807 | (14,236) | 667,834 | - | 667,834 |

| | Somerset County Council Reserves | Mendip District Council Reserves | Sedgemoor District Council Reserves | South Somerset District Council Reserves | Taunton Deane Borough Council Reserves | West Somerset Council Reserves | Total Useable Reserves | Unusable Reserves | Total Authority Reserves |
|---|---|---|--|--|--|---|------------------------------|----------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance at 31 March 2014 | 399,403 | 86,126 | 18,028 | 145,706 | 32,807 | (14,236) | 667,834 | - | 667,834 |
| Movement in reserves during 2014/15 | | | | | | | | | |
| Surplus or (deficit) on the provision of services | 100,189 | (15,220) | (11,082) | 33,045 | 212 | 25,135 | 132,279 | | 132,279 |
| Transfers to/from Earmarked Reserves | (399,403) | (41,777) | 16,742 | (79,714) | 3,382 | 14,236 | (486,534) | - | (486,534) |
| Increase/Decrease in 2014/15 | (299,214) | (56,997) | 5,660 | (46,669) | 3,594 | 39,371 | (354,255) | - | (354,255) |
| Balance at 31 March 2015 carried forward | 100,189 | 29,129 | 23,688 | 99,037 | 36,401 | 25,135 | 313,579 | - | 313,579 |



**Kevin Nacey, CPFA,
Director of Finance and Performance
25 September 2015**

Notes to the Accounts – Introduction & Statement of Accounting Policies

Introduction

The Statement of Accounts summarises the Somerset Waste Partnership's transactions for the 2014/2015 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise *CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* supported by International Financial Reporting Standards (IFRS). These standards are seen as "best practice", and will allow better comparisons to be made between organisations. The Code is in place across the entire UK public sector. It also constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003, and we have adopted the Code accordingly.

The Code of Practice requires that "a local authority shall present notes to the financial statements." The purpose for these notes is that they shall:-

- "a) present information about the basis of preparation of the financial statements and the specific accounting policies used
- b) disclose the information required by the Code that is not presented elsewhere in the financial statements, and
- c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them."

An authority shall, as far as practicable, present notes in a systematic manner. An authority shall cross-reference each item in the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement to any related information in the notes.

We have reviewed all the notes that may be applicable to the Somerset Waste Partnership (given, for example, that the SWP holds no fixed assets) and have included those that are relevant below. We have chosen to include further information specific to the Somerset Waste Partnership in excess of the amount of information that we are obliged to publish where this would further aid explanation of the financial statements.

Going Concern

In accordance with the Code of Practice, the Somerset Waste Partnership's accounts are prepared on the underlying assumption that we are a "going concern" – the assumption that the functions of the Partnership will continue in operational existence for the foreseeable future. Despite the increasing costs of both waste collection and disposal, set against the increasingly limited funding available to all partner authorities, it is clear that the Partnership represents the most economical method of delivering these services to Somerset residents. The Constitution and Inter Authority Agreement set out the requirements for any authority who would seek to leave the Partnership, or for its dissolution. Even should an authority be minded to take this approach, it would not end the Partnership, and any such changes are subject to a relatively lengthy timetable.

Statement of Accounting Policies

General

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Somerset Waste Partnership in preparing and presenting financial statements.

In selecting accounting policies we are required to ensure that they are:-

- a) **relevant** to the decision-making needs of users, and
- b) **reliable**, in that the financial statements:
 - i) represent faithfully the financial position, financial performance and cash flows of the Somerset Waste Partnership
 - ii) reflect the economic **substance** of transactions, other events and conditions and not merely the legal form
 - iii) are **neutral**, i.e. free from bias
 - iv) are **prudent**, and
 - v) are **complete** in all material respects.

Specific policies relevant to the Somerset Waste Partnership are set out below. No changes to accounting policies have been made in compiling the Statement of Accounts for 2014/2015 when compared to previous years.

The accounting convention adopted is historic cost.

Summary of Significant Accounting Policies

i) Accruals of expenditure and income

This Statement of Accounts has been compiled using the “accruals” concept. According to this concept, income and expenditure is recognised by the Somerset Waste Partnership when it is earned or incurred, and not when the actual money was received or paid. Income and expenditure are therefore recorded in the accounting records and reported in the financial statements of the periods to which they relate. The most common accruals we make are debtors (when the Partnership is owed money) and creditors (when the Partnership owes money).

We have estimated the amount of accruals included for some areas of expenditure or income and have included these values within the accounts. The estimated accruals total £192,846 of creditor accruals and £23,500 of debtor accruals for 2014/2015 (£270,163 of creditor accruals and £135,095 of debtor accruals for 2013/2014).

Because our estimates are generally based on the actual rates and volumes within the contracts we hold for waste collection and disposal services, we have a high level of confidence in our estimating procedures. We reflect any difference between the actual figures and those estimates in the accounts the following year.

ii) Cash and cash equivalents

All financial transactions of the Somerset Waste Partnership go through SCC’s main bank account. No cash was held by the Somerset Waste Partnership and we do not specifically hold any short-term deposits or other cash equivalents.

iii) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render services to the Somerset Waste Partnership.

Post Employment Benefits

Employees of the Somerset Waste Partnership are eligible to be a member of the Local Government Pension Scheme, administered by Somerset County Council. The employer's contribution payable for employees who are members of this scheme is charged directly to the Comprehensive Income and Expenditure Statement.

Under IFRS, we are obliged to account for employee benefits at the Balance Sheet date. Given that the number of staff working in the Single Client Group within the Somerset Waste Partnership is quite small, our approach is to use actual figures from management records to determine the employee benefits accrued for annual leave outstanding, flexitime and time off in lieu (TOIL) hours owed to the staff. As the Somerset Waste Partnership is not a separate legal entity, all staff are technically employed by Somerset County Council as the Administering Authority. It is our policy not to charge these amounts to the Comprehensive Income & Expenditure Statement, as the amounts are held within the Somerset County Council accounts, and any such costs would fall to them as the employer. In the improbable event that any costs for employee benefits would fall to the SWP, our policy would be to account for the costs in the year that they became due.

iv) Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. In the Partnership's existence to date, the only events that have been reportable in this way have been where the Board has agreed on the treatment of the earmarked reserves that are attributable to each partner at the AGM meeting in June.

v) Government Grants and Contributions

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

- i) the Partnership will comply with the conditions attached to the payments; and
- ii) the grants or contributions will be received.

Amounts recognised as due to the Partnership are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied.

The majority of the contributions we received in 2014/2015 as income to the Somerset Waste Partnership are those agreed as part of the budget setting process from the partner authorities. These are shown as a separate income line on the Comprehensive Income Expenditure Statement, with any under or over contribution shown as an appropriation to the relevant "earmarked reserve" of the contributing partner.

We also receive some waste-specific grants from time to time. Details of all these amounts can also be found within the Note on "Segmented Reporting".

vi) Inventories

Inventories are measured at the lower of cost or net realisable value (the price at which they could be sold minus the cost of selling).

The only inventory that the Somerset Waste Partnership holds is in relation to stocks of various containers and bins that are necessary for the collection of household waste at kerbside. Items are recharged at full value to the partner organisation that needs a replacement container.

vii) Apportionments and Overheads

Most costs that are traditionally considered as "overheads" within the Comprehensive Income and Expenditure Statement are for support service charges. These are provided by the Administering Authority (other than internal audit which is provided by the South West Audit Partnership). As these are either on a "service level agreement" or on a direct usage (rather than apportioned) basis, they are treated as a direct cost to the accounts.

Overhead costs are split on the Comprehensive Income and Expenditure Statement between waste disposal and waste collection activities in accordance with the Cost Sharing Agreement within our Inter Authority Agreement, which is agreed as part of our Annual Budget setting process.

viii) Provisions

Provisions are made when an event has taken place that gives the Somerset Waste Partnership a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate line on the Comprehensive Income and Expenditure Statement in the year that the Somerset Waste Partnership becomes aware of the obligation. These are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Details of any provisions included within the Somerset Waste Partnership's accounts can be found within the relevant Notes. It is our policy to review the use of provisions annually as part of the preparation of the Statement of Accounts. If a previously made provision becomes less than probable that a transfer of economic benefits will now be required, our policy is to reverse the provision and credit the relevant service.

ix) Reserves

We have provision within the Inter Authority Agreement for 6 "earmarked reserves". Each partner has a specific earmarked reserve that holds the cumulative surplus or deficit attributable to it.

The Balance Sheet shows the cumulative surplus or deficit to date for each partner. This is calculated by comparing the difference between each partner's contribution to the Somerset Waste Partnership's budget and the actual net expenditure attributable to it from the Partnership's activities on its behalf.

It is for the individual partner to decide, in consultation with the Board and with its agreement, whether or not surpluses can be carried forward for future reinvestment in the Partnership or whether this needs to be returned to the partner to meet other needs. Where a partner has a deficit on its earmarked reserve, it has previously been expected to make good this amount. (The only partner where there is any constraint on their surplus is West Somerset. Under the agreement that the Board reached on 23rd. April 2010, West Somerset are required to retain any surpluses within the Partnership until such time as a permanent funding solution is found to their Sort It Plus funding support. As West Somerset are currently in an underspend position, this is to be retained within the Partnership).

Should expenditure be required to be funded from earmarked reserves, it is charged to the appropriate service line in the Comprehensive Income and Expenditure Statement, and money drawn down from the reserve to meet the costs.

x) Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them. VAT is recovered (where applicable) by the Administering Authority and therefore has no impact on the Somerset Waste Partnership accounts.

xi) Capital and Revenue

In broad terms, revenue spending is made up of payments to employees, collection and disposal contract charges, other running costs and repaying debts, whereas we class spending to buy assets, for example, buildings, equipment and vehicles as capital spending. Capital expenditure will have a useful life greater than a single financial year, and will either enhance the value or the lifespan of the asset.

As a Joint Committee, the Somerset Waste Partnership is not permitted to hold capital assets.

This is a statutory position. Therefore, all capital assets are held and controlled by Somerset County Council as the Administering Authority. This is in strict accordance with the Somerset Waste Partnership's Inter Authority Agreement.

We have agreed with the Administering Authority that the correct accounting policy is for Somerset County Council to hold and report on the capital assets. The accounting policies applicable and details of the assets are held on Somerset County Council's Balance Sheet on our behalf can be found its own Statement of Accounts.

As part of the collection contract with Kier, partners have agreed a policy whereby Somerset County Council has made arrangements to finance the purchase of vehicles and equipment. These are made available by Somerset County Council directly to the collection contractor.

In return for Somerset County Council providing some of the waste collection assets to Kier, the Somerset Waste Partnership receives a discount in the collection contract and uses this discount to repay the financing costs. To reflect the economic reality of this arrangement, the costs of repaying financing charges are shown as a direct charge to the Comprehensive Income and Expenditure Statement. (See also the accounting policy in relation to leases below).

Other assets, such as the Household Waste Recycling Centres (HWRCs) and restored landfill sites remain either in the ownership of Somerset County Council or Viridor Waste Management. Viridor are our waste disposal contractor and charge us a fee for providing HWRCs that they own through the relevant contract.

xii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

There is no formal lease arrangement between Somerset County Council and the Somerset Waste Partnership, not least because the Partnership is not a separate legal entity. However, within our accounts we are obliged to account for the vehicles bought or leased, owned and controlled by SCC as an operating lease-type arrangement. (See policy xi above). Rentals paid, which are classified as an operating lease-type payment, are charged directly to the Comprehensive Income & Expenditure Statement as an expense to the service area benefitting from the lease (waste collection). Actual charges are made based on the annualised payments requested, in line with our Cost Sharing Agreement.

The Somerset Waste Partnership has no arrangements that we would classify as a finance lease-type arrangement.

xiii) Financial Instruments and “fair value”

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial Assets

The only financial assets that the Somerset Waste Partnership holds are current assets, which are classified as loans and receivables. Loans and receivables are recognised on the Balance Sheet when the Somerset Waste Partnership becomes a party to the contractual provisions of a financial instrument and are initially measured at “fair value”.

Financial Liabilities

The only financial liabilities that the Somerset Waste Partnership holds are current liabilities. Financial liabilities are recognised on the Balance Sheet when the Somerset Waste Partnership becomes a party to the contractual provisions of a financial instrument and are initially measured at “fair value”.

“Fair Value”

Current assets (e.g. debtors, payments in advance) and liabilities (e.g. creditors, receipts in advance) are valued in the Statement of Accounts at what is termed “fair value”. We define fair value under the Code as being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction.

We consider each of our assets in turn and determine on an individual basis whether or not they need to be impaired (reduced in value). Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down in value and a charge made to the relevant line in the Comprehensive Income and Expenditure Statement.

Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out above, the Somerset Waste Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Of greatest concern to the Partnership itself, and the individual partner authorities, is the high degree of uncertainty about future levels of funding for local government. However, we have determined that this uncertainty does not have a direct impact on our financial statements, although it will certainly be a critical issue for the Board in future years and will be reflected in future Business Plans.

Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Somerset Waste Partnership about the future or that are otherwise uncertain. Estimates are made by taking into account historical experiences, current trends and other relevant factors. However, because balances cannot always be determined with certainty, actual results could be materially different from the assumptions and estimates, and risk having a material impact on the carrying amounts within the next financial year.

We have reviewed all our accounting assumptions and figures within our Balance Sheet. The major source of estimation is in relation to our accruals. The Somerset Waste Partnership makes a number of accruals at the year end to account for timing differences in expenditure and income. If accruals are not correctly estimated, they can have a substantial effect on the current year's result and consequently the following year when the accrual is reversed.

We are confident that our estimates are based on the most probable results, particularly in relation to disposal costs, where the tonnage information from Viridor was largely known when such estimates were made. Historically, our accruals have proved to be materially accurate.

We are confident that there is no other future event that gives significant concern that we will have to make a material adjustment to our figures in the forthcoming financial year.

Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

We are obliged to consider and disclose the impact of new accounting standards that have been issued, but not yet adopted. Generally speaking, these standards will only be included in the CIPFA Code for 2015/2016 onwards. The Somerset Waste Partnership has yet to adopt the following accounting standards:

IFRS 13 Fair Value Measurement (May 2011)

IFRS 13 defines fair value and sets out in a single IFRS a framework for measuring fair value. It also identifies the disclosure requirement for items measured at fair value.

Annual Improvements to IFRSs 2011 – 2013 Cycle

In December 2013, the International Accounting Standards Board (IASB) issued a number of IFRS amendments. The standards affected by the 2011 – 2013 Improvements Cycle were:

- IFRS 1: First-time Adoption of International Financial Reporting Standards;
- IFRS 3: Business Combinations;
- IFRS 13 Fair Value Measurement;
- IAS40 Investment Property

IFRIC 21 Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by Government.

Our review of the new standards concluded that these are not applicable to the Somerset Waste Partnership's accounts, and will have no material effect.

Notes to the Accounts - Additional Explanatory Information

Note 1 : “Segment Reporting”

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. Effectively, this financial statement is expected to be in a prescribed format in order to be comparable with other organisations. However, decisions about resource allocation (i.e. budgeting and expenditure) are taken by the Managing Director on the basis of budget reports that are analysed in a different manner.

Specific differences include:-

- The level of analysis required by the Managing Director in order to budget effectively requires financial information at a much lower level than that presented on the Comprehensive Income and Expenditure Statement. For example, waste disposal information is analysed across the major functions within this service, including landfill costs, household waste recycling centre costs, composting, hazardous waste and recycling credits payable.
- Some costs are monitored centrally, particularly staff and support costs, which are treated as an individual budget line in management information and not split between waste disposal and waste collection.
- The internal management information does not consider any IFRS requirements such as employee benefit costs, or repayment of prior year surpluses and deficits. These repayments have been added to the Note to ensure consistency with the Comprehensive Income and Expenditure Statement.

IFRS requires us to present information within the notes on what are terms “reportable segments” based on the Somerset Waste Partnership’s internal management information, and to reconcile these back to the Comprehensive Income and Expenditure Statement.

The following tables and explanations show:-

- i) An analysis of the detailed income and expenditure segments that are used for internal management reporting.
- ii) A reconciliation of the internal management information with the figures shown on the Comprehensive Income and Expenditure Statement. (The vertical columns in the first table equate to the figures on the main Statement).
- iii) Further breakdowns and explanations of some of the key lines within the management reporting analysis to indicate the types of expenditure incurred in each segment, where this is not covered elsewhere.

During 2014/2015, we have continued to second senior members of staff to Kier to improve operational processes with the contractor, and for Kier to use their expertise. In addition, the Managing Director now works up to 2 days per week supporting the emerging Gloucester waste partnership (supporting staff also contribute), and some work has previously been done for Bath and North East Somerset. All staff concerned remain SWP employees, and as such their salaries are included within the staffing information. Income from these arrangements is shown within the Other Income line in the segmented reporting. Within the Comprehensive Income and Expenditure Statement, these balances have been appropriately split between waste collection and waste disposal.

| | WDA £ | WCA £ | Total £ | 2014/15 £ | Notes |
|--|------------------|-----------------|------------|------------------|-------|
| INCOME | | | | | |
| Somerset County Council Contribution | 26,090,300 | | 26,090,300 | | |
| Mendip District Council | | 3,132,306 | 3,132,306 | | |
| Sedgemoor District Council | | 3,214,783 | 3,214,783 | | |
| South Somerset District Council | | 4,680,730 | 4,680,730 | | |
| Taunton Deane Borough Council | | 3,146,593 | 3,146,593 | | |
| West Somerset District Council | | 1,140,338 | 1,140,338 | | |
| Other Income | 424,934 | 752,660 | 1,177,594 | | |
| Recycling Credit Payments to Districts | | 2,222,478 | 2,222,478 | | 1(a) |
| Recharge of Bring Banks | | 8,000 | 8,000 | | |
| Treasury Management | 109,013 | 190,012 | 299,025 | | 1(b) |
| | 26,624,247 | 18,487,900 | | 45,112,147 | |
| EXPENDITURE | | | | | |
| Staff | 403,520 | 463,399 | 866,919 | | |
| Admitted Body Pension Costs | | 72,793 | 72,793 | | 1 (c) |
| Admin & Support Costs (Client Group) | 249,978 | 286,353 | 536,331 | | 1 (d) |
| Waste Collection - Recycled | | 8,458,983 | 8,458,983 | | 1(e) |
| Waste Collection - Refuse | | 5,674,693 | 5,674,693 | | 1(e) |
| Waste Collection - Garden | | 2,237,867 | 2,237,867 | | 1(e) |
| Waste Collection - Other | | 668,941 | 668,941 | | 1(e) |
| HWRC's | 8,881,162 | | 8,881,162 | | 1(e) |
| Composting | 2,829,546 | | 2,829,546 | | 1(e) |
| Landfill | 11,647,923 | | 11,647,923 | | 1(e) |
| Hazardous Waste | 273,128 | | 273,128 | | 1(e) |
| Recycling Credits | 2,238,801 | | 2,238,801 | | |
| Depot Costs | | 189,819 | 189,819 | | |
| Container Purchases | | 402,962 | 402,962 | | |
| | 26,524,058 | 18,455,810 | | 44,979,868 | |
| In Year Surplus for the Year | 100,189 | 32,090 | | 132,279 | |
| Contribution from / to Reserves ** | (399,403) | (87,131) | | (486,534) | |
| OPERATING SURPLUS FOR THE YEAR | (299,214) | (55,041) | | (354,255) | 1(f) |

** Contribution from / to reserves are the repayments to and from partners of their 2013/2014 surplus or deficits within their own Earmarked Reserves.

Note 1(a): Recycling credit payments to District Councils

Payments in lieu of recycling credits are made by the Waste Disposal Authority (Somerset County Council) to Waste Collection Authorities (all other partners). Such payments are made when the collection authority's has diverted dry recyclable material from landfill and therefore saved expenditure for the Waste Disposal Authority.

Waste authorities within Somerset have a separate agreement as to the value of recycling credit payments, and this has been incorporated into the Somerset Waste Partnership's Cost Sharing Agreement. The current agreement has been in effect from 1st October 2012 by member agreement under Agenda Item 12, of the Somerset Waste Board meeting of 29th June 2012.

The difference between the 2 recycling credits figures on the Income and Expenditure account relates to payments made by the Waste Disposal Authority to third party recyclers.

Note 1(b): Income from Treasury Management

Somerset Waste Partnership receives a discount on its invoices from its waste collection contractor, Kier, when the Administering Authority finances the waste collection vehicles and equipment that the contractor uses.

Part of this discount is required to pay the costs of borrowing the money for these assets, which are ultimately financed, owned and controlled by Somerset County Council, but a small surplus is made on this arrangement, which is shared between the collection authorities in accordance with the Cost Sharing Agreement. The 2014/2015 financial year is the final year of the County Council's borrowing under this arrangement.

| 2013/14 £ | Capital Breakdown | 2014/15 £ |
|----------------------|--|----------------------|
| 913,771 | Cost of Capital Borrowing | 564,910 |
| (60,240) | Bridgwater Depot Discount May Gurney | (60,240) |
| (934,307) | Capital Discount from May Gurney | (539,872) |
| (80,776) | Surplus Capital from Financing Arrangements | (35,202) |
| | | |
| 7,684,912 | Total Value Funded by SCC for Assets | 7,684,912 |

Somerset Waste Partnership also receives a discount on its invoices for making advanced payments to Kier in return for a net cashflow discount of £31,900; (2013/2014 £31,900).

During 2013/2014, an additional agreement was enacted with Viridor, whereby agreed amounts were paid in advance to the contractor in return for a cashflow discount. The net benefit to the Somerset Waste Partnership of this agreement was £109,013 (2013/14 £48,528). The increased benefit is because of the full year effect of the agreement for 2014/2015.

Note1 (c): Admitted Body Pension Costs

As part of the joint collection contract between all 5 waste collection authorities, some directly employed staff at South Somerset District Council were transferred under the Transfer of Undertakings Protection of Employees (TUPE) legislation to ECT Recycling CIC (now Kier). ECT Recycling CIC was granted "admitted body" status to the Somerset County Council Pension Fund in order to permit these employees to continue their pensionable service and rights. Costs that arise from this arrangement are included as a direct charge to the Income and Expenditure Account.

Accounting policies applicable and details of the Pension Fund are held in Somerset County Council's Statement of Accounts.

This does not include pension contributions for the staff employed by Somerset County Council as the Administering Authority on behalf of Somerset Waste Partnership. Costs for the employers' pension contributions are included within the staff costs total.

Note 1 (d): Admin & Support Service Costs

Contained within the administrative costs are a number of direct charges from the Administering Authority for support services. Most costs are on a call-down basis, the exception is the finance charge. In setting up the Somerset Waste Partnership it was decided not to have a finance function within the Partnership itself. The Partnership buys in on-going financial assistance from the Administering Authority, including the section 151 responsibilities.

We also have costs from the South West Audit Partnership (SWAP) which provides the internal audit function. SWAP is a not-for-profit local authority company, owned by 13 partner authorities at the Balance Sheet date.

| 2013/14 £ | Support Costs Breakdown | 2014/15 £ |
|----------------------|---------------------------------|----------------------|
| (302) | Legal | 8,374 |
| 4,045 | Insurance | 2,135 |
| 82,038 | Finance | 81,490 |
| 10,650 | Internal Audit | 10,650 |
| 293 | Property Services | |
| 4,000 | Other Services (including ICT), | 17,548 |
| 123 | Archiving of Records | 151 |
| 100,847 | Total | 120,348 |

Other significant costs within the internally reported Administration and Support Costs line include our communications and strategy work (£28,102), the accommodation at Monmouth House (£72,860), officer travel (£42,454), consultant's fees (£27,000), projects and trials mostly funded from grants (£209,738) and general office running expenses (£35,829).

Note 1 (e): Contracts underlying the expenditure

The vast majority of the expenditure of the Somerset Waste Partnership relates to 2 long-term contracts with key suppliers.

| 2013/14 £ | Contractor | 2014/15 £ |
|----------------------|-------------------|----------------------|
| 21,560,038 | Viridor | 22,629,632 |
| 15,960,180 | Kier MG | 16,465,200 |
| 5,799,238 | Non Contract | 5,885,036 |
| 43,319,456 | TOTAL | 44,979,868 |

Viridor Waste Management provides us with our waste disposal functions and also manages and runs our network of Household Waste Recycling Centres (HWRCs). A new contract was let to Viridor in 2006 as part of a Strategic Partnership for our future waste disposal requirements. The contract duration is 16 years (potentially extendable by a further 9 years) from May 2006.

Kier provide us with our waste refuse and recycling collection functions. A new joint contract across the whole of Somerset was originally let to ECT commencing in October 2008. The initial contract length was 7 years, with the option to extend this by up to a further 14 years.

At the Board meeting of 25th March 2012, following a report on options and value for money from Eunomia, it was agreed that the Managing Director be authorised to conclude negotiations with Kier for the first extension period of 7 years, provided that this resulted in concessions on inflation from the contractor. The contract extension with Kier was completed in 2012/2013.

Note 1 (f): Financial Context

All income and expenditure that relate to the Somerset Waste Partnership is included in the Comprehensive Income and Expenditure Statement, and has been broken down into segment reporting as set out above.

Under the Landfill Allowance Trading Scheme, (LATS), waste disposal authorities have previously had the possibility to buy or sell permits for the amount of biodegradable waste that it disposes through landfill sites. Whilst any sales could ordinarily be considered as a recognisable gain or loss, the Inter-Authority Agreement for the Somerset Waste Partnership specifically excluded income and expenditure relating to LATS. These remained with the County Council and are therefore excluded from our Statement of Accounts.

The LATS trading scheme has now ended, and therefore the permits no longer have any measurable value. No LATS permits were therefore traded in 2014/2015 (£1,386 in 2013/2014).

Note 2 : Pooled Budgets, Contributions & Grants

The Somerset Waste Partnership is a single “pooled” budget. All 6 partners make contributions to the overall budget in accordance with the Cost Sharing Agreement in the Inter Authority Agreement. This is a series of formulae that ensures that each partner contributes an equitable amount towards the costs of providing services for their area and delegated functions.

Annual partner contributions are agreed in advance of the financial year in question by the Somerset Waste Board. Such contributions are agreed as part of the budget setting process between the Board and the partners. The Board must also agree any subsequent amendment to the budget. The process for agreeing the budget for the next financial year is set out in the Constitution. The Annual Budget contributions from partners for 2014/2015 totalled £41,405,050 (2013/2014 £40,507,857). These contributions were made up as follows:-

| 2013/14 £ | Partner Authority | 2014/15 £ |
|----------------------|---|----------------------|
| 25,307,800 | Somerset County Council Contribution | 26,090,300 |
| 3,120,956 | Mendip District Council | 3,132,306 |
| 3,181,904 | Sedgemoor District Council | 3,214,783 |
| 4,687,688 | South Somerset District Council | 4,680,730 |
| 3,117,725 | Taunton Deane Borough Council | 3,146,593 |
| 1,091,784 | West Somerset District Council | 1,140,338 |
| 40,507,857 | Contributions from Partner Authorities | 41,405,050 |

The Annual Budget, and therefore annual individual partner contributions, for 2014/2015, was agreed at the Somerset Waste Board on 20th February 2014.

Each partner has a dedicated “earmarked reserve” to hold any balances attributable to it from its contributions and operational activity, either a surplus or deficit figure. Balances are made available for the Board to consider at its Annual General Meeting in June.

From time to time, the Somerset Waste Partnership attracts grant income, and £161,052 of grants were secured in 2014/2015 (2013/2014 nil). Other income received includes costs charged to the contractor; consultancy work undertaken for Gloucestershire’s developing waste partnership, and other smaller fees and charges raised.

| Grant Income | 2013/14 £ | 2014/15 £ |
|---|----------------------|----------------------|
| Credited to Taxation and Non Specific Grant Income | | |
| Total | - | - |
| Credited to Services | | |
| Waste and Resources Action Programme (WRAP) | - | 137,752 |
| Department for Communities and Local Government (DCLG) | - | 23,300 |
| Total | - | 161,052 |

Note 3 : Material Items Of Income And Expense

We are obliged to disclose any other income and expenditure, and have concluded that everything has been included in the previous lines within the Comprehensive Income and Expenditure Statement. We are also obliged to consider disclosures around material items of income and expenditure. Material items of income and expenditure refers to items that would ordinarily be included within the Service Headings and so would not be easily identifiable, such as sale of assets or redundancy costs.

From time to time, the Somerset Waste Partnership disposes of obsolete vehicles. Sales in 2014/2015 amounted to £12,125 (£22,467 in 2013/2014). Some of the Partnership’s refuse vehicles have reached the end of their financing arrangements and plans are in place for their replacements. In the intervening period, Kier are paying the Partnership for the continued use of these vehicles. This amounted to £183,150 in 2014/2015 (nil in 2013/2014).

This income is shown within the Waste Collection line in the Comprehensive Income and Expenditure Statement, and under Other Income in the segment reporting (Note 1 above).

Note 4 : Inventories

| | Bins & Containers | |
|---|------------------------------|----------------------|
| | 2013/14 £ | 2014/15 £ |
| Balance outstanding at start of year | 109,092 | 135,191 |
| Purchases | 399,092 | 414,956 |
| Recognised as an expense in the year | (372,993) | (413,151) |
| Written off balances | - | - |
| Reversals of write-offs in previous years | - | - |
| Balance outstanding at year-end | 135,191 | 136,996 |

We always carry out a full, formal stock-take at the end of the financial year to confirm the physical stock held. This then allows us to value our stock in accordance with our IFRS compliant accounting policy, (at the lower of cost or net realisable value), and therefore confirm the total recognised as an expense in the year.

Note 5 : Debtors

Debtors are people and organisations that owe us money at the end of the year, or (known as payments in advance) where we have bought goods or services that we will not receive until after the end of March.

| Debtor | Debtor Accruals 2013/14 £ | Debtor Accruals 2014/15 |
|--|---------------------------------|----------------------------|
| Central government bodies | - | |
| Other local authorities | | |
| Mendip District Council | 15,998 | 15,217 |
| Sedgemoor District Council | 47,298 | 38,275 |
| South Somerset District Council | 24,375 | 23,402 |
| Taunton Deane Borough Council | 15,502 | 15,705 |
| West Somerset District Council | 13,845 | 11,033 |
| OLA | 4,804 | 3,334 |
| NHS bodies | - | - |
| Public corporations and trading funds | 2,066 | - |
| Other entities and individuals | | |
| Kier MG | 153,829 | 319,610 |
| Viridor | (50,000) | (50,000) |
| Other | 28,312 | 379,628 |
| TOTAL | 256,029 | 756,204 |

The majority of our debtors are from partner authorities that owe us for containers. Each partner was informed about their outstanding amounts in order for them to make the necessary provision within their accounts.

Included in the table above are payments in advance, which at 31st March 2015 totalled £(13,838).

If the value of an asset, as shown in the Balance Sheet, would exceed its actual value to the organisation, then the amount shown in the balance sheet needs to be reduced accordingly. The reduction is shown as a direct cost in the Comprehensive Income and Expenditure Statement. This is known as impairment. The most common impairment relates to outstanding debts where the ability of the organisation to recover all or part of the balance owed is in doubt.

We have reviewed our outstanding debts as set out on the Balance Sheet and believe that no impairments are required (2013/2014 - £80).

Note 6 : Cash and Cash Equivalents

Both the Balance Sheet and the Cashflow Statement shows the amount of cash and cash equivalents held by the Administering Authority on behalf of the Somerset Waste Partnership at the end of the financial year. The table below shows how this amount is broken down.

| 31 March 14 £ | | 31 March 15 £ |
|--------------------------------|---|--------------------------------|
| 1,477,195 | Cash held by the Administering Authority | 263,101 |
| - | Bank current accounts | - |
| - | Short - term deposits with building societies | - |
| 1,477,195 | Total Cash and Cash Equivalents | 263,101 |

Note 7 : Creditors

Creditors are people or organisations that we owe money to at the end of the financial year for goods or services we have already received, or who have already paid us money for goods and services that they will not receive until after the end of March.

There were no receipts in advance as at 31st March 2015 (£350 as at 31st March 2014).

| Creditor | Creditor Accruals 2013/14 £ | Creditor Accruals 2014/15 |
|--|--|--|
| Central government bodies | - | |
| Other local authorities | - | |
| Mendip District Council | 6,528 | 6,360 |
| Sedgemoor District Council | 41,460 | 29,846 |
| South Somerset District Council | 19,536 | 19,344 |
| Taunton Deane Borough Council | 5,256 | 13,895 |
| West Somerset District Council | - | - |
| Other | 80 | - |
| NHS bodies | | |
| Public corporations and trading funds | | |
| Audit Commission | | |
| Other entities and individuals | | |
| Viridor | 477,412 | 209,775 |
| Kier MG | 433,244 | 358,998 |
| Wessex Water | 76,840 | 53,000 |
| Other | 77,810 | 151,504 |
| TOTAL | 1,138,166 | 842,722 |

Note 8: Provisions

In compiling the Statement of Accounts, we are obliged to consider whether we need to make any provisions. Under IFRS, a provision is defined as “a liability of uncertain timing or amount”. A provision differs from a financial instrument such as creditor, because a creditor is applied when we have a definite obligation to pay.

An entity must recognise a provision if, and only if:-

- a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event);
- payment is probable ('more likely than not'); and
- the amount can be estimated reliably.

We have reviewed the financial position as at 31st March 2015, and have concluded that no provision is required in the Statement of Accounts (2013/2014 £62,334.72 relating to a contractor claim on indexation, now fully resolved).

We have reviewed our outstanding debts as set out on the Balance Sheet and believe that no impairments are required (2013/2014 - £80) – see Note 5 above.

We are also obliged to consider contingent liabilities and contingent assets.

A contingent liability is:-

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or
- a present obligation that arises from past events but is not recognised because:
 - a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
 - b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is:-

- a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority’.

The Somerset Waste Partnership has no contingent liabilities and no contingent assets.

Note 9 : Earmarked Reserves

The Balance Sheet shows the year end position on all the reserves that the Somerset Waste Partnership holds. Under the Cost Sharing Agreement in the Inter Authority Agreement, at the end of each financial year the balance of funds relating to each of the 6 partners is transferred into a dedicated earmarked reserve set up for that partner. These are held in the Balance Sheet as Usable Reserves.

The Movement in Reserves Statement shows how earmarked reserves for each of the partners have changed during the financial year of the accounts, and also the previous year. A negative balance denotes where the partner position at the end of the financial year is in a deficit position.

It is established practice within the Somerset Waste Partnership that a partner will usually

withdraw its earmarked reserve balance when it is in surplus (a transfer out), but is required to pay back funds when it is in deficit (a transfer in).

Note 10 : Events After The Balance Sheet Date

At its meeting on the 19th June 2015, the Somerset Waste Board considered the future usage of the earmarked reserves as shown in the balance sheet. All authorities with a surplus were to have these returned to them post audit. The only exceptions were:-

- To retain within the Partnership balances held for the New Project for Residual Waste Treatment (£72,000), the balance of funds on the flytipping project (£13,000) and DCLG Recycling Reward Scheme grant received in late March (£23,000).
- Under the agreement that the Board reached on 23rd. April 2010, West Somerset is required to retain any surpluses within the Partnership until such time as a permanent funding solution is found to their Sort It Plus funding support. West Somerset was in a surplus position as at 31st March 2015, but is not permitted to take its £25,135 out of the Partnership.

All those authorities with a deficit were to be required to pay off the balance.

Note 11 : Financial Instruments

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

We are obliged to consider the nature and extent of risks arising from financial instruments. Unlike local authorities, the Somerset Waste Partnership does not carry any long-term financial instruments, nor does it have any direct involvement in investments, loans or financial markets as a whole. We have excluded Receipts in Advance and Payments in Advance as these are not material items.

Typical risks for a local authority that would be the subject of additional information within their accounts such as investment risk, credit and counterparty risk, liquidity risk, market risk, interest rate risk and foreign exchange risk are therefore not applicable to the Somerset Waste Partnership.

Our short term debtors and creditors are carried at cost as this is a fair approximation of their value. These values represent normal transactions for the Somerset Waste Partnership, with a known and very typical set of major debtors and creditors.

Debtors and creditors with the individual partner authorities are simply timing differences at year end between amounts becoming due and their being settled. Creditors to our major contractors represent payments not physically made for the final month's service of the financial year in question, which are usually settled early in the next financial year.

We are therefore confident that there are minimal risks to the financial instruments as included in our Balance Sheet. The following categories of financial instrument are carried on the Balance Sheet:-

| | Long Term | | Current | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2014 £ | 31 March 2015 £ | 31 March 2014 £ | 31 March 2015 £ |
| Investments | - | - | - | - |
| Debtors | | | | |
| Loans and receivables | - | - | 254,686 | 770,041 |
| Financial assets carried at contract amounts | - | - | - | - |
| Total Debtors | - | - | 254,686 | 770,041 |
| Borrowings | - | - | - | - |
| Other Long Term Liabilities | - | - | - | - |
| Creditors | | | | |
| Financial liabilities at amortised cost | - | - | - | - |
| Financial liabilities carried at contract amount | - | - | 1,137,816 | 842,722 |
| Total Creditors | - | - | 1,137,816 | 842,722 |

Note 12 : Related Parties

The Somerset Waste Partnership is required to disclose relationships and transactions with “related parties”. A related party is a body or individual that has control over or significant influence over the Partnership or is controlled or significantly influenced by the Partnership. To have significant influence (for the purposes of the Code) requires the power to participate in the financial and operating policy decisions of the other party.

Disclosure of related party transactions allows the reader to assess the extent to which the Somerset Waste Partnership might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Partnership.

The disclosure of related party transactions and balances shall have regard to materiality. In considering materiality, regard should be had to the definition of materiality, which requires materiality to be judged ‘in the surrounding circumstances’. Materiality should thus be judged from the viewpoint of both the reporting entity and the related party.

Central government

Central government has effective control over the general operations of the Somerset Waste Partnership – it is responsible for providing the statutory framework within which it operates, and indirectly through the 6 local authority partners it provides the overwhelming majority of the funding that is contributed into the Somerset Waste Partnership budget. During 2014/2015, however, the only direct grant or contributions that were received from central government were £23,300 from DCLG in respect of the Recycling Reward Scheme grant (2013/2014 £0).

Members

The 12 members of the Somerset Waste Board come from the 6 partners, who each propose 2 members. One member must be the Cabinet / Portfolio member for the partner concerned. Members of the Board give strategic direction to the Somerset Waste Partnership, which includes a responsibility for setting the Annual Budget and requesting contributions to the pooled budget from each partner in accordance with the Cost Sharing Mechanism. This

funding allows the Somerset Waste Partnership to meet our delegated legal responsibilities and service levels to the public. Members of the Somerset Waste Board receive no allowances for this role, and any remuneration that they receive would be from the individual partner authority that they represent.

Board members are obliged to declare interests at the Declaration of Interests agenda item at each Board meeting. Where the Board member is also an elected councillor for another public body (i.e. not the one that they are representing as a Board member), this is listed in the meeting room and accepted by the Board. Each partner authority has a public record of their councillors' Declarations of Interest, which includes declarations about a wide range of potential interests, such as whether they own land, or own businesses, or are employed by someone, or have shares or are members of other bodies, and details can be obtained by contacting the relevant partner authority.

No Board member has had to declare a prejudicial interest that would require us to consider the "related parties" test in the Statement of Accounts.

Officers

No officers have declared a pecuniary or similar interest in relation to the activities of the Somerset Waste Partnership, its main contractors or other related parties.

Contractors

A significant proportion of the Somerset Waste Partnership's expenditure is with its main contractors, Kier and Viridor Waste Management. These amounts are detailed in Note 1(e) on segmented reporting. Whilst these represent large amounts of money, we do not believe that these constitute related party transactions, because the Partnership has no power to participate in the financial and operating policy decisions of the other party.

Given the scale of these contractors, the Somerset Waste Partnership does not contribute enough to their overall turnover to have a significant influence on the contractor's decision making. Whilst the contractors and relations with them are important to our continued successful performance, it is for the Somerset Waste Partnership (acting under direction from the Somerset Waste Board, and with input from partner authorities) to shape strategy policy and service delivery. Therefore, we do not consider that Kier or Viridor are related parties to the SWP in terms of control or significant influence that they might exert over the Partnership. SWP policy and key decision making is through the Board, under the Constitution and Inter-Authority Agreement. There is individual partner scrutiny and a Joint Waste Scrutiny. Neither contractor has any control over the Board or the partners, although they sometimes attend to give presentations.

Relations with both contractors are governed by legal contracts, including step-in rights, and various performance requirements. Meetings with the contractors do take place regularly to improve services and to deal with operational matters.

Whilst the Sort It Plus package represents Somerset's own requirements, there are other large waste services providers in the market and should a contractor "fail", then we would have operators in the market to provide a replacement service in the future.

The secondment of staff to Kier is purely to continue the improvements in the operational running of the contract and so that Kier can benefit from SWP's expertise.

Third Party recycling and re-use credits

The Somerset Waste Partnership makes a number of payments to predominantly charitable organisations for their recycling and re-use activities, who divert waste out of the household waste stream. These organisations are by the nature relatively small in financial terms, and the amounts that they receive from us are therefore quite significant in their individual budgets.

This gives the Somerset Waste Partnership some power of direction and influence with some of these organisations, (where recycling and re-use is a primary activity and they are reliant on credit income), and by nature we work very closely with these organisations.

The amounts paid between the Somerset Waste Partnership and various partners, including the reasons for the transactions are set out below. Balances outstanding are disclosed in the debtor and creditor balances in Notes 5 and 7.

| Organisation Name | Description of Transaction | Amount received by SCC (£) 2013/14 | Amount paid by SCC (£) 2013/14 | Reason for related party relationship |
|-----------------------|----------------------------|------------------------------------|--------------------------------|---------------------------------------|
| Third Party Recyclers | Recycling Credits | - | 15,439 | Significant Influence |

| Organisation Name | Description of Transaction | Amount received by SCC (£) 2014/15 | Amount paid by SCC (£) 2014/15 | Reason for related party relationship |
|-----------------------|----------------------------|------------------------------------|--------------------------------|---------------------------------------|
| Third Party Recyclers | Recycling Credits | - | 10,350 | Significant Influence |

Note 13 : Leases

The future minimum lease payments due in future years are:

| | 31 st March 2014 | 31 st March 2015 |
|---|---|---|
| Operating Leases | Waste Infrastructure, Vehicles & Equipment £000 | Waste Infrastructure, Vehicles & Equipment £000 |
| Not more than one year | 310 | 262 |
| Later than one year and not later than five years | 884 | 524 |
| Later than five years | 0 | 0 |

Note 14 : Members Allowances

Under the Somerset Waste Partnership's Constitution, the SWP does not pay members of the board for their attendance or involvement. Any relevant members' allowances are paid by the partner authority that they represent.

Note 15 : Employee Benefits

As at the balance sheet date, the value of employee benefits accrued for annual leave outstanding, flexitime and time off in lieu (TOIL) hours owed to the staff amounted to £13,764 (2013/2014 £9,078). In accordance with our accounting policy, this is included in the County Council's accounts and not within our Comprehensive Income & Expenditure Statement.

Note 16 : Pension Fund

We are obliged to consider our pension fund liabilities. We do not operate a separate pension scheme and our employees are actually Somerset County Council employees and have the opportunity to pay into the Administering Authority's pension scheme.

The Code anticipates certain circumstances like ours, and we are required to account for the pension plan as if it were a "defined contribution plan". The circumstances are where:

- a) The entity's only obligation is to pay contributions as they fall due and the entity has no obligations to pay future benefits.
- b) Where an entity is not able to identify its share of the underlying financial position.

As a Joint Committee, these circumstances apply to the Somerset Waste Partnership. The only liability that we have is the employers' superannuation costs, which are charged as a direct cost in the Comprehensive Income and Expenditure Statement. These contributions totalled £139,558 (£127,868 in 2013/2014).

Note 17 : Senior Officers' Remuneration

Under regulations, we must show the number of our staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes:

- Salary, not including employer's pension contributions;
- Taxable travel and other expenses; and,
- Non-taxable payments when employment ends.

| 2013/14 £ | Employee Pay Breakdown | 2014/15 £ |
|-----------------|------------------------|-----------------|
| No of Employees | Employee Pay Bands | No of Employees |
| - | 50,000-54,999 | - |
| - | 55,000-59,999 | - |
| 1 | 60,000-64,999 | 1 |
| - | 65,000-69,999 | - |
| - | 70,000-74,999 | - |
| - | 75,000-79,999 | - |
| - | 80,000-84,999 | - |
| 1 | 85,000-89,999 | 1 |

The following tables set out the salaries and wages earned during 2013/2014 and 2014/2015, by those members of staff who are designated Senior Officers under the LAAP Bulletin 85.

| Post Holder Information | Salary (inc fees and allowances) £ | Compensation for loss of office £ | Benefits in kind £ | Total wages and benefits but not including pension contributions 2013/14 £ | Employer's pension contributions £ | Total wages and benefits including pension contributions 2013/14 £ |
|-------------------------|---------------------------------------|--------------------------------------|-----------------------|---|---------------------------------------|---|
| Managing Director | 84,999.97 | - | - | 84,999.97 | 11,474.89 | 96,474.86 |

| Post Holder Information | Salary (inc fees and allowances) £ | Compensation for loss of office £ | Benefits in kind £ | Total wages and benefits but not including pension contributions 2014/15 £ | Employer's pension contributions £ | Total wages and benefits including pension contributions 2014/15 £ |
|-------------------------|---------------------------------------|--------------------------------------|-----------------------|---|---------------------------------------|---|
| Managing Director | 85,071.45 | - | - | 85,071.45 | 11,474.88 | 96,546.33 |

Note 18 : External Audit Costs

The external auditor's areas of work are set by the code of audit practice. Their work includes our Statement of Accounts and the financial parts of corporate governance. Also, by law, the external auditor must inspect our services and processes.

| 2013/14 £ | | 2014/15 £ |
|---------------|-------------------------------------|---------------|
| 15,242 | Audit Fees - external | 15,242 |
| (3,626) | Audit Fees - prior year adjustments | (1,567) |
| 11,616 | Total | 13,675 |

For the Statement of Accounts and Annual Governance Statement for 2014/2015 (and for 2013/2014), the external auditor for the Somerset Waste Partnership is Grant Thornton.

The prior year adjustment on the audit fees relate to rebates received from the Audit Commission on previous audits. The Audit Commission is no longer operating, and its functions have been re-distributed.

Glossary of terms

This section explains technical terms that we have used throughout this document.

Over the years local government has developed its own set of terms and phrases. This glossary helps to identify these as they are applied to the Somerset Waste Partnership.

Accruals

An amount shown in our accounts to cover money we owe or money owed to us, in the financial year, but which we will not actually pay or receive until the following year. This Statement of Accounts has been compiled using the “accruals concept”. This is a standard accountancy concept. Income and expenditure is “recognised” (i.e. included in our accounts) when it is earned or incurred, and not when the actual money was received or paid. They are therefore recorded in the accounting records and reported in the financial statements of the periods to which they actually relate.

Administering Authority

Because the Somerset Waste Partnership is not a separate legal entity, it needs to have an Administering Authority to employ the staff, enter into contracts with our major suppliers and to hold the capital assets. In addition, the Administering Authority (Somerset County Council in this case), often supplies many of the specialist support services to the partnership, such as HR, legal and finance. More details about the role and responsibility of the Administering Authority can be found in our Constitution and Inter Authority Agreement.

Admitted body status

Staff from some organisations are allowed to take part in the Local Government Pension Scheme with our agreement under an ‘admission agreement’. This is generally only permissible when the staff have transferred to a new organisation from a local authority.

Anaerobic Digestion (AD)

This is an alternative waste disposal technique to landfill. Anaerobic digestion is a series of processes in which microorganisms break down biodegradable material (such as food) in the absence of oxygen, providing both waste management and renewable energy. The anaerobic digester at Walpole became operational during 2013/2014.

Apportionments and Overheads

In local authorities, some costs are held centrally, such as support services, and are then apportioned to the frontline services. For example, the costs of a building might be split to the various services that used it based on floor area. Unusually, the Somerset Waste Partnership, (because of its location and unique nature), buys in all its support services as a direct charge from various providers, and so does not attract apportioned costs.

Biodegradable Municipal Waste

Waste arisings that naturally break down or rots over time, such as food or green waste.

Capital

Local authority capital expenditure is used by buy or improve assets such as buildings, equipment and vehicles. Capital expenditure will have a useful life greater than a single financial year, and will either enhance the value or lifespan of the asset. By its very nature as a Joint Committee, the Somerset Waste Partnership cannot hold capital assets, and all capital used for waste disposal and collection is held and controlled by either the relevant contractor or by Somerset County Council.

Chief Financial Officer

Every local authority must appoint a Chief Finance Officer under s151 of the 1972 Local Government Act. This officer has statutory responsibility for ensuring that the financial affairs of the organisation are carried out correctly and in accordance with statute, good governance and best practice. The Somerset Waste Partnership gets its financial support, including the s151 duties, from its Administering Authority, Somerset County Council.

Central government grants

There are three types of grant.

- Revenue Support Grant - the main government grant to support local-authority services. Because the Somerset Waste Partnership is a pooled budget from its 6 partners, it does not receive this grant.
- Specific service grants - payments from the Government to cover local-authority spending on a particular service or project (for example, WRAP funding that the Somerset Waste Partnership has won in recent years). Specific grants are often a fixed percentage of the costs of a service or project, and are often ring-fenced, to be spent on specific areas only.
- Non-specific grants – additional payments from government are sometimes received by local authorities in recognition of additional need (e.g. from increased housing growth). These tend not to be ring-fenced, i.e. the authority can spend it on areas of greatest need. Whilst all 6 partners receive such grants from central government, the SWP does not directly.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the professional accounting institute governing how public money is used and how it has to be reported. Much of the guidance in interpreting the requirements of the International Financial Reporting Standards (IFRS) and other general accounting best practice is issued by CIPFA in conjunction with central government, other accounting bodies and the public sector. In particular, CIPFA issues an annual Code of Practice for the Statement of Accounts that is widely used to meet IFRS standards.

Community Recycling Sites (CRS)

The Somerset Waste Partnership, through the contract with Viridor, operated 2 Community Recycling Sites during the financial year 2014/2015. The Board had previously approved the closure of 2 other sites from 2014/2015 because of financial constraints. These are discretionary provision of facilities where Somerset residents can dispose of household waste, but for which an entry fee is charged.

Constitution

The Somerset Waste Board and Somerset Waste Partnership have its legal basis set out in its Constitution. This was signed by all 6 partners in 2007, and sets out the functions and activities that have been delegated to the Somerset Waste Board, the process for setting an Annual Business Plan & Budget and the role of the Board itself.

Cost Sharing Agreement

This is used to apportion the total costs of providing the services through the Somerset Waste Partnership back to the 6 partners involved. Every line in the Annual Budget is apportioned according to a pre-determined formula, to determine individual contributions from each partner. All disposal costs are apportioned to the County Council as the waste disposal authority. The

key factors in apportioning collection costs to the other 5 partners are the number of households receiving a service in each District, and the relative sparsity of each District.

Creditors

Creditors are people or organisations to whom we owe money for work, goods or services we have received but which we have not paid for by the end of the financial year.

Debtors

Debtors are people or organisations from whom we are owed money that we are due to receive but which we have not been paid by the end of the financial year.

Deficit

There are two types of deficit:-

- A fund (or balance sheet) is said to be in deficit when its liabilities are higher than its assets.
- An in-year deficit is achieved when spending is higher than income.

Earmarked Reserves

Local authorities often set aside part of their funds for a specific purpose in what are termed earmarked reserves. The Somerset Waste Partnership uses earmarked reserves to identify to which partner authority the end of year surpluses belong. Each partner has its own earmarked reserve into which its share of the year end balances is transferred pending a decision by the Board as to how these balances are to be used.

Governance

Governance in a local authority context refers to the systems, processes, culture and values by which the Partnership is directed and controlled, how it sets out to achieve its objectives and how it manages its risks. Public organisations such as the Somerset Waste Partnership are governed by elected members, in our case the Somerset Waste Board. Our governance arrangements are set out in key documents such as our Constitution and Inter Authority Agreement. Good governance will ensure that we carry out our business in a proper manner, protecting public money and using it efficiently and effectively in delivering our services and our aims.

Impairment

Authorities are required to review all of their assets in order to confirm that the value they ascribe to each of them is appropriate. If the asset has, or may, decline in value, it is reduced accordingly, and a charge made to the Comprehensive Income & Expenditure Statement for the reduction. This process is known as impairment. For the Somerset Waste Partnership, we cannot hold capital assets, so we generally only consider impairment in relation to debtors, in case there is a possibility that money we are owed will not ultimately be received.

International Financial Reporting Standards (IFRS)

These standards are mandatory for the public sector for Statement of Accounts that commenced in or after 2010/2011. The aim of the IFRS approach is to outline “best practice”, and to allow better comparisons to be made between organisations, by required standard formats of financial statements and consistent notes of explanation. Interpretation of IFRS as applicable to local authority bodies has been set out in the CIPFA Code of Practice. The formats of financial statements in these accounts, and the inclusion of notes are heavily prescribed by the need to be IFRS compliant.

Inter-Authority Agreement

This legal document sets out how the relationship between the 6 partners is to operate on a

day-to-day basis, and in particular how the financial contributions from each partner are calculated and collected by the Administering Authority. This Agreement is also used in setting our Annual Budget.

Joint Committee

A Joint Committee is where elected members from more than one local authority meet collectively to take decisions. The Local Government Act 1972 allows us form a Joint Committee for the SWB to ensure that each partner has suitable democratic representation.

Material

Transactions or balances within this Statement of Accounts are considered material if they could, (individually or collectively), influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the item(s) judged in the surrounding circumstances.

Net realisable value

The selling value of an asset less any costs of selling it. We are required to consider net realisable value when we consider the inventory (container stock) value of what we are holding on our Balance Sheet.

Post balance sheet event

Whilst the balance sheet is a correct financial statement as it the given date (31st. March in our case), there is always the potential for operational or financial events which happened after we produced the balance sheet, but before the accounts are signed off by the Somerset Waste Board. It is important for those charged with signing off the accounts from a governance viewpoint to have an understanding of any material event that has happened in the intervening period in order to have a complete picture of the financial circumstances of the Partnership. In extreme cases, we may have to consider re-stating some of the accounts for very material changes after the balance sheet date.

Recycling Centres

(Sometimes referred to as Household Waste Recycling Centres or HWRCs). These are drive-in sites that residents can use to recycle or dispose of items of waste too large to be collected at the kerbside. As at the balance sheet date, the Somerset Waste Partnership had 14 such sites across the county.

Recycling Credits

Recycling credit payments are made when the collection authority has diverted dry recyclable material from landfill and therefore saved expenditure for the waste disposal authority. Dry recyclable material currently separated at kerbside in Somerset includes paper, cardboard, tins, glass, plastic bottles, textiles and foil.

Recycling credit payments are not made on any waste stream where the waste disposal authority will still incur processing costs, even if the waste has been separated, for example green waste and food waste.

Related party transactions

Under accounting rules, we have to show material transactions between us and other organisations which are deemed to be “related”. For example, we have to show transactions between us and the immediate families of county councillors or senior officers, and any companies or organisations that they have a controlling interest in. Parties are generally considered to be related if:-

- one party has the ability to control the other party; or
- one party can exercise significant influence over the related party in making financial

and operational decisions.

Remuneration

Includes taxable salary payments to employees less employees' pension contributions, together with non-taxable payments when employment ends (including redundancy, pension enhancement payments, and pay in lieu of notice), taxable expense allowances and any other taxable benefits.

Revenue spending

Revenue spending is "day-to-day" expenditure on employment costs, other operating costs and capital charges less any income from fees, and charges. For the Somerset Waste Partnership, this represents all of our spend, with the majority of our revenue expenditure is with our main service providers.

Risk management

This is the proactive process by which organisations identify, assess and prioritise risks, followed by taking steps to minimise, monitor, and control the probability of these risks occurring, or to mitigate their impact as and when they do occur. Not all risks can be eliminated. Risks are generally thought of in terms of potential difficulties in being able to achieve an organisation's objectives or not. Risk management is an important part of the governance framework and the Somerset Waste Partnership maintains a "risk register" of the key risks it faces in delivering its objectives as part of the Business Plan.

Segregation of duties

Where individual tasks involved with important financial procedures, for example, buying goods, making payments or receiving income are separated out among different employees. This makes sure that no one person is too involved in these procedures. This helps to prevent us suffering losses in areas of high risk from fraud or corruption.

Sort It Plus

Sort It Plus is the branding name we give to our kerbside service that is delivered across Somerset, under which a number of recyclable materials are collected separately from refuse waste.

Surplus

There are two types of surplus. A fund is said to be in surplus when its assets are higher than its liabilities. We achieve an in-year surplus when our income is higher than our spending.

Somerset Waste Board membership for 2014-2015

(Board meeting, June 20th, 2014, Paper A)

| Authority | Member | Political Party |
|--|---|--|
| Somerset County Council | David Hall (PH) Derek Yeomans (Chair) | Conservative Conservative |
| Mendip District Council | John Parham (PH) Nigel Woolcombe-Adams (Vice Chair) | Conservative Conservative |
| Sedgemoor District Council | Richard Burden (PH) John Swayne | Conservative Conservative |
| South Somerset District Council | Jo Roundell Greene (PH) Henry Hobhouse | Liberal Democrat Liberal Democrat |
| Taunton Deane Borough Council | James Hunt (PH) Steve Ross | Conservative Independent |
| West Somerset Council | Anthony Trollope-Bellew (PH) Martin Dewdney | Conservative Conservative |

Somerset Waste Board membership for 2015-2016
(Board members approving the Accounts September 25th)

| Authority | Member | Political Party |
|--|---|------------------------|
| Somerset County Council | David Hall | Conservative |
| | Derek Yeomans (Chair) | Conservative |
| Mendip District Council | Terry Napper | Conservative |
| | Nigel Woolcombe-Adams (Vice Chair) | Conservative |
| Sedgemoor District Council | Dawn Hill | Conservative |
| | Gill Slocombe | Conservative |
| South Somerset District Council | Jo Roundell Greene | Liberal Democrat |
| | Angie Singleton | Liberal Democrat |
| Taunton Deane Borough Council | Patrick Berry | Conservative |
| | Steve Ross | Independent |
| West Somerset Council | Martin Dewdney | Conservative |
| | Brenda Maitland-Walker | Conservative |

Somerset Waste Partnership
Business Plan Action Table 2015 - 2016

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|---|--|--|-------------------|--|---|--|
| 1. Service Development Programme: Alternatives to Landfill | | | Steve Read | | | |
| 1.1 | Viridor Strategic Partnering Agreement – Economically viable alternatives to landfill. | Commencement of diversion of residual waste away from landfill. | David Oaten | £30,000 (consultancy fees) | Senior manager - 1 day per week | Budget from WDA contribution. |
| 2. Service Development Programme: New Service Model | | | Steve Read | | | |
| 2.1 | Recycle More Trials | To report on 2014 trials by June 2015. If report identifies need, to test options for other future collection models, designed to increase recycling and reduce costs, by November 2015. | David Mansell | £50,000 for further trials | Report: Senior Manager - 5 days; Senior Officer - 5 days. Further Trials: Senior Manager - 64 days; Senior Officer - 64 days; Collections Officer - 2 days; PP&P Officer - 5 days | Budget to be agreed based on separate proposal to the Board. If agreed will be from WCA contributions. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|------|--|--|---------------|--|---|--|
| 2.2 | Collection system review with Kier inc vehicle specification for new recycling fleet | <p>To recommend a cost effective service model that achieves high levels of waste reduction and recycling for adoption from 2016/17, including identification of costs and operational requirements.</p> <p>STAGE 1 - June 2015</p> <ul style="list-style-type: none"> • To study collection options, including with regard to recycling potential, household preference, material quality, compliance with TEEP, health and safety and cost. • To benchmark potential costs, ensuring service model options are affordable and represent value for money. • Identify preferred service model. <p>STAGE 2 - November 2015</p> <ul style="list-style-type: none"> • Future costs and operational requirements. • Vehicle specifications for refuse and the new recycling fleet required from 2016/17. • Vehicle and depot requirements. | David Mansell | £25,000 (external advice) | Senior Manager - 10 days; Senior Officer - 3 days; Operations Manager - 12 days; Specialist Officer - 12 days; Finance Officer - 4 days | Budget to be agreed based on separate proposal to the Board. If agreed will be from WCA contributions. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|------|---|--|--------------|--|---|---|
| 2.3 | Collection Service - Depot Review | To produce a document assessing options and costs for delivery of the best model of depot infrastructure for provision of Somerset's collection services. | Colin Mercer | | Senior Manager - 20 days; Senior Manager (Viridor) - 2 days | |
| 2.4 | Vehicle Replacement Procurement | To ensure budget arrangements are in place and that the contractor delivers a procurement process that is compliant with legislative and best practice requirements and delivers the vehicles specified by the client. | Colin Mercer | | Senior Manager 10 days; Finance Manager - 15 days | Finance requirement of £7.5 million for spend in 2016/17 (Kier cost that may be funded through an LA partner) |
| 2.5 | Progress flexible shift patterns for collection crews | To understand potential effectiveness of implementing flexible working patterns for collection crews, using days and times more flexibly throughout the week. Phase 1 - Feasibility; Phase 2 - Implementation (if feasibility study shows business and social benefit) | Colin Mercer | £2,000 | Phase 1 - Assessment: Senior Manager - 10 days; Phase 2 - Implementation - Senior Manager - 20 days; CS Manager - 10 days; Senior PP&P Officer - 10 Days; Collections Officers - 15 days. | Costs primarily met by contractor. Contingency from SWP budget (WCA contribution). |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|--|---------------------|---|--|---|
| 2.6 | Review collection contract to identify further potential savings | To review collection contract cost components <ul style="list-style-type: none"> • Benchmark against basket of contracts • Document findings • Propose savings where identified | Colin Mercer | | Senior Manager - 10 days | |
| 2.7 | Integrated waste management strategy | To prepare and gain approval for a new waste strategy for Somerset that updates targets and incorporates new plans for collections and residual waste treatment. | David Mansell | £2,500 | Senior Manager - 12 days; Senior Officer - 10 days; PP&P Officers - 6 days | Costs for consultation and consultation events, to be met from SWP core budget. |

| 3. Projects and Activities to Manage the Impact of Waste | | | | | | |
|---|--------------------------------------|--|---------------------|---|--|--|
| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
| 3.1 | Alupro can recycling promotion trial | Alupro are offering to joint fund a promotion scheme to stimulate increase in recycling of aluminium cans. SWP will review the offer and, if there is a clear business case, will joint fund with the aim of achieving a return on investment of greater than 100% of our costs. | Mark Blaker | £50,000 if conducted county wide; <£15,000 if limited to single district. | Assessment - Senior Manager - 2 days; Implementation - Senior Manager 10 days; Senior PP&P Officer - 15 days; Support and Monitoring - 20 days. | Would procure services of Carymoor Environmental Trust for face to face activities. Requires new money based on separate business case to be presented to Board for approval in 2015. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|------|--|--|--------------|--|--|--|
| 3.2 | Roll out improved recycling collections to Communal Properties | To have enhanced recycling services operating in all eligible communal properties by March 2016. | Colin Mercer | £49,000 | Senior Manager - 15 days; Senior Collections Officer - 30 days; Senior Officer (planning) - 5 days; Service Officers - 15 days (total); PP&P Officer - 2 days. | Additional annual service cost of £23k p/a (net cost including increased income from recycling credits). Costs would partially be offset by reduction in weekly collections (as per paper presented to Board in 2014/15 Business Plan). Business case to be reviewed and represented to Board for approval in full if recommendation to proceed made at Officer level. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|---|---------------------|---|---|--|
| 3.3 | To develop further reuse facilities to Chard and Highbridge sites. | To have a network of three operation reuse facilities, providing a lower cost route for reusable materials. | David Oaten | £45,000 | Senior Officers - 30 Days | To be funded by SWP under same finance model as Priorswood facility, with investment recouped over 30 months. |
| 3.4 | Recycling Incentive Scheme | Subject to successful DCLG funding application, to work with economically deprived communities to incentivise improvements in waste reduction and recycling. | Mark Blaker | £42,000 | Senior Manager - 10 days; Senior Officer - 10 days, PP&P Officers - 20 days | Only to proceed if funded by DCLG; primarily delivered by Carymoor Environmental Trust. |
| 3.5 | Round improvement project using successful trial elements, including 'no food waste' stickers on refuse bins | To promote food waste recycling to 25,000 households, increasing food waste recycling by 300-650 tonnes per annum and achieving disposal savings of £15-40kpa for SCC. To confirm the effectiveness of this project and learn about implementation on a larger scale, so that further larger implementations can be undertaken in future years. | David Mansell | £32,500 | Senior Manager - 2 days; Senior Officer - 10 days | Separate Business Case to be presented to Board prior to proceeding, based on results of trials conducted in 2014. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|--|---------------------|---|---|--|
| 3.6 | Conduct Customer Satisfaction Survey | To complete a survey for a representative sample of Somerset households on service satisfaction, waste actions and services improvement. | David Mansell | £7,500 | Senior Manager - 2 days; Senior Officer - 3 days | To be funded from SWP Head Office budget, subject to agreement by Board |
| 3.7 | Food Waste Minimisation Campaign | Cross media campaign to encourage people to reduce food waste and make better use of their food waste recycling facilities. | Mark Blaker | £5,000 | Senior Manager - 5 days; Senior PP&P Officer - 15 days; PP&P Officer - 15 days | To be funded through funding allocated for SWP customer communication in draft budget (Other Head office Costs). |
| 3.8 | Provide support to Furniture Reuse Groups to increase reuse | To review site signage. To trial diversion of WEEE for reuse | David Mansell | £3,900 | Senior Officer - 20 days | Signage element - To be delivered as part of wider signage review of SWP sites. |
| 3.9 | SWP Enforcement Strategy | To develop an enforcement policy and staff training for SWP to manage littering and tipping of waste where it falls within the SWP remit to address. | Colin Mercer | | Senior Manager - 15 days; Senior Collections Officer - 5 days; Other Manager Input - 4 days | Training fund being met from 2014 budget. |
| 3.10 | Maintain SWP COTC (Certificate of Technical Competence) capability | Renew COTC qualification for four officers; Achieve COTC accreditation for one additional officer | David Oaten | £2,000 | 4 days for renewal; 30 days for new qualification (Senior Manager) | Statutory requirement. To be met from Head Office budget. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|---|---|---------------------|---|--|---|
| 3.11 | Support for Carrymoor to maintain the Compost Champions scheme | Compost Champions to engage 500 people to encourage and develop composting skills per year | David Mansell | £2,000 | Senior Officer - 2 days | Primarily delivered by Carrymoor Environmental Trust |
| 3.12 | Review weekly refuse collections to further reduce numbers | To save costs by identifying properties currently receiving weekly refuse collections, review the need and convert to fortnightly as required. | Colin Mercer | £2,000 | Senior Manager - 2 days; Senior Officer - 5 days; Planning Officer - 5 days; Service Officer - 10 days | Funding primarily required from Communications. To be met by relevant WCAs. |
| 3.13 | With WRAP, train volunteer Food Ambassadors to promote food waste reduction and recycling | Hold 2 Food Ambassador training sessions, coordinated with WRAP. Train 15 Food Ambassador volunteers to promote food waste reduction and recycling in their community through talks, events and table top displays. Review and evaluate methods for engaging and working with community volunteers to cascade food waste reduction and recycling messages, and identify those suitable for community engagement in other waste reduction and recycling initiatives. | David Mansell | £1,700 | Senior Officer - 15 days; PP&P Officer - 5 days | Costs to be met from Head office budget. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|---|---|---------------------|---|---|--|
| 3.14 | Residual Waste Minimisation | Complete at least 4 bin retrieval campaigns (identification of rounds with significant numbers of unauthorised bin, and subsequent removal of unauthorised bins) | Colin Mercer | £1,500 | Senior Manager - 2 days; Senior Officer (Planning) - 5 days; Service Officers - 20 days (total); CS Manager - 4 days. | Costs to be met from Household Refuse budget. |
| 3.15 | Research - Understanding waste choices and how/why people make them. | Produce proposal for communication strategy to better influence choices such as "home compost or garden waste service". | Mark Blaker | £1,000 | Senior Manager - 10 days; Senior PP&P Officer - 10 days; PP&P Officer - 5 days | Budget required for training. To be met from Head Office budget. |
| 3.16 | Develop new staff training modules - inc. Collection services - rules and regulations, and Dealing with Difficult Customers | Develop and deliver new training modules using internal resources and expertise to build the skills levels of SWP staff. | Mark Blaker | £1,000 | Senior Manager - 5 days; CS Manager - 15 days. | Budget required for training. To be met from Head Office budget. |
| 3.17 | Promote food waste reduction and recycling by working with community organisations | Provide training and promote awareness of community support tools to reduce and recycle food waste. Engage community groups to encourage at least 10 community-led food waste reduction and recycling promotions. Test delivery models for Love Food Hate Waste "Save More" sessions with 5 community groups. | David Mansell | £500 | Senior Officer - 25 days; PP&P Officer - 2 days | To be met from Head Office budget. |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|---|---------------------|---|--|---|
| 3.18 | Support for community organisations to undertake reuse, repair and real nappy projects | Hold a community waste action conference. Create and maintain community waste action contact database | David Mansell | £500 | Senior Officer - 15 days; PP&P Officer - 3 days | |
| 3.19 | Tender and Let the Closed Landfill Management Contract | Contractor signed up to provide maintenance of closed landfill sites. | David Oaten | | Senior Manager - 20 Days; Senior Officer - 10 days | Ongoing annual contract cost of £32k pa, to be met from WDA contribution (already allocated). |
| 3.20 | Secure long term SLA for COTC (Certificate of Technical Competence inspections) provision for Highways | SLA agreed and in place | David Oaten | | Senior Manager - 10 days | Projected income of £27k per annum |
| 3.21 | Reduce unauthorised Commercial Waste entering recycling sites | Reduce amount of waste entering household recycling sites by 5% by March 2016 | David Oaten | | Senior Manager - 10 days; Senior Officer - 24 days; PP&P Officer - 5 days; Admin support - 40 days | |
| 3.22 | Safe Working Practices – Enhance Crew Monitoring Schedule | To ensure crew monitoring is a fully integrated part of the collection service operational procedures | David Oaten | | Senior Officer - 25 days | |
| 3.23 | Provision of additional recycling lines at Recycling Centres | Investigate and implement, if viable, provision of facilities to recycle PTT, mattresses, carpet | David Oaten | | Senior Manager - 5 days; Senior Officer - 6 days | |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|---|---------------------|---|--|----------------|
| 3.24 | Core Services contractual 'Benchmarking' exercise | To review haulage charges for the Viridor contract and benchmark against a basket of comparable services, negotiating a price review with the contractor if deemed appropriate. To be completed by February 2016 | David Oaten | | Senior Manager - 5 days | |
| 3.25 | SWP Health and Safety Review | To collate an electronic Health and Safety library for SWP. | Helen Oaten | | Senior Officer - 5 Days; Resource Officers - 10 days | |
| 3.26 | Improve recycling available to schools and commercial customers | To identify and report on increased opportunities for recycling by schools and businesses through collections | Colin Mercer | | Senior Manager - 5 days | |
| 3.27 | To integrate waste collection requirements into the planning process | To prepare and gain adoption of supplementary planning guidance on waste collections as part of Somerset's Waste Core Strategy. To integrate this guidance into district council pre-application and planning approval processes. | David Mansell | | Senior Manager - 10 days; Senior Officer - 25 days; Senior Officer (Planning) - 15 days; | |

| Task | Description | Outcome/Target (completion by March 2016 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment |
|-------------|--|---|---------------------|---|---|----------------|
| 3.28 | Develop and Implement SWP Style Guide | To produce a guide to producing SWP marketing, promotional and informational communications, signage, web pages etc so that they are consistent in branding. To be completed by December 2015 | Mark Blaker | | Senior Manager - 10 days; Senior PP&P Officer - 5 days. | |
| 3.29 | SWP Annual paid-for press coverage | To produce pull-out spread for Autumn edition of Your Somerset; Advertising in local press for bank holiday changes; To plan a two page insert in the Spring Your Somerset. | Mark Blaker | | Senior Manager - 2 days; Senior PP&P Officer - 10 days; PP&P Officer - 5 days | |
| 3.30 | Investigate opportunities and improve use of e-mail and text as contact mechanisms | To develop a plan for improving the effectiveness of SWP communications through targeted use of e-mail and text, and similar media. | Mark Blaker | | Senior Manager - 2 days; Senior PP&P Officer - 5 days. | |
| 3.31 | Develop Social Media protocol | To understand, document and plan to implement best practice in use of social media in promoting key messages. | Mark Blaker | | Senior Manager - 2 days; Senior PP&P Officer - 3 days; PP&P Officer - 2 days. | |