



For All Your Assurance Needs

**Internal Audit Report
Lincolnshire Waste Partnership**

Date: 26/08/2016



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Background and Context

We have carried out a review of the Lincolnshire Waste Partnership and the Joint Municipal Waste Management Strategy.

The Lincolnshire Waste Partnership (LWP) has been set up to enhance the way that sustainable waste management is delivered within Lincolnshire through the identification of best value and long term goals. The LWP consists of one Member and one officer from each of the following Lincolnshire Authorities:

- Boston Borough Council
- City of Lincoln Council
- East Lindsey District Council
- Lincolnshire County Council
- North Kesteven District Council
- South Holland District Council
- South Kesteven District Council
- West Lindsey District Council

There is also representation from the Environment Agency.

The LWP hold quarterly meetings that are attended by all representatives, as well as interim meetings that are attended by officers. These are all chaired and have secretarial support.

It is a statutory requirement overseen by DEFRA for two-tier Authorities such as Lincolnshire to produce a Joint Municipal Waste Management Strategy (JMWMS). This Strategy is designed to sets a clear framework where the Authorities can consider and provide continuous improvement, reduce cost and meet challenging targets.

While this audit is is part of the Lincolnshire County Council 2016-17 audit plan, it was agreed that the review would involve and engage with all officers and Members within the LWP. As well as following standard audit methodology, we sent a questionnaire to all delegates of the LWP. It asked for their agreement or disagreement on a series of statements relating to the LWP and the JMWMS. This information was then analysed to support our findings. This additional report can be seen attached as appendix 3.

Scope

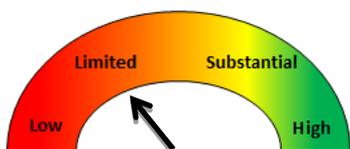
The purpose of our review was to provide independent assurance that there are strong Governance arrangements in place for the LWP, as well as ensuring that the JMWMS is an up to date and relevant document.

During our review we considered the following risks:

- Lack of a fit for purpose Strategy
- No approach planned for producing a new Strategy
- Actions and requirements of the Partnership are not completed

The audit planned to look at how National and European policy would be integrated into the new JMWMS. Following the recent decision to leave the European Union, the uncertainty over when this will occur and the fact that there is no current Strategy, we decided not to examine this area. This will be something that the LWP will need to consider as part of the JMWMS review process.

Executive Summary



Limited Assurance

Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Lack of a fit for purpose Strategy	Red	1	1
Risk 2 – No approach planned for producing a new Strategy	Red	0	4
Risk 3 – Actions and requirements of the Partnerships are not completed	Amber	1	5

Key Messages



Our work found that the LWP is not working as intended. The main reasons for this are:

- Fractured relationships within the Partnership based on historical issues impacting trust, joint working and potentially creating a perception of blame
- The Partnership does not have the authority to make strategic decisions
- An out of date JMWMS, which may no longer be fit for purpose
- Lack of clarity around the requirement for a JMWMS in relation to legislation
- Increasing resource pressures

We are confident that this view is both supported and expected by the LWP based upon the responses to the questionnaire as well as discussions that we observed at the LWP meetings. It should be viewed positively that delegates are of the same opinion and that all are looking for key improvements and constructive change for the future of the LWP and the JMWMS. We hope that the LWP use this review as an opportunity to improve the Partnership, both for themselves and for the people of Lincolnshire.

Responses from the LWP delegates were generally not positive about the way that the LWP is

Key Messages



operating and the current state of the JMWMS. The questionnaire revealed a large number of frustrations and problems, but we're pleased to note that it also provided solutions and ideas to deal with these issues. We identified that there is a strong intent from all delegates to develop and strengthen the Partnership. Given the nature of the responses we received, we recommend the LWP complete a full review to re-evaluate its purpose, objectives and to identify what improvements can be made to the way it operates. The Partnership should also consider this approach to support continuous improvement in the future through self assessment.

An area to highlight from our observations of a full LWP meeting and an LWP officers meeting, is that there are fractured relationships within the Partnership based upon historical issues such as recycling credits. This was confirmed following analysis of the questionnaire results. We have not set a specific recommendation for this area, but for the LWP to become the Partnership that the delegates are clearly striving for, this barrier needs to be addressed and trust must be rebuilt in order to move the LWP forward.

One of the key frustrations identified through the questionnaire analysis is that the LWP is a "talking shop", meaning that matters of concern are discussed but there is a lack of power to enact change. Following the decision not to utilise a collaborative model of working across Districts, there is uncertainty if there is a different model that could be agreed that would allow the Partnership to make more key decisions. As this was one of the original intentions of the Partnership we would recommend that options are examined as part of the partnership review process. This review should also revisit the Terms of Reference for the LWP to ensure that the key requirements for Partnership have been accurately captured and are being adhered to.

The full results from the questionnaire are attached at appendix 3 of this report. We advise the LWP to

Executive Summary

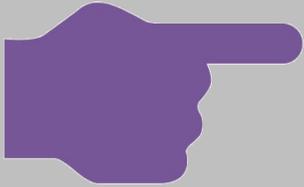
use this analysis as part of their review process.

Our review of the Joint Municipal Waste Management Strategy (JMWMS) found this Strategy is a number of years out of date and requires an urgent review. This is known by the LWP and during our visit to the 4th August LWP officer meeting it was discussed with an aspirational completion date of April 2018. However at this time there is no defined plan on how this will be developed, who will take overall ownership of the project, and how it will be resourced. While this is not enforced by DEFRA at this time, it remains the strong foundation for the LWP to plan, deliver and monitor the effectiveness of its waste management procedures.

Both the update to the LWP and the JMWMS need to be closely planned and developed, with all delegates feeding into the process and taking ownership. We would expect to see that the key JMWMS objectives be revisited and that these are SMART targets to allow for transparent monitoring. Once the JMWMS has been refreshed and agreed, we would expect this to be a live document that is regularly revisited and where necessary updated over its lifetime.

The changes that we have recommended for the Partnership to undertake are not "quick wins". To impliment them will require a sustained and committed effort from all delegates. However based upon the responses of the questionnaire, we are confident that this task will be delivered by the Partnership.

Areas of Good Practice



During our review we found that:

- ✓ The governance in place for managing the LWP meetings is appropriate. We found that the meetings are suitably scheduled, have agendas in place, result in clear minutes, and there is a designated and elected Chair
- ✓ The Partnership is passionate about positive change and displays an intent to making key improvements to the way that they operate
- ✓ Attendance at both the main LWP meetings and the Officers meeting is uniformly high by all participants within the Partnership

The attached action plan is intended to provide the LWP with the catalyst to impliment key changes and self assessment, as well as deliver recommendations on how to further strengthen both the LWP and the JMWMS.

We would like to thank all representatives of the LWP for their support during this audit, and for the time taken to complete the questionnaire.

Management Response



To be provided following the closure meeting

DRAFT

Action Plan

1	Risk Description	Current Rating	Target Rating
	Lack of a fit for purpose Strategy	RED	AMBER
Findings			
<p>Our work found that the Joint Municipal Waste Management Strategy (JMWMS) should be reviewed and updated as necessary every 5 years. The current JMWMS expired in 2013. No reviews have been carried out during the document's lifetime and there is no updated version available. This opinion is backed up by responses received from the LWP questionnaire.</p>			
Implications			
<p>The lack of an up to date and accurate Strategy means that the LWP does not have a clear framework to follow, and this will impact upon the effectiveness of the Partnership. Should DEFRA begin to enforce the requirement for an up to date Strategy, this could also mean that the LWP is in breach of Government legislation and could also suffer reputational damage.</p>			
Recommendation			Priority level
LWP to create and publish a new Joint Municipal Waste Management Strategy (JMWMS) that is relevant to the current needs and requirements of Lincolnshire.			High
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

2	Risk Description	Current Rating	Target Rating
	Lack of a fit for purpose Strategy	RED	AMBER
Findings			
Our review found that 6 out of the 10 objectives of Lincolnshire JMWMS (2008-2013) are not clear or measurable or both. This opinion is backed up by responses received from the LWP questionnaire.			
Implications			
If an objective is not clear or measurable, the LWP cannot be sufficiently assured that they are achieving these objectives. This will have a detrimental effect on the LWP's effectiveness as a Partnership.			
Recommendation			Priority level
As part of the revision and development of a new strategy the LWP should put in place objectives which are SMART. An objective is SMART when it is specific, measurable, achievable, realistic and timely (time-bound). Establishing SMART objectives will make the objectives easier to understand and to know when they are achieved.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

3	Risk Description	Current Rating	Target Rating
	No approach planned for producing a new Strategy	RED	AMBER
Findings			
While fledgling steps have been made to start this process, our review found that there is no clear and agreed timeline in place for producing a new strategy. This opinion is backed up by responses received from the LWP questionnaire.			
Implications			
Until the Strategy has been reviewed and updated, the LWP does not have a clear framework to follow, and this will impact upon the effectiveness of the Partnership. Should DEFRA begin to enforce the requirement for an up to date Strategy, this could also mean that the LWP is in breach of Government legislation and could also suffer reputational damage.			
Recommendation			Priority level
LWP to put in place an agreed and clear timeline for producing a new Lincolnshire JMWMS. This should be formally agreed and recorded.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

4	Risk Description	Current Rating	Target Rating
	No approach planned for producing a new Strategy	RED	AMBER
Findings			
We found that no decision has been made on who will produce a new JMWMS. This opinion is backed up by responses received from the LWP questionnaire.			
Implications			
Without a clear plan on production of a new JMWMS and agreement on who will be responsible for what, there is a risk that production of the strategy will stall or be delayed.			
Recommendation			Priority level
LWP to make a decision on who will produce a new JMWMS. This should be formally agreed, recorded and monitored by the LWP. Regular updates on progress should be provided as a standard LWP agenda item.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

5	Risk Description	Current Rating	Target Rating
	No approach planned for producing a new Strategy	RED	AMBER
Findings			
We found no agreement over the format and content to be included in new JMWMS. This opinion is backed up by responses received from the LWP questionnaire.			
Implications			
Without this there is a possibility that a renewed JMWMS may not be inclusive or meet the needs of the partnership collectively, meaning it is less effective and support from the partnership could be reduced.			
Recommendation			Priority level
LWP should agree on the format and content to be included in new JMWMS. The format of the current Strategy should be assessed to see if this is still the most effective way of delivering this content. This should be formally agreed and recorded.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

6	Risk Description	Current Rating	Target Rating
	No approach planned for producing a new Strategy	RED	AMBER
Findings			
We found that there is no review timetable in place for the JMWMS. This opinion is backed up by the responses received from the LWP questionnaire.			
Implications			
Review of the plan at key stages is important for checking progress and allowing for corrective action as necessary. Without prompt this important monitoring may be overlooked or delayed.			
Recommendation			Priority level
Once the new JMWMS has been created, the LWP should decide when it will be reviewed and set out the requirements in a review timetable. This will mean that the LWP is using a live document that is relevant to the current needs of each of the Partners. This should be formally agreed, recorded and monitored by the LWP.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

7	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
<p>From analysis of the questionnaire, we found that delegates do not feel that the LWP is meeting its potential. There is also frustration that the LWP has limited decision making powers which impacts on its effectiveness. This was echoed in discussions we observed within the LWP meetings.</p>			
Implications			
<p>If the LWP is not operating as originally planned, this may have a detrimental effect on how Waste Management is delivered to the people of Lincolnshire.</p>			
Recommendation			Priority level
<p>The LWP should complete a full review to re-evaluate its purpose, to examine its objectives and to assess if improvements can be made to the way that it operates. As part of this review, the LWP should discuss whether it should be making key decisions on behalf of each of its Member Authorities. It also needs to be assured that each representative has an appropriate level of stature within their organisation to make and uphold these decisions. If there is agreement with this proposed methodology, examine if there are alternative working models that the LWP could follow that would allow it to do this.</p>			High
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

8	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
Delegates feel that the LWP Terms of Reference need to be revisited to ensure that they are still relevant and accurate.			
Implications			
Terms of Reference should transparently set out how a group will operate. If this is not accurate it means that the group could underperform, or partake in unnecessary actions. This would have a detrimental effect on the efficiency of the Partnership.			
Recommendation			Priority level
As part of the review of the LWP, the Terms of Reference should be updated as required, and following this regularly reviewed.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

9	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
We found that while delegates are unhappy with the current outcomes delivered by the LWP and the lack of an up to date JMWMS, we could not identify that the LWP had an internal self improvement process included as part of their Terms of Reference.			
Implications			
If the member authorities do not attempt to continuously improve a service that they are unhappy with, this will lead to ongoing frustration and a service that continues to operate below its potential.			
Recommendation			Priority level
Once the LWP and JMWMS have been reviewed, the LWP should retain this level of commitment to continuously improve the way that they operate and perform regular self assessments. These changes should be captured within the Terms of Reference.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

10	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
Following our examination of minutes from the LWP meetings, we found that both Required and Completed Actions are not consistently captured.			
Implications			
If required actions of the LWP are not captured and monitored, this can lead to expectations not being met and delays within the Partnership. This will have a detrimental effect on the efficiency of the LWP, as well as create negativity between delegates which will impact on collaborative working.			
Recommendation			Priority level
Each required action should be clearly recorded, capturing when it is required and who is responsible within the minutes. When an action has been completed, this should also be noted for future reference. If there is a delay in completing an action, this should also be recorded with mitigating reasoning and a new completion date. Actions should be part of the standard agenda items.			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

11	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
<p>It has been recently decided that LCC will only provide Secretariat support for the officer LWP meetings every other year. It has been agreed that the Districts will provide this Secretariat support on a rotational basis. We recognise that there is a concern that the quality and content of minutes could vary under these circumstances when compared to a singular minute taker. There could also be an impact on the regularity of agreeing and sending out agendas and papers.</p>			
Implications			
<p>If information is not captured and recorded appropriately, or agendas and papers not sent out to delegates, this could lead to expectations not being met and delays within the Partnership. This will have an impact upon the effectiveness and efficiency of the LWP.</p>			
Recommendation			Priority level
<p>The LWP should ensure that continuity and consistency in the formatting, the content and the quality of the minutes produced after each meeting. The regularity of agendas and papers should also be monitored to ensure that delegates receive these in the agreed timeframe before the meeting.</p>			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Action Plan

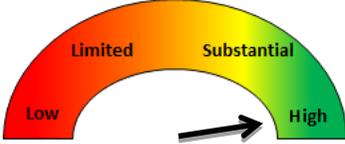
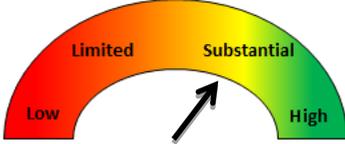
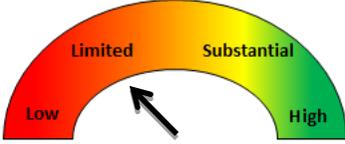
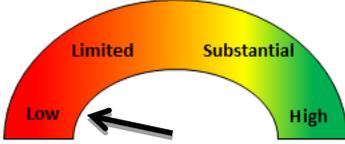
12	Risk Description	Current Rating	Target Rating
	Actions and requirements of the Partnership are not completed	AMBER	GREEN
Findings			
<p>Following receipt of opinions from officers and Members via the LWP questionnaire, we analysed this data and have prepared a secondary report that is attached as Appendix 3. This report compiles all of the results to provide a visual representation of how elements of the LWP and JMWMS are viewed by delegates. We have also provided a brief narrative for each that gathers some of the responses to provide context for the responses. We have included all responses for the last three questions that were more open-ended.</p>			
Implications			
<p>If problems are left unchecked, this can have a significant impact on the effectiveness of the Partnership. This can also create frustration among delegates if improvement requests are not acted on, which could lead to issues with collaborative working.</p>			
Recommendation			Priority level
<p>We would encourage Officers and Members to use the analysis relating to the LWP and JMWMS. This may provide points to consider in the early stages of reviewing these areas. We would also recommend that the LWP use the questionnaire again in the future to self assess the delegates opinions and compare these to the results found in appendix 3. This will ensure that improvements have been made and allow the LWP to identify which areas still need to be enhanced.</p>			Medium
Agreed Action		Responsibility	Implementation date
To be agreed within the LWP meeting on the 15 th September		To be agreed within the LWP meeting on the 15 th September	To be agreed within the LWP meeting on the 15 th September

Advisory Points - Adding Value through Efficiencies

The following items are advisory recommendations / comments arising from the audit, which management may wish to consider implementing to improve efficiency of the system or performance.

Ref	Finding	Advice
AP1	The lincolnshire.gov.uk website has a Joint Municipal Waste Management Strategy page. This states that the Strategy will be reviewed in 2014 and still has a link to the currently outdated Strategy.	Remove this page until the new Strategy has been completed, or edit the text to explain that the Strategy review is in progress.
AP2	Following uncertainty about future secretariat support, parts of the Terms of Reference require a review to state who will provide this support.	LWP to examine if a separate Terms of Reference is required for the LWP officers group. If not, the Terms of Reference should be updated to capture who will provide secretariat support to the officer group.
AP3	While the agendas for the meetings are set and available in advance, on some occasions papers related to the meetings were not available in a timely manner.	LWP to agree on a clear timeline for when agenda and papers relating to future meetings have to be available.

Appendix 1 - Assurance Definitions

High	Substantial
<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p>  <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p>	<p>Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p>  <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.</p>
Limited	Low
<p>Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p>  <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p>  <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p>

Appendix 1 - Assurance Definitions

Action Priority	
High	Immediate management attention is required - an internal control or risk issue where there is a high certainty of: substantial loss / non-compliance with corporate strategies, policies or values / serious reputational damage / adverse regulatory impact and / or material fines (action taken usually within 3 months).
Medium	Timely management action is warranted - an internal control or risk issue that could lead to financial loss / reputational damage / adverse regulatory impact, public sanction and / or immaterial fines (action taken usually within 6 to 12 months).



Appendix 2 – Distribution List

Distribution List



**Richard Wills – Executive Director for
Environment & Economy/Monitoring Officer**

Steve Willis – Chief Operating Officer

Andy Gutherson – County Commissioner

All Members and Officers of the LWP

External Audit

Disclaimer

The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

This report has been prepared solely for the use of the Lincolnshire Authorities that form the Lincolnshire Waste Partnership. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.