

ANNUAL GENERAL MEETING MINUTES: 19 JUNE 2017 (9.30 AM–10.00 AM)

Present:

Councillor K Clark (Chair), Councillor S Bain, Councillor O Dervish, Councillor S Kelly, Councillor P Murphy.

1. Appointment of Chair, Vice Chair and ELWA Limited 'A' Director and alternate 'A' Director for the year 2017/18

The Chair opened the meeting by requesting nominations, from the membership as set out in the Monitoring Officer's report, for the posts Chair and Vice Chair of the Authority and 'A' Director and Alternate 'A' Director to ELWA Limited (the Contractor) for the municipal year 2017/18.

Members nominated and unanimously agreed the appointments of ELWA Chair and Vice Chair for the year 2017/18 as follows.

Chair:	Councillor Ken Clark	London Borough of Newham
Vice Chair:	Councillor Sheila Bain	London Borough of Redbridge
Elwa Limited 'A' Director:	Councillor Steven Kelly (*subject to confirmation of appointment to ELWA)	London Borough of Havering

Members deferred the decision to appoint an Alternate (substitute) Director for the ELWA Limited 'A' Director, pending the outcome of an organisational review carried out by a to be appointed Interim Managing Director. Members discussed the impact of the appointment of an Interim Managing Director to this role in relation ELWA Limited and listings at Companies House.

2. Apologies for Absence

An apology for absence was received on behalf of Councillor J Howard, Councillor J Wade and Councillor L Rice.

3. Declaration of Members' Interests

There were none declared.

4. Minutes of previous meeting (10 May 2017)

Members confirmed as true and accurate the minutes of the Extraordinary General meeting held on 10 May 2017. The Chair was authorised to sign the same.

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

Members received the Monitoring Officer's report on the statutory requirement to nominate from the membership one Member from each of the Constituent Councils to answer questions on behalf of the Authority put by other members of their Constituent Councils during council proceedings pertaining to the discharge of the waste functions by the Authority for the year 2017/18.

Members nominated and agreed that the lead Members to answer questions on behalf of the Authority at their respective Constituent Councils would be the respective council's lead member or lead for environment/waste matters, namely:

London Borough of Barking & Dagenham:	Councillor Lynda Rice
London Borough of Havering:	Councillor Osman Dervish
London Borough of Newham:	Councillor Patrick Murphy
London Borough of Redbridge:	Councillor John Howard

6. Budget Control & Contract Monitoring Final Outturn for the year 2016/17

Members received the Finance Director's and Contract Manager's joint report, together with appendices, which compared actual expenditure to 31 March 2017 with the original revenue budget approved in February 2016. Specifically, the report covered Revenue Budget, Prudential Indicators and Contract Monitoring.

Members were advised that this was a pleasing report, following a challenging couple of years and thanks were extended to the Managing Director and team for their efforts in achieving both ongoing contract savings of £0.441m and one-off savings of £0.978m. The Chair confirmed that the Authority had now reached a much better financial position. Contrary to the projected year-end overspend the Authority had achieved an outturn underspend of £0.875m. An over recovery of commercial waste income of £0.618 had been forecast as a result of LB Barking & Dagenham's external housing contract being brought in house. This position would continue until otherwise advised by LB Barking & Dagenham.

On request, Officers provided an update regarding the lost Bedford non-contract waste income following the Frog Island fire. This was the subject of the insurance claim.

Appendix B provided a month by month breakdown of tonnages resulting in figures of Budget 446,999t, Actual 448,358 and a variance of 1,359. Recycling remained disappointing but an improvement on the previous year.

Appendix C contained year-end outturn reserves details of General Reserve of £3m, Capital Reserve of £0.1m and Strategy Reserve at £1.285 for procurement.

Members noted the report.

7. External Audit Plan 2016/17:

Members received the Finance Director's report presenting the External Auditors draft Audit Plan. The report identified that the audit had started and detailed work on the Statement of Accounts was under way and that indicative costs of £18,270 would be met from the Revenue Budget. The Statement of Accounts would be considered at an Authority meeting in July 2017. Costs for the 2017/18 accounts would similarly be £18,270 but subject to review following the audit planning process.

Jess Heath, External Auditor, KPMG attended the meeting and presented commentary and detail on the External Audit Plan 2016/17. The Audit Plan headlined two main responsibilities, the Financial Statement and Value for Money Audits. Two material risks had been identified these were Management Override of Controls and Pension Liability due to Local Government Pension Scheme Triennial Valuation. Other areas of audit focus, were disclosure around retrospective restatement of comprehensive income and expenditure, movement in reserves statement and expenditure and funding analysis and PFI liability and related disclosures. The initial value for money assessment found no significant risks for a VFM conclusion. Members attention was drawn to page 12 of the audit plan, which confirmed the Audit fee for 2017/18 as being in line with previous years and page 15 which provided confirmation that there was no conflict of interest within the audit team.

The Auditors confirmed that they will report back to the Authority on any major issues arising from the continuing audit.

The Chair thanked the External Auditor and she left the meeting.

Members noted and agreed the report.

8. Internal Audit Progress Report 2016/17, Audit Plan 2017/18 and Planned Audit Coverage to March 2022

Members received the Internal Audit Progress report 2016/17, Audit Plan 2017/18, Planned Audit Coverage to March 2022 and appendices, together with the Finance Director's commentary. Members were informed that based on the audit work undertaken during 2016/17, Internal Audit had reached the opinion that the Authority's overall control framework was generally sound and that core financial systems continued to operate effectively. There were no fundamental breakdowns in control that would result in material discrepancy. This view was reinforced by the Authority's External Auditors.

Members attention was drawn to paragraph 5.3 which highlighted that based upon the audit work undertaken during 2016/17, Internal Audit had given the opinion that the Authority's core financial systems and financial management were generally sound. However, weaknesses were still evident within contract monitoring in the delivery of the Constituent Council's contract monitoring programmes and reporting. The Authority would need to liaise and work with the Constituent Councils to ensure that this element of the overall contract monitoring approach was robust, that risks are minimised and weaknesses identified and those also noted from the other focuses of monitoring should be addressed before controls can be considered fully effective. No fraud or irregularity had been reported during the year.

It was reported that robust financial management systems and controls were in place.

The 6-year programme includes Review of the Constitution, Contract Rules, Financial Regulations, Corporate Governance, Risk Assessment, Business Continuity Planning, Anti-Fraud Arrangements and any other issues arising (IT/Personnel).

The 5-year plan includes reviews of ELWA's monitoring arrangements for the contract, Constituent Council's monitoring arrangements, payments to the contractor, performance measures, TIM system and the weighbridge. In addition to these audits sample compliance checks on the content within the monthly IWMS contract invoice will be carried out monthly or bi-monthly. Additional management of the Authority's assets (mainly the Landfill Sites) will be reviewed.

Total number of audit coverage days for 2016/17 is 31 and 33 for the periods 2017/18 to 2021/22 inclusive.

Members were advised that the outcomes of the audit fed into the Annual Governance Statement.

Members noted and agreed the audit coverage for 2016/17, 2017/18 and the five-year strategic plan as set out in the Appendix.

9. Budgetary Control & Contract Monitoring to 30 April 2017

Members received the joint report of the Finance Director and Contract Manager, together with the three appendices, Budget Monitoring Statement to end April, Tonnage Profile 2017/18 and Contract Monitoring Performance Update April 2017.

Members were advised that the current projected outturn showed a net underspend to date of £0.176m based on a budget of £5.201m. The variance on tonnage profiled for the month was 3,615 tonnes under the budgeted figure and 1,471 tonnes less than April 2016. The Budget and Levy setting process had assumed 469,000 tonnes at year end however other trends such as increases/decreases in household tonnages and demographic trends may affect the 2017/18 position. These fluctuating trends could also impact on the size of royalty payments in relation to spare capacity availability.

Diversion for the month, although down on last year's record figure, was on track at 89.1% and recycling was slightly above last year's figure due, mainly, to increased BioMrf performance.

The current commercial waste income forecast outturn is expected to be £0.250m under budget at year end due to forecast additional tonnage from the London Borough of Barking & Dagenham's housing service contract.

Employee and non-contractor costs were broadly in line with budget.

Members noted the report and forecast outturn.

10. Date of Next Meeting:

Members noted the date of 18 July 2017 (EGM) and 11 September 2017 as the dates of the next Authority meetings.

11. Any other public items

There were none.

12. 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 paragraphs 1, 3, 4 and 8 respectively of part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

13. ELWA Limited 04/05/17

Members noted the contents of the confidential Agenda pack and received a short commentary from the Managing Director and 'A' Director regarding the insurance position.

14. Management Arrangements

Members received a progress report for the post of Interim Managing Director. Meetings/interviews were scheduled and Officers advised that they report back to Members at an EGM in July with their preferred candidate for their consideration and approval.

The Chair thanked the Managing Director for the good work he had done for ELWA and wished him every success with his career.

Minutes agreed as a true record.

Chair: K Clark

Date: 18/07/17