

NOTICE OF MEETING

Monday, 09 September 2013 – Civic Centre, Dagenham - 09.30 am

Members

Councillor M McCarthy (Chairman), Councillor A Choudhury, Councillor I Corbett, Councillor R Crawford, Councillor S Kelly, Councillor K Prince (Vice Chairman), Councillor E Obasohan and Councillor B Tebbutt,

Declaration of Members Interest

In accordance with the Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.

Mark Ash
Acting Managing Director

30/08/2013

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AGENDA

1. Apologies for absence

Items for decision

2. Minutes – To confirm as correct the minutes of the meeting held on 10 June 2013 (pages 1-4)
3. Statement of accounts and Auditor’s report 2012/13 (Appendix A to follow) (pages 5-6)

The Authority’s external auditors will be attending for this item

Items for information

4. Contract Monitoring to 30 June 2013 (pages 7-10)
5. Budgetary Control to 31 July 2013 (pages 11-14)
6. Treasury Management Outturn 2012/13 (pages 15-18)
7. Dates of next meetings:
25/11/13 Budget Strategy and ABSDP (required by 30/11/13);
10/02/14 Levy (required by 15/02/14);

8. Any other public items which the Chair decides are urgent.
9. To consider whether it would be appropriate to pass a resolution pursuant to Section 100A (4) of the Local Government Act 1972.

Confidential Business

The public and press have a legal right to attend ELWA meetings except where business is confidential or certain other sensitive information is to be discussed. The items below relate to the business affairs of third parties and are, therefore, exempt under paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) or contains information relating to an individual, the financial and business affairs of third parties, negotiations related to labour relations between the authority and its employee and is subject to an obligation of confidentiality and is therefore exempt from publication by virtue of paragraphs 1, 3, 4 and 8 respectively of part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Confidential items for decision

10. Staff Restructure (pages 19-28)

This report has been restricted to Members and specific officers only.

Confidential items for information

11. Contract Renegotiation and Options for Savings (pages 29-36)

This report has been restricted to Members and specific officers only.

12. ELWA Limited 18/07/13 Board Agenda (pages 37-74)

This report has been restricted to Members and specific officers only.

13. Any other confidential or exempt items which the Chairman decides are urgent

AUTHORITY MINUTES: MONDAY 10 JUNE 2013 (9.44AM – 10.48AM)

Present:

Councillor M McCarthy (Chairman), Councillor A Choudhury, Councillor I Corbett, Councillor R Crawford, Councillor S Kelly, Councillor E Obasohan and Councillor K Prince (Vice Chairman).

1. Welcome & Apologies for Absence

The Vice Chairman welcomed Members, officers, Councillor Aziz Choudhury and Andrew Firth (External Auditor) to the meeting. Councillor McCarthy was unable to be present at the beginning of the meeting and the Vice Chairman, Councillor Prince, took the chair for items 1-7. On his arrival Councillor McCarthy assumed the chair.

An apology for absence was received from Councillor Tebbutt.

2. Membership 2013/14

Members received the office manager's report setting out details of the constituent councils' appointments to the Authority for the coming municipal year.

Members noted that, with the exception of the appointment of Councillor Aziz Choudhury in place of Councillor Tewari (London Borough of Redbridge), membership remained the same.

3. Appointment of Chairman, Vice Chairman and ELWA Limited 'A' Director for the year 2013/14

Members received the Monitoring Officer's report and requested amendment to the recommendation for the inclusion of the words "and alternate" at the end of the sentence.

Councillor McCarthy, Councillor Prince and Councillor Kelly were appointed to the roles of Chairman, Vice Chairman and ELWA Limited 'A' Director respectively. The appointment of Alternate to the ELWA Limited 'A' Director was awarded to the Authority's Managing Director.

4. Declaration of Members' Interests

There were no declarations of Members' interests.

5. Nominations under Section 41 of the Local Government Act 1985

Members received the Monitoring Officer's report.

Members agreed to appoint Councillors McCarthy, Prince, Kelly and Corbett as the lead Members for Environment/Waste who will, on behalf of ELWA, answer questions put to them by other Members of their own Constituent Council.

6. Minutes of previous meeting (04.02.13)

Members confirmed as correct the minutes of the Authority meeting on 4 February 2013.

7. Internal Audit Progress Report 2012/13, Audit Plan 2013/14 and Planned Audit Coverage to March 2018

The Finance Director presented his report & appendix setting out coverage for 2012/13, 2013/14 and to March 2018. The audit looked at systems and procedures to ensure effective management of the contract.

Work undertaken for 2012/13 related to IWMS contract management, risk management, business continuity plan and financial management. Core financial systems were generally sound with improvements required in the area of risk management and business continuity planning. No major issues had been found and Members received clarification on the following issues: risk management, the business continuity plan, the Ilford Recycling Centre weighbridge procedure mentioned at paragraph 5.11 and petty cash.

The audit for 2013/14 would continue to look at contract management.

Members agreed the audit coverage for 2013/14 and the Five Year strategic Plan as set out in the Appendix and noted the audit coverage for 2012/13. They have requested the fully document and detailed business continuity plan be completed by April next year.

8. External Audit Plan 2013/14

Members received and noted the commentary from the external auditor's representative from PriceWaterhouseCoopers (PWC) relating to the contents of the 2012/13 Audit Plan. Members' attention was drawn to the audit fee saving of £30,450, communications plan and timetable. The Chairman thanked the external auditor for attending.

Members accepted the audit plan for 2012/13 as presented.

9. Contract Monitoring Review of the Year 2012/13 and Monitoring to 31 March 2013

The Acting Managing Director presented the Contract Manager's report on Borough and contract performance for 2012/13 and contract performance for March 2013. He reported that contract waste tonnage was 19% below forecast and recycling was lower than expected both were due to the climate conditions in March. A surge in green waste was expected in April & May as weather conditions improve. Diversion was projected to be 10% lower than the ABSDP figure.

Members discussed the consequences to ELWA of land fill, the Landfill Allowance Trading Scheme and its cessation, SRF markets generally, recycling performance and communication campaigns. It was reported that the Board's focus was to contain costs and achieve value for money.

Members noted that despite the disappointing diversion performance, controls at the Reuse & Recycling Centres and reduced waste generally put the Authority in a good financial position insofar as contract expenditure. Detailed negotiations were continuing in respect of contract performance and other service delivery options with a view to increase the contract viability and value for money.

10. Provisional Financial Outturn Position 2012/13

The Finance Director presented his report containing provisional figures for the financial year 2012/13. In summary he stated that a reduction in integrated waste management services (IWMS) contract costs of lower than expected tonnages, economies in non contract running costs and higher levels of income had contributed to the net under spend of £1.3million. He confirmed that part of this saving would help offset levy increases in future years.

Members noted the report.

11. Budgetary Control to 30 April 2013

The Finance Director presented his regular revenue estimates and prudential indicators report. He advised that there was a net under spend for the period of £74,000 and the final projected outturn at year end was expected to be £50,000 under budget. The position was broadly on course subject to green waste surges.

He and the Assistant Managing Director responded to detailed questions regarding the impact on calculations of 3rd party waste and its processing.

Members noted the report.

12. Dates of next meetings

Members noted the future meeting dates for 2013 as being 09 September (Annual Governance & draft Statement of Accounts) and 25 November (Approval of the Annual Budget & Service Delivery Plan). Members were asked by the Vice Chairman to ensure that the meeting on 10 February 2014 (Approval of the Levy) was quorate.

13. Private Business

Members resolved to exclude the public and press from the remainder of the meeting by

reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 or by virtue of paragraphs 1, 3, 4 and 8 respectively of part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

14. Contract Renegotiation and Options for Savings

The Acting Managing Director presented his confidential report and Appendix drawing members' particular attention to the paragraphs relating to mutually beneficial savings, indicative timescales and proposed application to the Department for Communities and Local Government (DCLG) for funding support.

The potential savings and the outline for funding support as set out in the report and Appendix A were discussed in depth.

Members also discussed the possible use of Aveley closed landfill site to divert 'fines' away from landfill. The Chairman agreed to speak to the joint Chief Executive of Barking & Dagenham and Thurrock councils in this respect. Havering Council would also be approached.

Members agreed submission of the outline bid to the DCLG and noted the report. Officers were asked to produce a study of the closed landfill option for members' consideration at a future meeting.

15. Minutes of previous meeting (06.03.13)

Members agreed the confidential minutes of the Extraordinary meeting held on 6 March 2013.

16. Management of the Authority

Members noted the Finance Director's report setting out the actions taken under the delegated powers agreed on 6 March 2013.

17. Other Confidential Business

None.

Minutes agreed as a true record.

Chair:

Date:

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**AUTHORITY REPORT: STATEMENT OF ACCOUNTS & AUDITOR'S REPORT
2012/13**

1. Confidential Report

1.2 No

2. Recommendations

2.1 Approve the draft Statement of Accounts for the financial year 2012/13.

3. Introduction

This report provides the Authority with a summary of the key issues arising from the audit of the financial statements. The External Auditors, PricewaterhouseCoopers (PwC) are completing their review and audit of the Accounts. It is expected that they will give an unqualified opinion and certificate of the Accounts.

3.1 At the time of writing this report, the audit of the draft Statement of Accounts and the ISA260 had not been finalised and therefore these will be circulated separately.

3.2 At the ELWA meeting in June 2011, Members were informed about changes to the statutory audit and accounts regulations that underpin the production of ELWA's financial statements. The 2012/13 financial statements are the third where the Authority has to fully comply with International Financial reporting Standards (IFRS). This continues to create extra work and has required additional resources, which can be demonstrated by the size of the financial statements.

3.3 Members are reminded that it is the responsibility of the 'responsible financial officer' to sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the Authority at the end of the financial year. However Members are still required to formally approve the audited financial statements by the 30 September.

4. 2012/13 Accounts

4.1 The financial position as outlined in the Statement of Accounts is the same as I informed you in my Budgetary Control outturn report to the ELWA Authority meeting in June 2013.

5. Auditors report

5.1 The External Auditors will provide a verbal update on this report at the Authority meeting.

6. Conclusion

6.1 The audit of ELWA's accounts will be completed by the statutory deadline of the 30 September. There is expected to be an unqualified opinion.

7. Relevant Officer

Geoff Pearce Director / e-mail: finance@eastlondonwaste.gov.uk / 020 8708 3588

8. Appendices attached

8.1 Statements to follow.



9. Background Papers

9.1 June 2013 – Financial Outturn Report for 2012/13.

10. Legal Considerations.

10.1 None

11. Financial Considerations

11.1 As outlined in this report.

12. Performance Management Considerations

12.1 None.

13. Risk Management Considerations

13.1 None

14. Follow-up Reports

14.1 None

15. Websites and e-mail links for further information.

15.1 None

16. Glossary

ELWA – East London Waste Authority
ISA – International Standard on Auditing

17. Approved by Management Board

17.1 22 August 2013

18. Confidentiality

18.1 Not applicable

AUTHORITY REPORT: CONTRACT MONITORING TO 30 JUNE 2013

1. Confidential Report

1.1 No

2. Recommendation

2.1 Members are asked to note this report.

3. Purpose

3.1 To provide an update on the monitoring, outcomes and actions taken with regards to the management of the IWMS contract for the period to 30 June 2013.

4. Contract Performance to June 2013

4.1 Contract waste tonnage to June 2013 totalled 113,700 tonnes which is 2% below forecast but 800 tonnes higher than the same period last year.

4.2 The contract recycling performance to June was 26.8%, slightly lower than expectations of 27.9%.

4.3 Diversion from landfill was strong, achieving 74.9% over the period.

4.4 SRF Production [Main contributor to diversion performance]

	Variance to budget		Variance%
	Budget (t)	Actual (t)	
Cement Grade SRF Total	13,000	13,446	+3.4%
Coarse Grade RDF Total	29,397	31,581	+7.7%

4.5 The table below provides an overview of the NI192 recycling performance to June 2013 however these figures are subject to ratification by Defra.

	% Recycling Performance	% Recycling Performance (2012-13)
Barking & Dagenham	28.8%	29.9%
Havering	36.3%	35.8%
Newham	18.8%	19.5%
Redbridge	32.7%	33.5%

5. RRC Controls

5.1 In addition to the RRC controls put in place last year SEL, in conjunction with ELWA and the constituent councils, have introduced a project to increase diversion from the RRC's diverting waste normally sent to landfill to the BioMrf's. This has significantly increased the diversion from these facilities [see table below].

5.2 Gerpins Lane was the pilot site and has therefore led the way with improvement against previous performance. These revised procedures, which have included the introduction of additional recycling facilities in the general waste area, are now being implemented across all sites and particular attention will be placed upon Frizlands Lane over the next 2-3 quarters as it is considered this is where the greatest potential for improved performance lies.

5.3 RRC Performance [excluding Green waste]

Site	Recycling & Diversion Performance		Variance
	Jan -June 2012	Jan -June 2013	
Gerpins	32%	49%	+17%
Chigwell	51%	55%	+4%
Frizlands	41%	45%	+4%
Jenkins	19%	25%	+6%

Note January to June 2013 Performance including green waste:

Gerpins lane	63%
Chigwell Road	71%
Frizlands Lane	51%
Jenkins lane	29%

NB. Jenkins lane performance is distorted by its use as a transfer station and tonnage throughput of borough delivered waste.

5.4 Although the gains made from the RRC controls are still being maintained there has been an increase in tonnage delivered when comparing this quarter to the same period last year. Revised RRC monitoring and controls procedures are being developed (with Redbridge as lead borough) to ensure that the waste being delivered is household waste, trials of which will begin in October. Officers are also investigating the introduction of ANPR and CCTV systems to further enhance these control measures.

6. Minor works

6.1 The following works were carried out or are in the process of being carried out during this period and ongoing into the next

a) Concrete Flooring Repairs

Various transfer station / RRC site floors require repair due to age and general wear and tear. The individual sites will put measures in place to ensure that the impacts on diversion performance and turnaround times are minimised and that the safety of the borough drivers and members of the public is not compromised in any way.

b) Drainage Repairs at the IRC

Works are required to undertake drainage systems on the Ilford site. The ground works will take approximately 2 weeks during August during which time all vehicles will be redirected to the Jenkins Lane site

7. Conclusion

8. Overall contract performance remains on track, the slightly disappointing recycling figures are mitigated by increased diversion and overall tonnage remains within budget. It is anticipated that the changes being introduced at the RRC site's will maintain the gains made in this area from last year's controls

9. Relevant officer:

Dave Hawes, Contract Manager/ e-mail: dave.hawes@eastlondonwaste.gov.uk/020 8724 5045

10. Appendices attached:

10.1 None

11. Background Papers:

11.1 None

12. Legal Considerations:

12.1 None

13. Financial Considerations:

- 13.1 Tonnages levels and landfill tax liabilities continue to be the main driver of costs within the IWMS contract. The reduced tonnages therefore have led to a small financial saving for the Authority in this period. There is a financial benefit to the Authority in diversion levels being better than budget as the savings on landfill tax are greater than the cost of diversion supplements.
- 13.2 Improved controls at RRC sites should lead to reduced tonnages and therefore a financial benefit. The cost of any control measures eg ANPR would need to be met from any subsequent financial benefit.

14. Performance management considerations:

- 14.1 None

15. Risk management considerations:

- 15.1 None

16. Equalities considerations:

- 16.1 The equalities impact assessment identified no matters of concern.

17. Follow-up reports:

- 17.1 None

18. Websites and e-mail links for further information:

- 18.1 None

19. Glossary

ANPR= Automatic Number Plate Recognition systems

BioMRF = Biological Materials Recycling Facility

CCTV= Close Circuit Television

Constituent Councils = London Boroughs of Barking & Dagenham, Havering, Newham and Redbridge

DEFRA= Department Of Environment Food and Rural Affairs

ELWA = East London Waste Authority

IWMS = Integrated Waste Management Services

IRC = Ilford Recycling Centre

RDF= Refuse Derived Fuel

NI192 = National Indicator (Household Waste Recycled or Composted)

RRC = Reuse & Recycling Centre(s)

SRF = Solid Recovered Fuel

SEL = Shanks.east London

20. Approved by management board

- 20.1 22 August 2013

21. Confidentiality:

- 21.1 Not applicable

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AUTHORITY REPORT: BUDGETARY CONTROL TO 31 JULY 2013

1. Confidential Report

1.1 No

2. Recommendation:

2.1 To note this report.

3. Purpose

3.1 This budgetary control report compares ELWA's actual expenditure for the period ended 31st July 2013 with the original revenue budget approved in February 2013. It is based on information supplied by Shanks East London, ELWA technical officers and the four Constituent Councils.

3.2 Budgetary control reports are presented for monitoring and control purposes.

4. Background

Revenue Estimates

4.1 Based on the profiled budget of £18,497,000 and the actual net expenditure on services of £18,250,000 the position is a net underspend of £247,000 to date. (see Appendix A).

4.2 Overall the outturn is projected to be a favourable variance of £41,000 compared with budget at year end. The budget however remains susceptible to fluctuation and needs to continue to be closely monitored throughout the rest of the financial year.

4.3 The principal activity driver on ELWA's budget is the level of waste tonnage delivered from the Constituent Councils. The general trend in the first months of 2013/14 was that waste tonnage levels were slightly below that expected when the budget was set. Although there is an underspend to date of £335,000 this is expected to reduce by year end. Borough Environment Officers and ELWA technical officers advise that there are a number of factors which can be expected to lead to increased levels of waste during the remainder of the year. These include the increased amount of green waste from July onwards, a growth in volumes in the Autumn and increased activity in large-scale environmental projects.

4.4 A diversion rate of 70% has been assumed in the 2013/14 budget. The diversion rate for the first four months of 2013/14 reached nearly 75% and Members are advised that each one percentage increase in the rate means a benefit to the budget of £80,000 reflecting the movement in the landfill tax liability. As part of contract monitoring procedures, the Acting Managing Director has actively pursued courses of action with Shanks to improve the diversion rate. There has been a considerable improvement on the diversion levels achieved at the end of the last financial year. Given some degree of uncertainty in respect of projected tonnage levels and diversion rates at this stage it is felt appropriate to project total end of year contract payments to be slightly below budget.

4.5 Employee costs show a year to date underspend of £50,000 reflecting savings in respect of the Managing Director post. The end of year underspend projection of £48,000 assumes that the Managing Director post will be filled later in the year with recruitment costs factored into the projection. Other non-contractor costs are projected to be in line with budget at year end.

4.6 Based on ELWA technical officer advice commercial waste income will be below budget at year end. ELWA technical officers advise that the Boroughs are losing contracts and therefore collecting less. Other income is also projected to be broadly in line with budget and the position will be monitored carefully to assess the continuing impact of the Bedfordshire contract.

- 4.7 The pressure on the levy and the reserves over the next few years has been previously reported to Members. Given this it is important that robust monitoring of the financial position throughout the year remains in place and it is essential that remedial action can be swiftly taken on areas of over spend or insufficient income collection.

Prudential indicators

- 4.8 The Authority sets Prudential Indicators covering borrowing, lending and capital expenditure limits. These are monitored by the Finance Director on a monthly basis and the Authority remains within the limits set by the Prudential Indicators.

5. Conclusion

- 5.1 The net underspend for the period to date is £247,000. At year end net expenditure is projected to be £41,000 less than budget. Although both contract and non contract costs are projected to be below budget at year end these projected favourable variations are partially offset by a shortfall of income particularly commercial waste income.
- 5.2 The position will continue to be closely monitored on a monthly basis throughout the rest of the financial year. The ability to remain within budget will depend to a great extent on tonnage trends, achievement of diversion targets and income collection.

6. Relevant officer:

Geoff Pearce, Finance Director / e-mail: finance@eastlondonwaste.gov.uk / 020 8708 3588

7. Appendices attached:

Appendix A: Budget Monitoring Statement to 31st July 2013

8. Background papers:

4 February 2013 - Revenue & Capital Estimates and Levy 2012/13 Report & Minute No.48/2012

9. Legal considerations:

9.1 None

10. Financial considerations:

10.1 As outlined in the report.

11. Performance management considerations:

11.1 The financial position and projections should reflect service performance trends.

12. Risk management considerations:

12.1 The projected position depends on the performance of the contractor and the success in achieving budgeted diversion levels.

13. Follow-up reports:

13.1 Budgetary Control Report, next meeting

14. Websites and e-mail links for further information:

14.1 None

15. Glossary:

ELWA = East London Waste Authority

16. Approved by management board

16.1 22 August 2013

17. Confidentiality:

17.1 Not Applicable.

BUDGET MONITORING STATEMENT TO 31 JULY 2013

	Original Budget 2013/14	Profiled Budget to 31.07.13	Total Actual to 31.07.13	Variance to 31.07.13	Projected Outturn to 31.07.13	Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE						
<i>Employee and Support Services</i>	481	157	107	(50)	433	(48)
<i>Premises Related Expenditure</i>	166	55	122	67	166	0
<i>Transport Related Expenditure</i>	5	2	4	2	5	0
<i>Supplies and Services</i>						
Payments to Shanks.East London	56,242	18,600	18,265	(335)	56,118	(124)
Other (inc. cost of Support Costs)	470	156	155	(1)	470	0
<i>Third Party Payments</i>						
Recycling Initiatives	210	81	81	0	210	0
Tonne Mileage	500	167	167	0	500	0
Rent payable - property leases	317	106	124	18	317	0
<i>Capital Financing Costs</i>	210	48	49	1	210	0
TOTAL GROSS EXPENDITURE	58,601	19,372	19,074	(298)	58,429	(172)
INCOME						
Commercial Waste Charges	(2,731)	(683)	(640)	43	(2,600)	131
Other Income	(661)	(220)	(212)	8	(661)	0
TOTAL INCOME	(3,392)	(903)	(852)	51	(3,261)	131
Contingency Allocated	150	28	28	0	150	0
NET EXPENDITURE ON SERVICES	55,359	18,497	18,250	(247)	55,318	(41)
12/13 underspend	(554)	(554)	(554)	0	(554)	0
PFI Grant Receivable	(3,991)	(998)	(998)	0	(3,991)	0
Transfer to PFI Contract Reserve	3,991	0	0	0	3,991	0
Levy Receivable	(47,155)	(11,789)	(11,789)	0	(47,155)	0
Transfer from PFI Contract Reserve	(5,000)	(5,000)	(5,000)	0	(5,000)	0
Contribution from reserves	(2,650)	(2,650)	(2,650)	0	(2,650)	0
NET	0	(2,494)	(2,741)	(247)	(41)	(41)

AUTHORITY REPORT: TREASURY MANAGEMENT OUTTURN 2012/13

1. Confidential Report

1.1 No

2. Recommendations

2.1 To note this report.

3. Introduction

3.1 The Treasury Management Strategy including borrowing and investment strategies is approved by Members on an annual basis. The 2012/13 Strategy was agreed in February 2012 and this report details the outturn against the background of this Strategy.

3.2 Under ELWA's Standing Orders, the Finance Director is responsible for all the Authority's banking, borrowing and investment activities. The Treasury Management function is carried out by the London Borough of Redbridge on behalf of ELWA.

3.3 The Authority's activities are regulated by statutory requirements, ELWA's Standing Orders, and a professional code of practice, the CIPFA Code of Practice on Treasury Management. The Authority has adopted this code as part of its Financial Standing Orders. The Code recommends that Authorities produce an annual report on Treasury Management after the year-end, which would include Treasury Management indicators.

3.4 This report is presenting to Members the Treasury Outturn for 2012/13 and covers all borrowing and investment activities undertaken during the last financial year.

4. Current Portfolio Position

External Borrowing

4.1 The external borrowing position is summarised below:

	31.03.13 £000's	Average Rate	31.03.12 £000's	Average Rate
Public Works Loans Board	1,488	9.67%	1,488	9.67%

4.2 These loans were taken out many years ago when interest rates were much higher than they are today. Early repayment/rescheduling has been considered but given the PWLB redemption rates, the cost of early repayment would be prohibitive.

Investments

4.3 The Authority is required to produce an Annual Investment Strategy that sets out the Authority's policies in managing its investments. This was approved by Members as part of the Treasury Management Strategy at your meeting in February 2012.

4.4 The main objective of the investment strategy is to ensure the security of investments the Authority makes and also to maintain the liquidity of its investments in order to meet known liabilities. To meet this requirement, the Authority has approved creditworthiness

criteria which must be strictly adhered to when making investment decisions.

- 4.5 The financial year 2012/13 continued to present challenging circumstances with regard to investments. An operational lending list restricted to highly rated institutions remained in place throughout the year. All investment was carried out in accordance with the approved creditworthiness criteria.
- 4.6 In 2008, Heritable Bank went into administration. The total repayment received as at 31 March 2013 was £815,105 and a further amount of £176,531 was received in August 2013, giving a return to date of 94.02p in the £ on the Authority's claim against the Bank.
- 4.7 The summary position for the Authority in terms of investments at 31 March 2013 is as follows: -

	31.03.12 £000's	31.03.13 £000's
Long Term	0	0
Short Term	17,158	20,459
Total	17,158	20,459

5. Borrowing Requirements/Capital Programme 2012/13

- 5.1 In February 2012 the Authority was advised that the estimated total borrowing at 31 March 2012 was £1,488,000 consisting of Public Work Loans Board (PWLB) loans on a fixed rate basis and that the financing of future capital expenditure would be via the temporary use of cash balances or to raise loans via the PWLB and capital markets. The Authority was also advised that ELWA might need to make arrangements to finance capital expenditure in 2012/13 as a result of the ongoing review of landfill sites. Taking account of borrowing at 31 March 2012 it was recommended that a borrowing requirement of £400,000 was set for 2012/13.
- 5.2 In the event no capital expenditure was incurred in 2012/13, and no borrowing was undertaken.

6. Prudential Indicators

- 6.1 The Authority is required by regulation to give due regard to the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities, and set Prudential Indicators for Treasury Management prior to the start of the financial year. Prudential Indicators cover borrowing, lending and capital expenditure levels and these are monitored on a monthly basis by the Finance Director.
- 6.2 In the Finance Director's report of February 2012, Prudential Indicators for 2012/13 were agreed.
- 6.3 Members are reminded that in the accounting treatment of the ELWA PFI scheme there is a need for PFI assets and liabilities to be shown on the balance sheet and included in the Prudential Indicators. .
- 6.4 Appendix A shows the performance against the indicators as advised to Members in December 2012.

6.5 All transactions have been carried out within the Prudential Indicator Limits

7. Conclusion

7.1 The Authority managed its treasury management arrangements in accordance with the strategy kept within its prudent indicators and all investment was carried out in accordance with the approved creditworthiness criteria.

8. Relevant Officer

Geoff Pearce Director / e-mail: finance@eastlondonwaste.gov.uk / 020 8708 3588

9. Appendices attached

9.1 Appendix A: Prudential Performance Indicators.

10. Background Papers

3 December 2012 Treasury Management & Mid Year Strategy Review & Minute No. 2012/35.
10 June 2013 Provisional Financial Outturn Report for 2012/13 & Minute No. 2013/7.

11. Legal Considerations.

11.1 None

12. Financial Considerations

12.1 As outlined in this report.

13. Performance Management Considerations

13.1 None.

14. Risk Management Considerations

14.1 Main objective of the investment strategy is the security of investments.

15. Follow-up Reports

15.1 Half yearly monitoring in 2013/14.

16. Websites and e-mail links for further information.

16.1 None

17. Glossary

CIPFA – Chartered Institute of Public Finance and Accountancy
ELWA – East London Waste Authority
PFI – Private Finance Initiative
PWLB – Public Works Loans Board

18. Approved by Management Board

18.1 22 August 2013

19. Confidentiality

19.1 Not applicable

TREASURY MANAGEMENT PRUDENTIAL INDICATORS - 2012/13 OUTTURN

<i>Authorised Limit for External Debt</i>	Limit 2012/13 £'000	Actual 2012/13 £'000
Borrowing	16,000	1,488
Other Long Term Liabilities	100,000	91,600
TOTAL	116,000	93,088

<i>Operational Boundary for External Debt</i>	Limit 2012/13 £'000	Actual 2012/13 £'000
Borrowing	14,000	1,488
Other Long Term Liabilities	100,000	91,600
TOTAL	114,000	93,088

ELWA has adopted the CIPFA code of Practice in Treasury Management in the Public Services as part of its Financial Standing Orders.

<i>Upper Limits on Interest Rate Exposure (based on net principal outstanding)</i>	Limit 2012/13 £m	Actual 2012/13 £m
Fixed Rate	7.9	1.5
Variable Rate	(28.0)	(20.5)

<i>Projected borrowing at fixed rates maturing in each period as percentage of total projected borrowing at fixed rates</i>			
	2012/13 Upper Limit	2012/13 Lower Limit	2012/13 Actual
Under 12 months	35%	0%	17%
12 months and within 24 months	45%	0%	0%
24 months and within 5 years	60%	0%	0%
5 years and within 10 years	80%	0%	30%
10 and within 20 years	100%	0%	53%
20 years and within 35 years	100%	0%	0%
35 years to 50 years	100%	0%	0%

<i>Upper Limit for Total Principal sums invested for more than 364 days</i>	Limit 2012/13 £m	Actual 2012/13 £m
Total	2.0	0.0

By virtue of paragraph(s) 3 of Part 1, Schedule 12A of the Local Government Act 1972 and paragraphs 1, 3, 4 and 8 respectively of part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

THE FOLLOWING DOCUMENTS ARE RESTRICTED