

NOTICE OF EXTRAORDINARY GENERAL MEETING

Wednesday, 10 May 2017

Room W4.06, Newham Dockside, 1000 Dockside Road, London, E16 2QU – **10.30am**

Members

Councillor Ken Clark (Chair), Councillor Sheila Bain (Vice Chair), Councillor Ian Corbett, Councillor Osman Dervish, Councillor John Howard, Councillor Steven Kelly, Councillor Lynda Rice and Councillor Jeff Wade

Mark Ash
Managing Director

03 May 2017

Tel: 020 8724 5614

E-mail: mark.ash@eastlondonwaste.gov.uk

AGENDA

- | | |
|------------------|---|
| For Information: | 1. Apologies for absence |
| For Information: | 2. 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. |
| For Decision: | 3. Minutes – To agree the minutes of the Authority meeting held on 06 February 2017 and authorise the Chair to sign the same. (pages 1-4) |
| For Information: | 4. Date of next meeting: 19 June 2017

Members are asked to note the date of the next Authority meeting which is the Annual General Meeting. |
| For Decision | 5. Any other public items which the Chair decides are urgent. |
| For Decision | 6. To consider whether it would be appropriate to pass a resolution pursuant to Section 100A (4) of the Local Government Act 1972. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted. |

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 item below 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(s) 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).

For Decision

7. Management Arrangements

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

The Authority's Business Partner, Human Resources, will attend for this item.

8. Any other confidential or exempt items which the Chair decides are urgent.

AUTHORITY MINUTES: MONDAY 06 FEBRUARY 2017 (09.35 AM–10.30 AM)

Present:

Councillor K Clark (Chair), Councillor I Corbett, Councillor O Dervish, Councillor J Howard, Councillor S Kelly and Councillor J Wade.

42. Apologies for Absence

An apology for absence was received on behalf of Councillor S Bain (Vice Chair) and Councillor L Rice. The meeting was confirmed to be quorate.

43. Declaration of Members' Interests

There were none declared.

44. Minutes of previous meeting (21 November 2016)

Members confirmed as true and accurate the minutes of the Authority meeting held on 21 November 2016. The Chair was authorised to sign the same.

45. Budget Control & Contract Monitoring to 31 December 2016

Members received the Finance Director's report with three appendices.

Members were informed that the predicted year end outturn over spend had reduced to £0.622m reflecting the lower tonnages received during the Autumn/Winter months to December. Tonnage levels had been volatile, resulting in Autumn/Winter's actual level being 2000t below profile. Actual net expenditure on services showed an overspend variance of £0.342m to date based on profiled budget of £40.517m.

Members were reminded that the budget and levy was underpinned by an ongoing efficiency target of £1.500m. £1.009m savings at year end were expected, resulting from an ongoing reduction in the contract communications spend, Railhead variation and Reuse & Recycling Centre Mrf as well as two one off amounts in respect of a 2015/16 contract saving and insurance negotiation.

The Managing Director was pleased to confirm that the potential £0.405m saving mentioned in the report at paragraphs 4.14 and 4.17 had been achieved.

Members noted the report.

46. Treasury Management Strategy 2017/18 and Prudential Code Indicators 2017/18 to 2019/2020

Members received the Finance Director's annual report and appendices relating to the treasury management strategy for 2017/18, together with treasury management prudential indicators. The report incorporated new borrowing requirements and debt management arrangements as well as a minimum revenue provision policy statement. Additionally, it looked at the Annual investment strategy, the treasury management policy statement and the prudential indicators for treasury management.

Members received a comprehensive briefing from Jan Grant, Group Finance Manager, London Borough of Redbridge as to the Authority's treasury management position.

The Authority's total borrowing at 31/03/17 consisted of fixed rate Public Works & Loan Board loans to the value of £1.250m with an additional borrowing requirement to meet potential capital expenditure of £0.4m in respect of the Landfill sites. Total authorised limit for external debt in year 2017/18 is £92.3m, 2018/19 £87.3m and 2019/20 £87.3m. Operational debt boundaries are 2017/18 £90.3m, 2018/19 £85.3m and 2019/20 £85.3m.

Members attention was drawn to the annual investment strategy, basis used for creditworthiness, bank and building society investment, use of money markets, reviews of credit rating, and specified investments at Appendix C.

Two Members accepted an offer to attend a ½ day Treasury Management training course to improve their treasury management knowledge. Officers were asked to arrange and publicise the course to Members and Officers.

Members agreed the:

- a) Borrowing Strategy for 2017/18 as set out in paragraph 8;
- b) Minimum Revenue Provision Policy Statement for 2017/18 as set out in paragraph 10;
- c) Annual Investment Strategy for 2017/18 as set out in paragraph 11-15 and summarised in paragraph 18;
- d) Treasury Management Policy Statement as set out in Appendix A;
- e) Prudential Indicators for Treasury Management as set out in paragraph 19.

47. Review of Corporate Risk Register

Members received the Managing Director's report, appendices and commentary advising that the risk register was necessary to inform strategic and operational decisions. The register was split into two categories, corporate and operational risks.

Members attention was drawn to the detailed corporate risks and responses identified as C1 to C13 at Appendix B which related to the relationship with the Contractor and the requirement for sound controls and sufficient funding to meet the Authority's obligations. These risks were thought to be manageable. C13 however, not having a replacement waste strategy infrastructure in place in 2020 was considered high risk.

Appendix C contained the operational risks which focused mainly on the landfill sites, examples identified as fly tipping /travellers, health and safety, trespass and recently experienced horse grazing. The landfill sites were managed on a weekly basis and thought to be at an acceptable level of risk.

A question was raised about the risk of fire, citing a fire at a reuse and recycling centre across the country. It was noted that generally recycling was dropping and that prices were falling and Members asked what was being done to mitigate the impact of this situation.

The Managing Director advised Members that this was Shanks' operational responsibility and Officers frequently monitored the storage of materials and that insurance had been secured with Aviva should a fire occur.

Noting that the MBT plant was the most at risk from fire, Members were advised that Shanks needed to spend £1.3 to £1.7m on upgrades in respect of the insurer's identified risks and that an informal approach for a capital contribution towards these costs had been made to the Managing Director. It was his view that this was likely to be followed by a formal approach for the same.

It had been noticed that materials at the Reuse & Recycling Centres were being stock piled and Officers had been asked to look at this whilst monitoring sites with a view to getting it away quickly.

Members noted the report **and approved** the corporate risk register.

48. Annual Budget & Service Delivery Plan 2017/2018

Members received the Managing Director's holding report setting out the current and background positions and recommendations regarding the Contractor's Annual Budget and Service Delivery Plan for 2017-18. The Annual Budget & Service Delivery Plan is the operational and technical proposal on how the Contractor delivers its services to the Authority.

The Managing Director reminded Members that they had rejected the last four years' Annual Budget & Service Delivery Plans for varying reasons. It was Officers' opinion that this was not the right action to take in this instance preferring to neither reject nor approve but continue to work through the issues with the Contractor. Although generally considered a reasonable Plan, the concern for Officers this year

was that the Contractors forecast tonnage of 452,803 tonnes did not account for regeneration and housing growth and collection service provisions. Officers had projected this tonnage figure to be 469,000 tonnes. Also, the recycling target was a contentious issue again. The Contractor was indicating achievement of around 26% rather than the 30% Contract target. Officers felt this to be disappointing, bearing in mind the recent new agreement in place to incentivise the Contractor to reuse/recycle as well as divert from landfill by other means such as Refuse Derived Fuel.

The Managing Director advised that positive discussions had been taking place between the parties to develop an improvement plan and he did not recommend rejection at this stage. Taking this action would avoid the necessity for the Authority to trigger the dispute resolution procedure and incur the associated costs.

The Managing Director was asked whether he would bring the agreed improvement plan to the next Authority meeting and he confirmed that he would, expressing that it formed part of the integrity of the Annual Service Delivery Plan and included with the Report to Members.

Members noted the following recommendations:

- a) that Officers continue to have concerns relating to some aspects of the details of the submitted Annual Budget and Service Delivery Plan (ABSDP) 2017-18 and officers were not able to recommend that the Authority gives approval of these documents as currently drafted;
- b) it was not necessary for the Authority to formally reject the Plans at this stage as to do so could disrupt the discussions and trigger the Dispute Resolution Procedure (DRP) which is unlikely to be favourable to the Authority; and
- c) Officers were continuing to engage with ELWA Limited (the Contractor) regarding these plans to ensure that the final documents reflect the Integrated Waste Management Services Contract requirements including a recycling improvement plan to move towards Contract targets.

49. Revenue & Capital Budgets and Levy 2017/18

Members received the Finance Director's report and Appendices.

Members were advised that since the November meeting the levy percentage calculation had reduced from 9.95% and, based on the Medium Term Financial Strategy and risk analysis, was recommended at an average of 8.97%. The calculation for each Constituent Council was different reflecting relative tonnages and council tax bases and projections for 2018/19 to 2021/22 were set between 4.79% and 6.13%.

There were several things that required consideration when setting the Levy this year. These were an increase in the level of reserves to £3m (to be maintained for five years), in accordance with the Auditors recommendations, an increase of 15,000 tonnes in waste levels, ongoing efficiencies and an increase in the contingency sum. Members attention was drawn to paragraph 6.12 of the report containing the table of updated levy projections for 2017/18.

Moving forward there were projected increases of 20,000 waste tonnes over the next 4 years accounting for ambitious housing and population growth, an aim to build the strategy reserve to £9.66m by end 2021/22 to finance revenue costs and to maintain the capital reserve at £0.163m.

Highlighted risks were waste volumes, landfill tax, efficiencies of £750,000 and availability of insurance in future years.

Members discussed an enquiry made about changes in the business rates financial relief provisions in respect of any current and new facilities built in the area.

Members were reminded that Constituent Councils must address behaviour changes particularly with the projected housing and population growth as this will impact tonnages and future levy levels.

The Managing and Finance Directors responded to a question about the rate used for general inflation for non-contract costs and why when inflation was at zero, the contractor charges didn't reflect this. Members were advised that RPIX was used and the rate set for the following year based on the October figure.

Members were reminded that in November 2016 they agreed to keep the level of general reserves at £2.0m rising to £3.0m from 2017/18 onwards. The split being £2m general reserves and £1m business risk reserve from end 2017/18.

Members agreed the following:

- a) that the revenue budget for 2017/18 be set at £63.561m as set out in Appendix A;
- b) that commercial and industrial waste charges for 2017/18 are set at £81 per tonne for Recycled and £149 per tonne for Other wastes;
- c) that based on a) and b) above, ELWA determined its levy for 2017/18 at £61.542m being an average increase of 8.79%; and
- d) based on the agreed formula for apportionment of the levy, the levies for the Constituent Councils, with percentage increases, will be;

	£m	% Increase
Barking and Dagenham	11.652	7.10
Havering	14.925	9.18
Newham	18.048	9.71
Redbridge	16.917	8.67

- e) the risk analysis of the budget and policy on reserves; and
- f) continuation of the existing arrangements for payment of the levy and commercial and other waste charges.

Members briefly discussed future Strategy and the recent successful Leaders/Cabinets briefings undertaken by the Managing Director in a bid to seize opportunities to progress the future waste strategy for the Authority. It was felt that Members should engage with their Council Leaders at every opportunity to elevate the waste profile on their Council's Agenda.

50. Date of Next Meeting:

Members noted the date of 16 June 2017 as the date of the next Authority meeting (the Annual General Meeting.)

51. Any other public items

There were none.

52. 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).

53. ELWA Limited 30 January 2017 Board Agenda

Members noted the contents of the confidential Agenda pack and received a short update from the Managing Director regarding the Orange Bag Scheme.

Minutes agreed as a true record.

Chair:

Date: