

Ref	Financial Management Standard	Self-Assessment	Status
<b>1</b>	<b>Responsibilities of the CFO and Leadership Team</b>		
A	The leadership team is able to demonstrate that the services provided by the Authority provide value for money.	<ul style="list-style-type: none"> <li>• The Authority comprises two members from each of the four Constituent Councils.</li> <li>• The Management Board, an advisory body, comprises the Director of Environment from each Constituent Council, the Managing Director, Finance Director (Chief Finance Officer) and Monitoring Officer.</li> <li>• The work of the Authority is governed by the Constitution which is openly available on its website. The Annual Governance Statement (AGS) needs to be read alongside the Constitution, which sets out how the Authority operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent, and accountable to local people.</li> <li>• The AGS is compliant with the CIPFA Code. An appropriate level of care is taken to ensure the Authority's policies and procedures comply with all relevant codes and legislative frameworks.</li> <li>• The Authority's external auditors conduct a VFM review as part of their annual work. The VFM external audit assessment identified no significant weaknesses in respect of the three assessment criteria: <ul style="list-style-type: none"> <li>○ Financial sustainability</li> <li>○ Governance</li> <li>○ Improving economy, efficiency and effectiveness</li> </ul> </li> <li>• The Authority has policies for financial management, risk management and procurement.</li> <li>• All reports to the Authority and Management Board include a financial implications section, that comments on the value for money provided by the decision, as well as a legal implications section.</li> <li>• All tenders consider VFM by considering the quality of service as well as price with quality generally being given a higher weighting.</li> </ul> <p><b>Action:</b> <i>The Authority will continue to work with the Contractor and the Operator to improve recycling levels, complete the fire improvement works and to prepare for contract expiry.</i></p>	GREEN

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B	The Authority complies with the CIPFA <i>Statement of the Role of the CFO in Local Government</i>	<ul style="list-style-type: none"> <li>The Finance Director (Chief Finance Officer) is the officer responsible for the proper administration of the Authority's financial affairs under Section 73 of the Local Government Act 1985, the Accounts and Audit Regulations 2015, Section 114 of the Local Government Finance Act 1988 and Section 27 of the Local Government Act 2003.</li> <li>The Finance Director (Chief Finance Officer) is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the Authority's financial strategy.</li> <li>The Finance Director (Chief Finance Officer) leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</li> <li>The ELWA Finance Business Partner, who reports directly to the Finance Director (Chief Finance Officer) for the purposes of ELWA, leads and directs a finance function that is resourced to be fit for purpose. Both the Finance Director (Chief Finance Officer) and the Finance Business Partner are professionally qualified and suitably experienced.</li> </ul>	GREEN
<b>2</b>	<b>Governance and financial management style</b>		
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<ul style="list-style-type: none"> <li>The Authority recognises that effective local government relies upon maintaining the confidence of the public in both the elected Members and Officers of the Authority. The Authority continues to keep under review its governance arrangements and related procedures to ensure best practice so that the highest standards are maintained.</li> <li>The Authority has commissioned a peer review of its governance arrangements by the Local Government Association (LGA). The review took place in October 2022; the formal report is awaited.</li> <li>The Authority's core standards and behaviours expected of officers are set out in the Employees' Code of Conduct. The Constitution also contains a Protocol for Member / Officer and Employee Relations and rules regarding conferences, visits and hospitality.</li> <li>The Authority has arrangements to provide assurance that its standards and behaviours are being upheld and that Members and officers demonstrate high standards of conduct. ELWA does not have its own Member Code of Conduct. However, Members are required, as part of the Constitution, to adhere to their own Constituent Council Codes of Conduct.</li> <li>The core standards and behaviours are demonstrated on a day-to-day basis by senior managers to support the vision and purpose of the of the Authority.</li> <li>The Finance Director (Chief Finance Officer) attends all meetings of the Authority and Management Board to ensure strong financial governance and oversight of decision-making.</li> </ul>	GREEN

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		<ul style="list-style-type: none"> <li>All reports to the Authority and Management Board are required to include a Financial Considerations section that is completed / reviewed by the Finance Business Partner and signed-off by the Finance Director (Chief Finance Officer).</li> <li>All reports to the Authority and Management Board include an Equalities Considerations section to ensure that the decisions made do not discriminate against certain groups or individuals.</li> </ul>	
D	The Authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).	<ul style="list-style-type: none"> <li>The Annual Governance Statement set out the elements of the governance framework and describes how the Authority has complied with these.</li> <li>The Managing Director has responsibility for the maintenance and development of the internal control environment. The framework for this is in the Constitution and support is provided by the regular review processes carried out by Internal Audit, External Audit and other review agencies.</li> <li>The system of internal control is designed to manage risk to a reasonable level based on continuing processes designed to: <ul style="list-style-type: none"> <li>identify and prioritise the risks that could prevent the Authority from achieving its vision, aims and objectives;</li> <li>assess how likely it is that the identified risks will happen, and what will be the result if they did; and</li> <li>manage the risks efficiently, effectively, and economically</li> </ul> </li> <li>The Authority voluntarily commissioned a peer review of its governance arrangements in 2022/23.</li> </ul>	GREEN
E	The financial management style of the Authority supports financial sustainability.	<ul style="list-style-type: none"> <li>The Authority's financial management style and approach to risk is a balance of stewardship and enabling, aligned to the hierarchy of financial management styles (delivering accountability, supporting performance and enabling transformation) set out in the code.</li> <li>Sustainability, strategic risk management and stewardship is delivered through the s73 Officer role.</li> <li>All reports to the Authority and Management Board include a Financial Considerations section that is completed / reviewed by the Finance Business Partner and signed-off by the Finance Director (Chief Finance Officer). The Finance Director (Chief Finance Officer) and Finance Business Partner attend all Authority, Management Board and other meetings where there may be financial implications associated with the topics being considered. This will highlight any financial sustainability concerns in relation to decisions being recommended.</li> <li>The Medium-term planning process ensures that the Authority balances its budget and identifies savings that can be made. Risks are considered and reported to the Authority as part of the MTFs and budget and levy setting and also through the strategic risk register.</li> <li>The Authority is cognisant of the financial pressures facing its Constituent Councils and seeks to set a levy that is affordable, whilst ensuring its own financial resilience and sustainability.</li> </ul>	GREEN

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<b>3</b>	<b>Long to medium-term financial management</b>		
F	The Authority has carried out a credible and transparent financial resilience assessment.	<ul style="list-style-type: none"> <li>• As part of the annual Revenue and Capital Budgets and Levy report to the Authority, the Finance Director (Chief Finance Officer) makes an assurance statement on the robustness of the budget and adequacy of reserves.</li> <li>• A risk analysis is undertaken as part of the budget and levy setting process and is published as part of the report to the Authority. This informs the reserves strategy, which is approved as part of the annual MTFS and budget/levy setting process.</li> <li>• The Finance Director (Chief Finance Officer) also undertakes a reserves risk assessment each year and sets out clearly the minimum level of reserves it is prudent for the Authority to hold.</li> <li>• Details of reserve balances and the reserves strategy are reported annually to the Authority at least three times a year in the MTFS, annual budget and levy setting and outturn reports.</li> <li>• In 2020/21, the Authority carried out a comprehensive review of its reserves strategy, in consultation with Constituent Councils, to reflect changes in the future waste strategy. This enabled a significant release of reserves, thus reducing the levy on Constituent Council, whilst maintaining reserves at the level assessed by the Finance Director (Chief Finance Officer) as necessary to ensure the Authority's future financial resilience and sustainability.</li> </ul>	GREEN

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G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	<ul style="list-style-type: none"> <li>• It is the Authority’s policy and practice to set a budget and MTFS that is balanced not only for the next financial year, but also over the medium term (five years).</li> <li>• The Medium-Term Financial Strategy for the next five years is reported to the Authority annually in November / December.</li> <li>• A financial planning model is used as part of the MTFS process allowing senior managers to adjust the drivers of spend and resourcing to understand the impact on the annual budget and the five-year MTFS. This model is also used during the course of the year to assess the financial impact of changing circumstances.</li> <li>• Budget reporting to Members focuses on the key cost drivers: estimated waste tonnages, inflation and capital financing costs.</li> <li>• The Capital Investment Strategy sets out the Authority’s long term capital investment plans over the next five years up to 2026/27 and the revenue implications of capital projects are included in the MTFS, so Members are provided with a detailed oversight of the capital programme and the revenue implications.</li> <li>• The Authority’s Risk Management Policy and Strategy defines processes for identifying, assessing, managing, and monitoring financial and non-financial risks.</li> </ul>	GREEN
H	The Authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	<ul style="list-style-type: none"> <li>• Capital, treasury management and investment activities are managed in line with the Prudential Code for Capital Finance in Local Authorities, as well as associated statutory guidance (e.g. Investment Guidance; Minimum Revenue Provision Guidance; Treasury Management Guidance).</li> <li>• Fundamental to this is the setting of capital and prudential indicators in the Treasury Management Strategy approved annually in February and the subsequent monitoring and reporting of activity against these.</li> <li>• Mid-year review and outturn reports are considered by the Authority in November/December and June of each year.</li> </ul>	GREEN
I	The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<ul style="list-style-type: none"> <li>• It is the Authority’s policy and practice to set a budget and MTFS that is balanced not only for the next financial year, but also over the medium term (five years).</li> <li>• The rolling five-year MTFS demonstrates that the Authority’s underpinning finances remain robust and its service delivery sustainable.</li> <li>• A reserves strategy is approved as part of the annual MTFS and budget/levy setting process and the level of reserves is monitored on an ongoing basis. The reserves strategy reflects current and future issues such as contract expiry in 2027 and insurance.</li> </ul>	GREEN

4 The annual budget			
J	The Authority complies with its statutory obligations in respect of the budget setting process.	<ul style="list-style-type: none"> <li>The Authority approves an annual balanced budget that enables the Finance Director (Chief Finance Officer) to positively comment on the robustness of the estimates and the adequacy of the proposed financial reserves.</li> <li>The supporting documentation meets the requirements to approve a capital investment strategy and the treasury management and investment strategies.</li> <li>Meeting dates are set to ensure compliance with statutory deadlines.</li> </ul>	GREEN
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	<ul style="list-style-type: none"> <li>As part of the annual Revenue and Capital Budgets and Levy report to the Authority, the Finance Director (Chief Finance Officer) makes an assurance statement on the robustness of the budget and adequacy of reserves.</li> <li>The Finance Director's (Chief Finance Officer's) assurance statement includes commentary on the key risks facing the Authority and the recommended level of reserves necessary to manage these risks. These include the Business Risk Reserve which currently stands at £1.000m.</li> </ul>	GREEN
5 Stakeholder engagement and business plans			
L	The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<ul style="list-style-type: none"> <li>The Authority's key stakeholders are its Constituent Councils.</li> <li>The Management Board comprising the Director of Environment from each Constituent Council, the Managing Director, Finance Director (Chief Finance Officer) and Monitoring Officer consider all draft reports to the Authority. This includes all reports of a financial nature.</li> <li>The Medium-Term Financial Strategy for the next five years is considered each November / December and the annual budget and levy is considered in February before the start of the financial year.</li> <li>Consultation on an ad-hoc basis takes place with the Management Board, as necessary, as part of the Authority's financial planning processes and reserves strategy.</li> </ul>	GREEN

M	<p>The Authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<ul style="list-style-type: none"> <li>• The Authority rarely undertakes material investments which would require option appraisal. These are undertaken on a case-by-case basis, influenced by the scale of investment.</li> <li>• Given its size, the Authority commissions external legal, financial and technical advice as necessary and appropriate.</li> <li>• Any business case prepared would be subject to review and sign-off by an appropriate finance officer.</li> <li>• All tenders consider VFM by considering the quality of service as well as price with, generally, quality being given a higher weighting.</li> <li>• All Member decisions are considered and justified through Authority Reports.</li> </ul> <p><b>Action:</b> <i>The Outline Business Case (OBC) for the procurement of future services will include an options appraisal to inform decisions on how to procure.</i></p>	GREEN
<b>6 Monitoring financial performance</b>			
N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<ul style="list-style-type: none"> <li>• Monthly financial reporting to the senior leadership team enables a prompt and proactive response to emerging risks and mitigating actions to be identified.</li> <li>• Where monitoring identifies areas of concern specific recommendations are made as to the further action required.</li> <li>• The Authority receives quarterly reports on performance and risk that highlight areas of concern and any changes to strategic risks.</li> <li>• Emerging risks and developments, including those arising from changes in legislation and national waste policy are kept under constant review and are reported regularly to the Authority.</li> <li>• Internal Audit provide a level of assurance that the significant risks facing the Authority are addressed, based on audit outcomes.</li> </ul>	GREEN

O	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p>	<ul style="list-style-type: none"> <li>• The Authority trades primarily with its Constituent Councils and does not, therefore, hold items on its Balance Sheet that are likely to be non-recoverable. The Authority does not, and does not require to, hold a provision against bad or doubtful debts.</li> <li>• The Authority commissions a review of its Property, Plant and Equipment assets on an annual basis.</li> <li>• A reserves strategy is approved as part of the annual MTFS and budget/levy setting process and the level of reserves is monitored on an ongoing basis.</li> <li>• Details of reserve balances and the reserves strategy are reported annually to the Authority at least three times a year in the MTFS, annual budget and levy setting and outturn reports.</li> <li>• Cash balances, debt and investments are monitored daily as part of the treasury management service provided by the LB Redbridge. Treasury management activity is reported to the Authority three times a year.</li> </ul> <p><b>Action:</b> <i>The Authority will continue work with BeFirst on the sale of the Authority’s closed landfill sites.</i></p> <p><b>Action:</b> <i>The OBC for the procurement of future services will be informed by an assessment of the Authority’s rights and obligations in relation to current sites and assets.</i></p>	GREEN
<b>7 External financial reporting</b>			
P	<p>The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local Authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i>.</p>	<ul style="list-style-type: none"> <li>• The Constitution sets out the responsibility of the Finance Director (Chief Finance Officer) for ensuring that the Authority’s statement of accounts complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i>.</li> <li>• The operational responsibility for production of the Statement of Accounts, in line with proper accounting practices, rests with the ELWA Finance Team, led by the ELWA Finance Business Partner who reports, for the purposes of ELWA, directly to the Finance Director (Chief Finance Officer).</li> </ul>	GREEN

Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	<ul style="list-style-type: none"> <li>• The annual outturn report to the Authority AGM provides an analysis of the financial position of the organisation at the end of the financial year. The report shows outturn compared with budget, with explanations for significant variances from budget.</li> <li>• Members agree the resulting reserves position.</li> <li>• The outturn is supported by non-financial contract performance information which is presented alongside the financial information.</li> <li>• The draft outturn position is presented to the senior leadership team and the Finance Director (Chief Finance Officer) to enable decisions to be made about the use of any underspends as part of the Authority's strategic financial planning process.</li> </ul> <p><b>Action:</b> <i>Given the capital programme that the Authority currently has, the capital information provided in the outturn report will be expanded as well as the Treasury Management reports.</i></p>	GREEN
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