

AUTHORITY MINUTES: MONDAY 10 FEBRUARY 2014 (9.30AM – 10.10AM)

Present:

Councillor H Collins, Councillor R Crawford, Councillor S Kelly, Councillor M McCarthy (Chairman), Councillor K Prince (Vice Chairman) and Councillor B Tebbutt.

46. Welcome & Apologies for Absence

The Chairman extended a welcome to all at the meeting. An apology for absence was received from Councillor I Corbett and Councillor A Choudhury. The Finance Director had been unavoidably delayed and Members agreed to proceed with the meeting and receive his reports in his absence.

47. Declaration of Members' Interests

There were none declared.

48. Minutes of previous meeting (25/11/13)

Members confirmed as true and accurate the minutes of the Authority meeting held 25 November 2013 and the Chairman was authorised to sign the same.

49. Contract Monitoring to 31 December 2013

Members received the Contract Manager's positive report summarising the first 9 months' performance. The report contained a summary for the period to end December, a forecast of year end performance, details of contract monitoring and contamination in recycling

The Acting Managing confirmed that the Authority was in a good position in relation to tonnages. The impact of higher population levels had been accounted for in the budget and recycling figures had slightly reduced due to lower collected tonnages and issues with contamination.

Officers had focused heavily on diversion from landfill during this period and as a result of pressure on the contractor more outlets for Solid Recovered Fuel / Refuse Derived Fuels had been found. The contractor had enhanced the infrastructure with a new Bailer and Shredder at no cost to the Authority. The increased focus by officers on diversion from landfill had resulted in performance figure of 74.4% (year to date). High levels of diversion had been maintained and it was thought that more diversion was to be had at the Reuse and Recycling Centres.

Officers were congratulated.

Members noted the report.

50. Date of Next Meeting

Members noted the date of the next meeting as 23 June 2014.

51. Revenue & Capital Budgets and Levy 2014/15

The Acting Managing Director set out the key issues in the Finance Director's regular report and Appendices and drew Members' attention to them. The Finance Director had recommended an average levy increase of 1.9% for ELWA. The proposed levy change for each of the constituent councils varied from the average, reflecting changes in relative tonnages and Band 'D' numbers. Members' attention was drawn to the apportionment table at paragraph 8.11 and the robustness and prudent approach taken to reserves. He touched on the risks of the financial challenges facing the Authority over the next few years which included minimization of landfill costs, achieved contract performance targets, cuts in government funding, major technology failure, new legislation and compliance with current regulations.

The Finance Director had reported that he was comfortable that the risks and uncertainties had been addressed when setting the budget and levy and that the reduction in reserves was based on the fact that the Authority's costs would continue to reduce. The levy assumed a

net transfer of £1.9m from PFI reserves with £1.5m of drawings from revenue reserves. £1m from 2012/13 and 2013/14 would be used to mitigate the Levy increase in 2014/15.

Members have received and considered the report concerning the estimates and the levy for 2014/15 and the underlying cost pressures, legal background and levy apportionment, together with the particular issues that apply. Members have also considered the issues relating to contingencies and reserves, including the risk analysis.

Members briefly discussed current negotiations with the Contractor on the question of commercial waste tonnages. The cessation of Landfill tax due this year was also briefly discussed.

Members agreed the following:

- a) The revenue budget for 2014/15, totaling £56,465,000 excluding contributions from reserves;
- b) The charges for commercial and industrial waste for 2014/15;
Commercial and Industrial Waste – recycled £75 per tonne
Commercial and Industrial Waste – other £139 per tonne
- c) That on the basis of (a) and (b) above, ELWA determines its levy for 2014/15 as the sum of £48,060,000 (an increase of 1.9%);
- d) The policy on reserves and associated criteria;
- e) The continuation of existing arrangements for the payment of the levy and commercial and other waste charges.
- f) the Authority and Constituent Councils would lobby HM Treasury with regard to Landfill Tax. ELWA Officers were asked to prepare a letter and to circulate it to the Constituent Councils for their officers to follow suit.

52. Budgetary Control to 31 December 2013

The Acting Managing Director presented the Finance Director's regular budgetary control report comparing actual expenditure with the revenue budget approved by Members in February 2013. He reported a net under spend of £182k to date and a year-end net expenditure of £499,000 less than budget which should be used to offset the Levy increase.

Members noted the report.

53. Treasury Management Strategy 2014/15 and Prudential Code Indicators 2014/15 to 2016/17

The Acting Managing Director presented the Finance Director's standard statutory report and appendices. The report provided information on new borrowing requirements, debt management arrangement, a minimum revenue provision policy statement, annual investment strategy, the treasury management policy statement and the prudential indicators.

He advised that the Authority may need to make arrangements during the year to finance expenditure relating to any possible restoration works identified in the ongoing review of the landfill sites. He confirmed that interest rates were low. £400,000 was the amount to be set aside as the borrowing requirement for 2014/15. This was to be used only if needed and with the agreement of Members. Investments were secure and in line with governance arrangements.

Members enquired as to the recovery of the Icelandic Bank funds and whether this had been put back into reserves. It was believed that 95% had been recouped. Members confirmed that they could not afford to make high risks investment.

Members agreed the following recommendations:

- a) The Borrowing Strategy for 2014/15 as set out in Paragraph 8;

- b) The Minimum Revenue Provision Policy Statement for 2014/15 as set out in Paragraph 9;
- c) The Annual Investment Strategy for 2014/15 as set out in Paragraph 10;
- d) The Treasury Management Policy Statement as set out in Appendix A;
- e) The Prudential Indicators for Treasury Management as set out in Paragraph 18.

54. Dates of next meetings

Members noted the dates of 23 June 2014 (AGM) and 15th September 2014.

55. 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 of part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

56. Contract Renegotiation

The Acting Managing Director presented his confidential report providing commentary on the complexities of the Defra review including financial risks and bringing them up to date with progress. The Members considered and discussed the proposals for moving forward.

Members have agreed that these are in line with what they wanted to achieve and have therefore agreed the recommendations as set out in paragraph 2.1 (a) & (b) of the report.

57. ELWA Limited 21/01/14 Board Agenda

Members noted the content of the Agenda pack.

58. Other Confidential Business

None.

Conscious that the membership may change due to the coming elections this year, the Chairman thanked Members for their support to date.

Minutes agreed as a true record.

Chair: *Luís Cordeiro*

Date: *23.6.2014*

