

## **AUTHORITY MINUTES: MONDAY 21 NOVEMBER 2016 (09.45 AM–10.45 AM)**

### Present:

Councillor K Clark (Chair), Councillor S Bain (Vice Chair), Councillor I Corbett, Councillor O Dervish and Councillor L Rice.

### **28. Apologies for Absence**

An apology for absence was received on behalf of and Councillor J Howard, Councillor S Kelly and Councillor J Wade. The meeting was confirmed to be quorate.

### **29. Declaration of Members' Interests**

There were none declared.

### **30. Minutes of previous meeting (12/09/16)**

**Members confirmed as true and accurate** the minutes of the Authority meeting held on 12 September 2016. The Chair was authorised to sign the same.

### **31. Appointment of Monitoring Officer**

**Members** received the Managing Director's report on the requirement to formally appoint a Monitoring Officer to the Authority on the departure of Eldred Taylor-Camara from his Constituent Council and consequently the position of Legal Advisor and Monitoring Officer to the Authority.

**Members noted** that Suzan Yildiz, Legal Services Manager and Regeneration Lawyer, London Borough of Barking & Dagenham, had been appointed by her Constituent Council to be the Authority's Legal Adviser.

**Members agreed** the recommendation to appoint Suzan to the position of Monitoring Officer to the Authority in accordance with the terms of the Constitution.

### **32. Programme of Meetings 2017/2018**

**Members** received the Office Manager's report with proposals for the Authority to meet to approve key matters in compliance with legal or contractual requirements for the municipal year to June 2018.

**Members agreed** that they would meet on 06/02/17 (Levy and IWMS Annual Budget & Service Delivery Plan) and 19/06/17 (Annual General Meeting), 11/09/17 (Annual Governance & Statement of Accounts), 20/11/17, 06/02/18 (Levy) and 18/06/18 (AGM.)

**Members noted** that an informal workshop had been arranged for 14 December to consider ELWA's future strategy.

### **33. Annual Audit Letter 2015/16**

Members received the Finance Director's report and External Auditor's letter which summarises the outcome of the audit work at the Authority in relation to the 2015/16 audit year. Members were reminded that the Auditor's ISA206 report, submitted last meeting, had issued an unqualified opinion on the financial statements and value for money conclusion. She was pleased to report that the Audit letter did not contain any financial recommendations for improvement. One Member enquired and received assurance about the Authority's risk arrangements.

**Members noted** the report.

### **34. New Arrangements for the Appointment of an External Auditor**

**Members received** the Finance Director's report setting out three options for new arrangements for the future appointment of ELWA's external auditors, following closure of the Audit Commission and continuation of the contract by the transitional body set up by the Secretary of State, the Public Sector Audit Appointments Ltd (PSAA). The period of transition is due to end 31 March 2018. The timetable for decision is March 2017 for the contact negotiation process to be carried out and final appointment made by end December 2017.

Members received commentary on the advantages and disadvantages of Option 1 - to make a stand-alone appointment, Option 2 – Set up a Joint Auditor Panel / local joint procurement arrangements and Option 3 – Opt into the “appointing person” arrangement offered by PSAA.

The recommendation put to Members was to agree Option 3 based on the greatest economies of scale coming from the maximum number of Authorities acting collectively. The Local Government Association (LGA) was said to be very supportive of the PSAA and believed that Option 3, to appoint auditors through a dedicated sector-led national procurement body, would deliver significant financial benefits for those that opted in by the reduction of set-up costs and potential to negotiate lowest fees. Members were advised that over 200 authorities had indicated a positive interest in this option and it was thought to be more economic to deliver the best value for money.

**Members discussed** the report and **agreed** to proceed with Option 3.

### **35. Treasury Management Mid-Year Strategy 2016/17**

**Members** received the Finance Director’s report and Appendices, providing a summary of borrowing and investment activity during the past six months.

Members attention was drawn to paragraph 5.1 outlining the negative impact of the European Referendum vote on the Bank rate, Public Works & Loan Board fixed rate, sterling and gilt yields. Interest rates were predicted to go down this year. Paragraph 5.6 referenced the monies loaned to the Icelandic bank and its recovery to date of 0.98p. in the £1. Any further payment made under the extended administration period was unlikely to be of material value. Paragraph 5.10, provided the PWLB summary position, with a more detailed breakdown at Appendix B. Early repayment had been considered but would incur large premiums.

**Members** received clarification of borrowing allowances and the budget strategy, PWLB borrowing and early repayment, the bank rate position and flare expenditure.

**Members noted** the report.

### **36. Budgetary Control & Contract Monitoring to 30 September 2016**

Members received the Finance & Managing Directors’ joint report, Budget Monitoring Statement, Tonnage Profile and Contract Monitoring Performance update appendices. They received commentary on a forecast overspend of £1.034m at year end because of increased tonnages, an under achievement of efficiency savings and a projected shortfall in royalty income. Tonnages for 2016/17 were expected to be 447,000t but the year-end projection figure was now 454,000. This 7,000t anticipated increase in tonnages was attributed to population waste increases, demographic trends and waste minimisation not being as successful as expected. Members heard that a recovery plan was in place to bring back the overspend and that the £1.5m efficiency target placed on the contract had been ambitious.

Members were advised that the Contract insurance premium might increase with lead insurers potentially leaving the market, creating an un-insurability situation. Reassurance as to the current insurance position, options available in the event of un-insurability and the Authority supporting the financial aspect was provided, following concern raised by one of the Members. This risk would be fed into the Levy.

Some small underspends were projected in relation to employment and premises costs and there were no calls on Contingency.

The Managing Director explained that forecasting tonnages was very difficult because of its volatility. Seasonality impacted on green waste, for example.

Members reported on their own Constituent Council’s focus to reduce waste which included green waste collections, a Slim Bin Campaign, schools waste collections, educational programmes and side waste enforcement, 24/7 fly tipping clamp down and enforcement, bulky waste charging and how information is conveyed to the public. The Chair requested that the measures each Constituent Council was taking, together with contact details, should be circulated with a future Monthly Bulletins.

### 37. Medium Term Financial Strategy 2017/18 to 2021/22

Members received the Medium Term Financial Strategy 2017/18 to 2021/22 (MTFS) report setting out projected financial pressures on the Authority, a strategy for use of reserves and an overall levy increase suggestion of between 4.65% and 9.95% over the five years' period. The report specifically contained details of the general budget strategy, revenue budget projections, contract efficiencies, reserves strategy, closure of landfill sites, determination of the levy and levy apportionment, underlying assumptions in the MTFS, risks and reserves assumptions.

The Finance Director summarised the MTFS 2017/18 to 2021/22 by stating that external auditor's comments would be taken on board and focus was on the medium-term strategy rather than the three-year plan. The strategy projected an average levy increase of 9.95% in 2017/18 with flatter increases in the years to 2021/22, projected overspends of £1.034m would be accounted for when setting the 2017/18 levy. Several factors would impact the five-year plan, including increased tonnages and a significant one off expenditure in relation to the waste management options after 2027. Effective waste minimisation measures and tonnage reductions by the Constituent Councils will impact the Authority's ability to accurately forecast the levy in future years.

Members attention was specifically drawn to the basis and management of each Constituent Council's levy, the Budget strategy, population growth and its knock-on affect and the need to understand each Constituent Council's position. The projected tonnage breakdown per constituent council could be found at paragraph 6.4. Landfill Tax of £86.10 per tonne was assumed for 2017/18. Of the £1.5m efficiency savings, £0.750m had been built into contractor savings and £0.750m was thought unrealistic to achieve but built back in. There was future uncertainty surrounding insurance and premiums, having seen a 27% increase in year, modest assumptions of 5% in the next two years and 10% thereafter had been made.

Members discussed:

- the serious implications that the levy would have on the Constituent Councils both politically and financially;
- the desire to set the right level of reserves to take the Authority into the future with a new waste disposal contract, effective 2027.
- growth and population challenges re increased tonnages, education to manage and influence behaviour;
- the need for sound waste minimisation strategy and policy within the Constituent Councils; and
- the insurance uncertainties and potential of lobbying Government.

**Members agreed** the report and considered it appropriate that representations are made to Constituent Councils' Leader's Committees on the proposed way forward and the Chair would approach Local London Partnership for its support in lobbying Government.

### 38. Date of Next Meeting:

**Members noted** 06 February 2017 as the date of the next Authority meeting and were asked to diarise the same.

### 39. Any other public items

There were none.

### 40. 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).

**41. ELWA Limited 06 October 2016 Board Agenda**

**Members noted** the contents of the confidential Agenda pack and received a short commentary from the Managing Director regarding installation and operation of the two new Balers.

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Minutes agreed as a true record.

Chair: K. Clark  
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Date: 6/2/2017  
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