

NOTICE OF ANNUAL GENERAL MEETING

Monday, 10 June 2013 – Civic Centre, Dagenham - 09.30 am

Members

Councillor M McCarthy (Chairman), Councillor I Corbett, Councillor R Crawford, Councillor S Kelly, Councillor Keith Prince (Vice Chairman), Councillor E Obasohan, Councillor B Tebbutt, Councillor V Tewari.

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

30/05/2013

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AGENDA

Items for information

1. Apologies for absence
2. Membership 2013/14

Items for decision

3. Appointment of Chairman, Vice Chairman & ELWA Limited 'A' Director for the year 2013/14
4. Nominations under Section 41 of the Local Government Act 1985
5. Minutes – To confirm as correct the minutes of the meetings held on 04 February 2013.
6. Internal Audit Progress Report 2012/13, Audit Plan 2013/14 and Planned Audit Coverage to March 2018
7. External Audit Plan 2013/14

Further items for information

8. Contract Monitoring Review of the year 2012/13 and monitoring to 31 March 2013
9. Provisional Financial Outturn Position 2012/13

10. Budgetary Control to 30 April 2013
11. Dates of next meetings:
 - 09/09/13 Annual Governance Report & Approval draft Statement of Accounts (required 30/09/13)
 - 25/11/13 Approval of IWMS Contract Annual Budget & Service Delivery Plan (required by 30/11/13)
 - 10/02/14 Approval of Annual Levy (required by 15/02/14)
12. Any other public items which the Chair decides are urgent.
13. 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

14. Contract Renegotiation and Options for Savings
 - This report has been restricted to Members and specific officers only.
15. Minutes – To confirm as correct the minutes of the meetings held on 06 March 2013.

Confidential items for information

16. Management of the Authority
 - This report has been restricted to Members and specific officers only.
17. Any other confidential or exempt items which the Chairman decides are urgent

AUTHORITY REPORT: MEMBERSHIP 2013-14

1. Confidential Report

1.1 No

2. Recommendation:

2.1 To note the appointment of Members for the year 2013/14

3. Purpose

3.1 To advise Members of the appointments made by the Constituent Councils to the Authority for the municipal year 2013/14

4. Background

4.1 The Constitution is the corporate governance document by which ELWA operates and, Section A, paragraphs 4.1 to 4.5 and Section B, paragraphs 3.1 and 3.2 of the Constitution set out details of member appointments to ELWA.

5. Current Position

5.1 Consideration by the LBBD, LBH, LBN and LBR of their representation on outside bodies has taken place and confirmation of appointments for the municipal year 2013/14 has been received as follows

Borough	Representative	Confirmation
LBBD	Councillor Mick McCarthy Councillor Emanuel Obasohan	Written - rec'd 16 May 2013 Written - rec'd 16 May 2013
LBH	Councillor Steven Kelly Councillor Barry Tebbutt	Written - rec'd 30 May 2013 Written - rec'd 30 May 2013
LBN	Councillor Ian Corbett * Councillor Richard Crawford *	Written 28/03/13 & Verbal rec'd 16/05/13 Written 28/03/13 & Verbal rec'd 16/05/13
LBR	Councillor Keith Prince Councillor Aziz Choudhury	Written rec'd 23.05.13 & 31.05.13 Written rec'd 31.05.13

**Appointments made at LBN Annual meeting on 23 May will not be formally confirmed until the beginning of July.*

6. Conclusion

6.1 Not applicable.

7. Relevant officer:

Shirley-Ann Gray, Office Manger/e-mail: shirley.gray@eastlondonwaste.gov.uk/020 8724 5803

8. Appendices attached:

8.1 None

9. Background papers:

9.1 Constitution

10. Legal considerations:

10.1 S.31 of the Local Government Act 1985 makes provision for the replacement of members to a joint authority such as ELWA. Under the Act, a constituent council may at any time terminate the appointment of a person appointed by it to a joint authority and appoint another member of the council in his/her place. Where a constituent council exercises its powers of replacement it must give notice of the new appointment and of the termination of the previous appointment to the authority to which those appointments were made.

11. Financial considerations:

11.1 None.

12. Performance management considerations:

12.1 None

13. Risk management considerations:

13.1 Members should be aware of potential conflicts of interests and declare any such interests when undertaking ELWA business

14. Equalities considerations:

14.1 None

15. Follow-up reports:

15.1 Only on change of appointment(s)

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

http://www.recycleforyourcommunity.com/waste_authority/default.aspx

17. Glossary:

LBBB = London Borough of Barking & Dagenham

LBH = London Borough of Havering

LBN = London Borough of Newham

LBR = London Borough of Redbridge

ELWA = East London Waste Authority

18. Approved by management board

18.1 20 May 2013 without subsequent LBR change

19. Confidentiality:

19.1 None

AUTHORITY REPORT: APPOINTMENT OF CHAIRMAN, VICE CHAIRMAN AND ELWA LIMITED "A" DIRECTOR FOR THE YEAR 2013/14

1. Confidential Report

1.1 No

2. Recommendations:

2.1 To agree the appointments of Chairman, Vice Chairman and ELWA Limited "A" Director for the year 2013/14

3. Purpose

3.1 To agree the appointments of Chairman, Vice Chairman and "A" Director for ELWA Limited for the year 2013/14

4. Background

4.1 The ELWA Constitution is the corporate governance document by which ELWA operates and Article 1 of Part B of the Constitution sets out the election process for ELWA Member positions.

4.2 Under the Constitution, appointments to the position of Chairman, Vice-Chairmen are the first business to be made at ELWA's AGM. It is also the practice to appoint the "A" Director to ELWA Ltd at the AGM.

4.3 Appointments to the positions of Chair and Vice-Chair are made by the Authority by resolution passed by a majority of the Members of the Authority present at the AGM, provided at least one Member each from three of the Constituent Councils votes in favour.

4.4 The Constitution further provides that in making the appointments to the positions of Chairman and Vice Chairman, the Authority shall endeavour as best as possible to ensure that the positions of Chairman and Vice Chairman are not occupied in any one year by the two Member representatives of the same Constituent Council.

4.5 The positions of Chairman and Vice Chairman are held for one year but office holders are eligible to be re-appointed for periods of up to two years each.

4.6 In addition Members, at their meeting on 07 February 2011, decided to adopt the following succession planning regime (protocol).

Year	ELWA Chairman	ELWA Vice-Chairman	ELWA Ltd 'A' Director
2010-2011	LBH	LBBB	LBN
2011-2012	LBH	LBBB	LBN
2012-2013	LBBB	LBR	LBH
2013-2014	LBBB	LBR	LBH
2014-2015	LBR	LBN	LBBB
2015-2016	LBR	LBN	LBBB
2016-2017	LBN	LBH	LBR

Year	ELWA Chairman	ELWA Vice-Chairman	ELWA Ltd 'A' Director
2017-2018	LBN	LBH	LBR
2018-2019	LBH	LBBD	LBN
2019-2020	LBH	LBBD	LBN

4.7 If the protocol were to be followed, the office holders for the year 2013/14 will remain as they currently are, to wit:

Chairman	Councillor Mick McCarthy	LBBD
Vice Chairman	Councillor Keith Prince	LBR
"A" Director ELWA Ltd	Councillor Steven Kelly	LBH

4.8 The protocol assumes that the appointed members remain in office for the duration of their appointment and the Authority benefits from the continuity and experience of Members. However, recent changes to the membership by the constituent councils have shown that it may not always be possible to fulfil this intention. Members may therefore be of the view that they wish to review the protocol.

4.9 Further, the Constitution also provides for the appointment of a person to the post of "A" Shareholder Director on ELWA Ltd. There are no restrictions as to who the Authority may appoint to this role. However, under the protocol, it was agreed that this should be the immediate past Chairman of the Authority.

4.10 Following recent events and discussions, the Authority is about to embark on a period of change during which sensitive discussions will need to be had with ELWA Ltd as the IWMS contractor. As a director on ELWA Ltd, the A Director will have statutory and fiduciary duties to ELWA Ltd which could result in potential conflict of interest issues arising.

4.11 Discussions are currently being had with ELWA Ltd with a view to addressing such issues. Until such issues are resolved however, and in order to avoid any potential conflict of interests, Members may wish to consider departing from the protocol by appointing a non-ELWA Member to the post of ELWA Ltd A Director on an interim basis for the coming year. Members may wish to consider appointing one of the ELWA Directors to such role, with another Director as Substitute. Members may wish to consider other options or alternatives including that of appointing a Member as an Observer.

5. Relevant officer:

Eldred Taylor-Camara / e-mail: eldred.taylor-camara@lbbd.gov.uk / 020 82273344

6. Appendices attached:

6.1 None

7. Background Papers:

ELWA Constitution

14 May 2012 – Minute 2012/1

07 Feb 2011 - Governance Arrangements - Chairman Succession Plan - Report & Minute 2010/55

21 June 2010 – Appointment of ELWA Limited “A” Director – Report & Minute 2010/6

8. Legal Considerations:

8.1 This report was prepared by the Monitoring Officer and Legal Adviser to the Authority and the legal implications have been incorporated in the body of the report.

9. Financial Considerations:

9.1 None

10. Performance Management Considerations:

10.1 None

11. Risk Management Considerations:

11.1 None

12. Equalities considerations:

12.1 The equalities impact assessment identified no matters of concern.

13. Follow-up Reports:

13.1 Annual

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

14.1 None

15. Glossary:

LBBD = London Borough of Barking & Dagenham

LBH = London Borough of Havering

LBN = London Borough of Newham

LBR = London Borough of Redbridge

ELWA = East London Waste Authority

16. Approved by Management Board:

16.1 20 May 2013

17. Confidentiality:

17.1 Not applicable

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AUTHORITY REPORT: NOMINATIONS UNDER SECTION 41 OF THE LOCAL GOVERNMENT ACT 1985

1. Confidential Report

1.1 No

2. Recommendation:

2.1 In accordance with Section 41 of the Local Government Act 1985, the Authority is recommended to nominate from its membership, one Member from each of the Constituent Councils, to answer questions on behalf of the Authority, put by other Members of the Constituent Councils in the course of council proceedings, pertaining to the discharge of the Authority's functions for the year 2013/14.

3. Purpose

3.1 To seek nominations from ELWA as to which Members shall be responsible for answering questions on behalf of ELWA at their respective constituent council proceedings.

4. Background

4.1 Section 41 of the Local Government Act 1985 requires that, as a statutory Waste Disposal Authority, ELWA should make arrangements (whether by standing orders or otherwise) for enabling questions on the discharge of the functions of a joint authority to be put in the course of the proceedings of any constituent council by members of that council for answer by a member of it who is also a member of the authority and is nominated by the authority for that purpose. What this means is that ELWA, as a joint authority, must nominate from its membership, a Member from each of the four Constituent Councils as the person who will, on behalf of ELWA, answer questions put by other Members of the Constituent Councils in the course of council proceedings, pertaining to the discharge of ELWA's functions. This is a mandatory statutory requirement.

4.2 The usual practice has been for ELWA to nominate ELWA Members who are the respective council's lead Member for Environment/Waste to answer questions on behalf of ELWA. Members may wish to consider continuing that practice.

5. Relevant officer:

Eldred Taylor-Camara / e-mail: eldred.taylor-camara@lbbd.gov.uk / 020 8227 3344

6. Appendices attached:

6.1 None

7. Background papers:

7.1 Local Government Act 1985

8. Legal considerations:

8.1 This report was prepared by the Monitoring Officer and Legal Adviser to the Authority and there are no legal issues to mention.

9. Financial considerations:

9.1 There are no additional financial implications for ELWA arising from the recommendation in this report.

10. Performance management considerations:

10.1 None

11. Risk management considerations:

11.1 None

12. Equalities considerations:

12.1 The equalities impact assessment identified no matters of concern.

13. Follow-up reports:

13.1 None

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

14.1 None

15. Glossary:

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

ELWA = East London Waste Authority

16. Approved by management board

16.1 20 May 2013

17. Confidentiality:

17.1 No

AUTHORITY MINUTES: MONDAY 04 FEBRUARY 2013 (9.30AM – 11.15AM)

Present:

Councillor M McCarthy (Chairman), Councillor I Corbett, Councillor R Crawford, Councillor S Kelly, Councillor Obasohan, Councillor Keith Prince (Vice Chairman), Councillor B Tebbutt, and Councillor V Tewari

44. Apologies for Absence

There were no apologies for absence.

45. Declaration of Members' Interests

None declared.

46. Minutes of previous meeting

Members confirmed as correct the minutes of the Authority meeting on 3 December 2013.

In response to a question relating to the minutes, the Head of Operations responded that he had written to Officers for information on the alleged fraud and this had been discussed at length by the EOMT. EOMT had agreed that borough officers would perform more integrated checks at the sites. Procurement of automatic number plate recognition and mystery shopper exercises were being investigated.

The Chairman advised members that once minutes had been agreed discussion should not continue.

Members again confirmed as correct the minutes of the Authority meeting on 3 December 2013.

47. Treasury Management Strategy 2013/14 and Prudential Code Indicators 2013/14 to 2015/16

The Finance Director presented his report & appendices encompassing new borrowing requirements, debt management arrangements, minimum revenue provision policy statement and annual investment strategy, treasury management policy statement and the prudential indicators for treasury management. He confirmed there were no plans to borrow money to support capital investment but it was wise to have a regime in place.

Members agreed the recommendations set out in the report.

48. Revenue & Capital Estimates and Levy 2013/14

The Finance Director set out the key issues of the report and drew Members' attention to them.

Members have considered the report concerning the estimates and the levy for 2013/14 and the underlying cost pressures, background, need for transparency and levy apportionments, together with the particular issues that apply. Members have also considered the issues relating to contingencies and reserves, including the risk analysis. Members noted that the levy figure had decreased to 5.4% from previous indications and that this was an average figure and would vary for each individual borough according to their tonnage figures.

The Finance Director talked about the importance of allowing ELWA time to make decisions about costs and contractual arrangements with Shanks. He confirmed that insurance costs for ELWA Ltd had increased significantly and this was being challenged by officers.

Members agreed to the recommendations as follows:

- a) The revenue budget for 2013/14, totalling £55,359,000 excluding contributions from reserves;
- b) The charges for commercial and industrial waste for 2013/14;
- c) Commercial & Industrial Waste – recycled £73 per tonne;
- d) Commercial & Industrial Waste – other £128 per tonne;

- e) That on the basis of a) to b) above, ELWA determined the levy for 2013/14 at £47,155,000 (an increase of 5.4%);
- f) The policy on Reserves and associated criteria;
- g) The continuation of existing arrangements for the payment of the levy and commercial and other waste charges.

49. Budgetary Control to 31 December 2012

The Finance Director presented his regular report showing an under spend for the period of £272,000. Contractor costs were expected to be broadly in line with budgets with some favorable variations in non-contract costs and other income. This would offset an under recovery in commercial waste resulting in a total under spend of £554,000. He confirmed that the Olympics figures had been factored into the calculation.

Members noted the report.

50. Contract Monitoring to 31 December 2012

In presenting his report, the Head of Operations advised that recycling was 1% below the ABSDP but there was significant material waiting to be processed that would have contributed to a higher performance. Diversion and tonnages were still a particular focus bearing in mind they were a significant driver for the Authority's costs. Diversion performance at 72% was a significant improvement on the previous three months of 65% but it was 4% below budget.

Forecast for year-end tonnages remained in line with latest estimates. Diversion performance was slightly up at 67% but below the Annual Budget & Service Delivery Plan (ABSDP) diversion from landfill performance of 78%. Recycling performance remained unchanged and in line with the ABSDP at approximately 25%.

The Head of Operations updated the authority on the review of contract monitoring. At the last meeting the Management Board and EOMT felt that there was insufficient time to understand the review and this was therefore referred back to the EOMT for progression.

Members discussed the review of contract monitoring and controls at the Reuse & Recycling Centers. In response to a question about increases in fly tipping, the Managing Director confirmed that none had been brought to officers' attention by the ELWA Operational Management Team.

Members discussed diversion rates and the ability of Shanks to supply Solid Recovered Fuel in December. They also discussed UK landfill costs in comparison with those in Europe and the possible implications.

Members noted the report.

51. Dates of next meetings

15/04/13 Informal Workshop and 24/06/13 Annual General Meeting, noted.

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 to the Local Government Act 1972 (as amended).

53. Contract Renegotiation

The Managing Director presented his report and he and the Monitoring Officer updated Members on the various discussions taking place with outside bodies and courses of action proposed by the Board for a possible renegotiation of certain parts of the IWMS contract. He also briefed Members on feedback received from the Defra (WIDIP) contract management review and confirmed that relevant findings would be used to support any future negotiation

with the Contractor. It was anticipated that Defra's final report would be available for discussion at the members' workshop. Members requested a copy of the Defra first draft.

Members considered the options before them and agreed that the Chairman, Vice Chairman, "A" Director, Managing Director and Head of Operations to meet on 08/02/13 in the Vice Chairman's office with a view to establishing the next steps. The Monitoring Officer will confirm if there is a conflict of interest with regard to the ELWA Ltd 'A' Director's attendance.

In addition Members would like further information and facts supplied by the Contractor and tasked ELWA officers to obtain such information.

Members agreed the recommendation in the report with the inclusion of the Vice Chairman in the consultation process.

54. Closed Landfill Sites

Members received the Head of Operations report, Appendix and commentary on the land known as Gerpins Lane, Wennington and Hall Farms and Aveley 1. Further reports were expected for the next Authority meeting.

Members noted the report.

55. ELWA Ltd Agenda 22/01/13

Members received and noted the ELWA Ltd Board papers for information.

56. Other Confidential Business

It was proposed that a Member led review of the management structure be initiated and Members agreed to meet and discuss.

Minutes agreed as a true record.

Chair:

Date:

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AUTHORITY REPORT: INTERNAL AUDIT PROGRESS REPORT 2012/13, AUDIT PLAN 2013/14 AND PLANNED AUDIT COVERAGE TO MARCH 2018

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to:-

- a) note the audit coverage for 2012/13 as outlined in Section 5;
- b) agree the audit coverage for 2013/14 as outlined in Section 6.
- c) agree the Five Year Strategic Plan set out in Appendix A

3. Purpose

- 3.1 To advise Members of the progress of Internal Audit coverage and findings arising during 2012/13.
- 3.2 To seek Members' comments and agreement to the proposed Internal Audit Plan for 2013/14 and the five-year rolling programme attached at Appendix A.

4. Background

- 4.1 The objective and responsibility of the Internal Audit function is to provide Members and management with an independent view and assurance concerning the robustness of the systems and procedures within ELWA and in particular for the effective management of the contract with ELWA Ltd and operated by Shanks east London Ltd (SEL), thereby safeguarding assets from fraud and wastage. Internal Audit coverage has and will continue to concentrate on reviewing systems and procedures within ELWA to ensure the effective management of the contract.
- 4.2 The Internal Audit strategy / plan was agreed on 14 May 2012. The purpose of the strategic plan is to ensure total audit coverage of the key systems / areas of activity within ELWA's unique operational environment. It is intended to fulfil this responsibility by working in conjunction with the External Auditor in keeping with the principles of "Managed Audit" advocated by the Audit Commission and aims to avoid any duplication of audit effort. Where the External Auditor can place reliance upon the work of internal audit, this can assist in minimising the number of days (and cost) of external audit work.
- 4.3 The Internal Audit function is provided by the London Borough of Redbridge (LBR) and reports directly to the Finance Director (ELWA) who is the Section 151 Officer and who subsequently reports on Audit matters to the Authority.
- 4.4 This report provides Members with:-
 - a) a brief summary of the audit coverage for 2012/13;
 - b) a list of the Audit Areas due to be undertaken during 2013/14;
 - c) Details of the proposed five-year rolling audit plan, which sets out the coverage at a strategic level for the following five years (2013/14 to 2017/18).

5. Current Position

Internal Audit Coverage During 2012/13.

- 5.1 The main focus of Internal Audit activity during this year has been to undertake the planned reviews of Risk Management & Business Continuity Planning and Financial Management. The audit of Financial Management continued with the theme of recent years of detailed substantive checks of the Integrated Waste Management Strategy (IWMS) Contract invoices but this time it also included a review of the financial management arrangements in place as there had been a number of changes for the Authority since this area was last examined, most notably the revised management structure and constitution, including the financial standing orders, the move of premises and receiving direct access to Agresso as the financial management system. ELWA had considered for some time revising its contract management arrangements to maximise their effectiveness and to best address the recommendations

made during the recent audits of contract management. A review of the options available for managing the IWMS contract was undertaken by ELWA management using project management principles and as part of the process Internal Audit acted as a challenge to the options identified; this review by ELWA management is set to continue. Internal Audit was also involved in the contract management review carried out by Defra, being interviewed as part of the process. Both of the audits referred to above have been finalised and action plans have been agreed.

- 5.2 Based upon the audit work undertaken during 2012/13, Internal Audit has reached the opinion that the Authority's core financial systems are generally sound, although some areas for improvement were identified, particularly the review of Risk Management & Business Continuity Planning, that will need to be addressed before controls can be considered fully effective. There has been no reported fraud or irregularity during the year. As no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance, this statement is intended to provide reasonable assurance. The main findings of the audits undertaken during 2012/13 are set out below.

Audit of Risk Management & Business Continuity Planning

- 5.3 Overall, we found a definite distinction between the controls in place for these two disciplines. We found the revised risk management system to be effective and more robust than the system previously reviewed however the business continuity plan was still to be finalised and formally adopted.
- 5.4 The risk management system had been revised and now included an action plan to deal with residual risks, which identified the risk owners and the intended implementation dates, resulting in a more robust system. The one aspect of risk management where we felt improvements could be made was the introduction of the benchmarking of risks with other waste management authorities. Whilst it is accepted that there are vast differences between these organisations they all have a common theme and many shared goals and generic risks in relation to their role and some value may be obtained through discussion when these authorities meet.
- 5.5 Whilst ELWA had a number of contingency arrangements in place these they had not all been formalised or pulled together in an overarching business continuity plan. It was evident that management were aware of this omission in controls and they had begun to address this weakness but level of detail to be contained within the plan had still to be established meaning that the draft in place at the time was only in a skeletal form. The completion and implementation of the business continuity plan needed to be given a higher priority to ensure that this omission in controls was eliminated and to this end a list of key areas for inclusion and a completion date were agreed with management.
- 5.6 Effective controls were found to be in place to ensure that the delivery of the Integrated Waste Management Strategy (IWMS) contract were not subject to any unknown risks. This was achieved through regular meetings, analysis of financial and operational reports, scrutinisation of the trade and financial press and confirmation of Shanks contingency arrangements for dealing with any large scale mechanical failure.
- 5.7 It is our opinion that because of the lack of a documented and embedded business continuity plan, based upon the areas examined during the audit, limited assurance is given for this review.

Audit of Financial Management

- 5.8 ELWA had revised its management structure and constitution since the previous full audit and we found that these new arrangements, which included improved financial standing orders, were fit for purpose with all staff having direct access to the relevant documents. Authorisation limits were appropriately set and there was no evidence found of non-compliance, either in terms of implementation of the financial rules and regulations or adherence to the authorisation limits.
- 5.9 The office move has coincided with direct access for officers to the Agresso financial management system. The procedures contained within Agresso sit alongside the other financial procedures in place, including those for the Human Resources and Payroll systems.

- 5.10 We reviewed the processes for agreeing the IWMS contract monthly invoice and the year-end reconciliation, to account for any adjustments required, and found that the procedure document for the agreement of the monthly contract was out of date and the procedure for the annual reconciliation has never been documented. These are complex tasks that rely on the knowledge of the officers undertaking them and therefore, in accordance with good risk management practice, therefore should be covered by up to date documented procedures. A further observation made from our testing was that due to size of the Wasteflow spreadsheets used each month, any adjustments made as part of the reconciliation should reference the original cells to which they relate.
- 5.11 Our in-depth review of a sample of individual sections of invoices for the IWMS contract across a number of months has identified that the TIMS system is capturing the weighbridge data accurately. Checks for unusual tip weights did identify a small number of errors but, with the exception of one tip, all of these had been identified and identified for correction at year-end by ELWA as part of their own invoice checks. To further improve controls ELWA are currently working with Shanks to develop a system that will identify all abnormal weights automatically. One weakness we did identify that ELWA will need to monitor is the inaccurate recording of untipped weights by Shanks operatives at the Ilford Recycling Centre, which could result in ELWA being incorrectly charged for the total tonnage of the vehicle, the crew and the untipped load if the correct procedure is not followed.
- 5.12 The monitoring undertaken by ELWA and Shanks, through their self-monitoring regime, had identified all performance failures and the associated deductions were all correctly calculated, charged at the appropriate rate and deducted from the gross invoice amounts for the period examined.
- 5.13 Claims for expenses, mileage and petty cash were generally found to be suitably documented for their appropriate financial systems (Agresso and Oracle) and properly authorised with only minor weaknesses noted surrounding the evidencing of the incurring of the petty cash expense. The follow up of the recommendations from the last full audit identified only one where the implementation was outstanding and this was on hold pending the review of the contract management arrangements.
- 5.14 It was our opinion, based upon the areas examined during the audit, that due to the effective systems and the robust controls in place that substantial assurance is given for this review.

6. Internal Audit Coverage for 2013/14

- 6.1 The annual plan is structured to react to changing circumstances while considering the strategic implications / risk management issues for the Authority. The annual audit plan is formulated from discussions with the Finance Director / Section 151 Officer and the Managing Director and is based on an annual risk assessment process so that identified concerns are assessed and evaluated to determine the impact on the Authority. The risk assessment process takes into consideration the risks identified in the Authority's risk register, but also considers other factors such as previous audit findings, materiality, volume and value of transactions, complexity and stability of systems, contract compliance and level of irregularities. This ensures the plan is responsive to the needs of the Authority. Based on Internal Audit's previous work, foremost amongst those aspects, which need to be regularly reviewed, are the arrangements for the management and monitoring of the Integrated Waste Management Contract.
- 6.2 To enable Internal Audit to target its resources most effectively, coverage has been set at a more strategic level and forms part of a rolling five-year plan, a copy of which is attached at Appendix A.
- 6.3 The main area of focus for 2013/14 will be an audit of contract management as ELWA continues to look to make monitoring more robust. The annual in-depth checks of the IWMS invoices will also be carried out to provide assurance on the accuracy of the monthly charge.
- 6.4 It is also intended to continue to carry out follow up work to ensure that actions agreed by management have been implemented and to seek explanations where recommendations have not been implemented in the appropriate time scales. Internal Audit will annually report to the Authority on the progress made by management on the implementation of high risk recommendations.

7. Internal Audit Coverage for 2013 - 2018

7.1 As stated in paragraph 5.2 above, it is proposed that the updated rolling five-year plan be adopted for future audit coverage with the areas for review set at a higher, strategic level. This plan is attached for Members approval. The updated plan enables greater flexibility and means that Internal Audit will be able to respond to changing priorities and the concerns of Members and Management. Like the previous plan this has been risk assessed and enables internal audit resources to be targeted accordingly.

8. Performance and Effectiveness of Internal Audit

8.1 The requirements of the Accounts & Audit Regulations (Amendment) 2006 provide the necessary assurance to Members and Management as to the adequacy of the Internal Audit function. It is important that the effectiveness of the work of Internal Audit is monitored and reported, to do this a range of performance criteria is closely monitored by the Chief Auditor throughout the year. It is also essential that Internal Audit obtain the views of ELWA regarding the service it delivers and the value it adds to ELWA's business objectives. Another important measure of the effectiveness of Internal Audit is the reliance that can be placed on its work by the External Auditors. It is encouraging that the External Auditors continue to place reliance on Internal Audit's work.

8.2 As the Authority's Section 151 Officer I have undertaken a review of the Internal Audit process and its effectiveness. This has included regular briefings to me by the Chief Auditor / Audit Manager and the External Auditor. My view based upon my experience of the Internal Audit Section's advice and performance, external guidance on Internal Audit and the feedback received, is that the Authority has a sound and robust system of Internal Audit, which continues to adapt and respond to the changing needs of the Authority.

9. Conclusions

9.1 Based upon the audit work undertaken during 2012/13 Internal Audit has reached the opinion that the Authority's overall control framework is generally sound and the core financial systems continue to operate effectively and there are no fundamental breakdowns in control resulting in material discrepancy. This view is re-enforced by the Authority's External Auditors.

9.2 I feel confident that through this process and the assurances received, notably from Internal Audit, External Audit and other sources, I will be well placed to provide an opinion as to the overall adequacy and effectiveness of the Authority's internal control environment to Members and Management.

10. Relevant officer:

John Jones / john.jones@redbridge.gov.uk / 020 8708 3192

11. Appendices attached:

11.1 Appendix A: Five Year Strategic Plan

12. Background papers:

14.05.12 Internal Audit Progress Report 2011/12/12, Audit Plan 2012/13 & Planned Audit coverage to March 2017 and Minute No. 6/2012

13. Legal considerations:

13.1 The Legal Adviser has been consulted in the preparation of this report and confirms there are no legal implications to highlight.

14. Financial considerations:

14.1 The cost of the Internal Audit service to ELWA in 2013/14 will be met from the appropriate ELWA service level agreement budget.

14.2 Internal Audit's review of financial and other internal controls as well as value for money work should assist ELWA management in reducing not only the risks of financial loss through error and fraud but should also lead to efficiency improvements.

15. Performance management considerations:

15.1 None.

16. Risk management considerations:

16.1 The decision to agree the audit coverage for 2013/14 as outlined in Section 6 should help ensure ELWA's strategic and operational risks are identified and appropriate control strategies implemented to mitigate these risks.

17. Equalities considerations:

17.1 None.

18. Follow-up reports:

18.1 Yes / January 2014.

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

Eastlondonwaste.gov.uk

20. Glossary:

ELWA – East London Waste Authority

IWMS - Integrated Waste Management Strategy

LBR – London Borough of Redbridge

SEL – Shanks east.london

21. Approved by management board

21.1 20 May 2013

22. Confidentiality:

22.1 None

ELWA - 5 year Strategic Plan 2013/14 - 2017/18

Agenda Item 6 - Appendix A

Audit Areas	Risk Impact	Likelihood	Risk Rating	Frequency	Actual	5 year Audit Plan					
					12/13	13/14	14/15	15/16	16/17	17/18	
<p>Internal Control and Corporate Governance Audits in this area will include Review of Constitution, CSO's, Financial Regs, corporate governance, Risk assessment and Business Continuity Planning, Anti Fraud Arrangements, any other matters arising (IT / Personnel Issues), it would be intended to cover all the above over a 6 year period</p>	5	2	10	3 yearly	10			10	10		
<p>Contract Management / Monitoring / Compliance Audits in this area will include reviews of ELWA's Monitoring Arrangements for the contract, Borough'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 It would be intended to cover all the above over a 5 year period</p>	9	3	27	2 yearly		21	21	21	6	21	
<p>Financial Management Audits in this area will include reviews of Financial Management of non IWMS contract costs. The audit would be done once over a 4 year period.</p>	5	3	15	4 yearly	14					12	
<p>Asset Management Audits in this area will review the management of the Authorities assets (predominantly the Landfill Sites) and will undertaken once every 4 years</p>	2	3	6	4 yearly			10				
<p>Reporting / Administration / Follow Up / Other</p>					7	3	3	3	3	3	3
Total Days					31	24	34	34	31	24	

AUTHORITY REPORT: EXTERNAL AUDIT PLAN 2013/14

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to note and agree PricewaterhouseCooper's (PwC) External Audit plan.

3. Purpose

3.1 To consider the external auditor's Audit Plan, for the period 1st April 2012 to 31st March 2013, including the audit of the 2012/13 final accounts.

4. Background

4.1 The audit plan is attached at Appendix A. This has been reviewed by officers and considered to be an acceptable scope of work.

4.2 The indicative audit fee is £18,270. This is a reduction on the 2011/12 audit fee of £30,450 partly reflecting the fact that for 2011/12 there was a mandatory recharge from the Audit Commission not required in 2012/13.

4.3 At the time of writing this report, the main audit has yet to begin. Some initial systems testing has been carried out.

5. Relevant officer:

Geoff Pearce, Finance Director / Geoff.pearce@redbridge.gov.uk / 0208 708 3588

6. Appendices attached:

6.1 Appendix A – PwC 2012/13 Audit Plan

7. Background papers:

7.1 None

8. Legal considerations:

8.1 None

9. Financial considerations:

9.1 Finance comments are included within the body of this report.

10. Performance management considerations:

10.1 None

11. Risk management considerations:

11.1 The decision to agree PwC's External Audit plan should help mitigate the following strategic risks:

a) S8 – Contract no longer affordable.

b) S9 – Insufficient financial reserves to meet unforeseen circumstances.

11.2 The decision to agree the External Audit plan should help mitigate the following operational risk:

a) O13 – Fraudulent activity (both in terms of the contract and internal).

12. Equalities considerations:

12.1 The equalities impact assessment identified no matters of concern

13. Follow-up reports:

13.1 None

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

14.1 None

15. Glossary:

PWC – PricewaterhouseCoopers

16. Approved by management board

16.1 20 May 2013

17. Confidentiality:

17.1 Not applicable.

East London Waste Authority

External Audit Plan 2012/13

Government and Public
Sector

April 2013

East London Waste Authority
First Floor Harvey House
St Edward's Court
London Road
Romford
RM7 9QD

Ladies and Gentlemen,

We are pleased to present our Audit Plan, which shows how your key risks and issues drive our audit and summarises how we will deliver. We look forward to discussing it with you so that we can ensure we provide the highest level of service quality.

We would like to thank Members and Officers of the Authority for their help in putting together this Plan.

If you would like to discuss any aspect of our Audit Plan please do not hesitate to contact either Ciaran McLaughlin or Andrew Firth.

Yours faithfully,

PricewaterhouseCoopers LLP

Encs

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

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In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body and on the Audit Commission’s [website](#). The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.



Introduction

The purpose of this plan

This plan:

- is required by International Standards on Auditing (ISAs);
- sets out our responsibilities as external auditor under the Audit Commission's requirements;
- gives you the opportunity to comment on our proposed audit approach and scope for the 2012/13 audit;
- records our assessment of audit risks, including fraud, and how we intend to respond to them;
- tells you about our team; and
- provides an estimate of our fees.

We ask the Authority to:

- consider our proposed scope and confirm that you are comfortable with the audit risks and approach;
- consider and respond to the matters relating to fraud; and
- approve our proposed audit fees for the year.

Our work in 2012/13

We will:

- audit the annual report and statutory accounts, assessing whether they provide a true and fair view;
- check compliance with International Financial Reporting Standards (IFRS);
- check compliance with the code of practice on local authority accounting;
- consider whether the disclosures in the Annual Governance Statement (AGS) are complete;
- see whether the other information in the accounts is consistent with the financial statements;
- report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- tell you promptly when we find anything significant during the audit, directly to management and as soon as practicable to the Audit Committee throughout the year.

We are required to report information on your accounts to the National Audit Office (NAO) which is used as part of the assurance process for compiling the Whole of Government Accounts (WGA).

Risk assessment

We considered the Authority's operations and assessed:

- business and audit risks that need to be addressed by our audit;
- how your control procedures mitigate these risks; and
- the extent of our financial statements and value for money work as a result.

Our risk assessment shows:

- those risks which are significant, and which therefore require special audit attention under auditing standards; and
- our response to significant and other risks, including reliance on internal and other auditors, and review agencies.

Responsibilities

Officers and members of each local authority are accountable for the stewardship of public funds. It is our responsibility to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the Code), supplemented by the Statement of Responsibilities of Auditors and of Audited Bodies. Both documents are available from the Managing Director or the Audit Commission's website.

It is your responsibility to identify and address your operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. In planning our audit work, we assess the significant operational and financial risks that are relevant to our responsibilities under the Code and the Audit Commission's Standing Guidance. This exercise is only performed to the extent required to prepare our plan so that it properly tailors the nature and conduct of audit work to your circumstances. It is not designed to identify all risks affecting your operations nor all internal control weaknesses.

Risk Assessment

Risk Assessment Results

Our risk assessment forms the basis for planning and guiding all subsequent audit activities. It allows us to determine where our audit effort should be focused and whether we can place reliance on the effective operation of controls implemented by management. Risks are categorised as follows:

- **Significant** Risk of material misstatement due to the likelihood, nature and magnitude of the balance or transaction. These require specific focus in the year.
- **Elevated** Although not considered significant, the nature of the balance/area requires specific consideration.

Financial Statements risks

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Management override of controls	<ul style="list-style-type: none"> ● Significant 	<p>ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.</p> <p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of the organisations policies, aims and objectives and to manage the risks facing it; this includes the risk of fraud.</p> <p>Our audit is designed to provide reasonable assurance that the 2012/13 Accounts are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.</p>	<p>We apply professional scepticism in undertaking our audit and consider the potential for manipulation of financial results through the use of journals and estimates, such accruals.</p> <p>We will focus our work on testing of journals and will utilise computer assisted audit techniques to do this. This will provide you with assurance over the level of manual and automated journals together with the appropriateness of journals posted at evenings, weekends and on public holidays.</p> <p>We will consider the accounting policies adopted by the Authority and subject income and expenditure to the appropriate level of testing to identify any material misstatement.</p> <p>We will also use our work on income and expenditure recognition set out below to help address the risk of material misstatement caused by management override of controls.</p> <p>We will, as required by auditing standards, carry out unpredictable procedures in addition to the testing set out above.</p>

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
<p>Risk of Fraud in the recognition of income and expenditure</p>	<p>● Significant</p>	<p>Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition.</p> <p>We extend this presumption to the recognition of expenditure in Local Government.</p> <p>The risk identified is that income or expenditure could be misstated in the accounts through fraud or error.</p> <p>Due to their nature, we do not consider the receipt of Levy, PFI grant, Optibag savings or financing income to be a significant risk and these income streams are therefore excluded from this category.</p> <p>We will consider expenditure streams on an individual basis and focus our work on those streams most susceptible to incorrect recognition in the financial statements. We would expect the areas of contracts, leases and other financial arrangements to be the main areas of focus for our audit of the Authority.</p>	<p>We will:</p> <ul style="list-style-type: none"> • obtain an understanding of the key income and expenditure controls; • evaluate the accounting policies for income and expenditure recognition; • test the appropriateness of journal entries and other adjustments; • review accounting estimates for income and expenditure, for example, provisions; and • perform detailed testing of revenue and expenditure transactions, focusing on the areas we consider to be of greatest risk.
<p>Valuation of the Materials Recycling Facility and Landfill Sites</p>	<p>● Elevated</p>	<p>The Authority’s property, plant and equipment balance consists of two main assets. The first is a Materials Recycling Facility (MRF) held at depreciated replacement cost, which has not been revalued since 2009/10 and four non operational landfill sites.</p> <p>Economic conditions continue to be uncertain, which has a potential impact upon the valuation of your property, plant and equipment. Whilst you are only required to re-value your assets at least once every 5 years, there is a requirement to assess the carrying value of your assets for impairment every year.</p> <p>ISAs (UK&I) 500 and 540 require us to undertake certain procedures on the use of</p>	<p>The Authority measures its property, plant and equipment (PP&E) at fair value involving a range of assumptions and the use of external valuation expertise. ISAs (UK&I) 500 and 540 require us, respectively, to undertake certain procedures on the use of external expert valuers and processes and assumptions underlying fair value estimates.</p> <p>Specific areas of risk include:</p> <ul style="list-style-type: none"> • The accuracy and completeness of detailed information on assets. • Whether the Authority’s assumptions underlying the classification of PP&E are appropriate. • Whether PP&E that are not programmed to be revalued in the year might have undergone material changes in their fair value.

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
		<p>external expert valuers and processes and assumptions underlying fair value estimates.</p> <p>Specific areas of risk include:</p> <ul style="list-style-type: none"> • The accuracy and completeness of detailed information on assets. • Whether the Authority’s assumptions underlying the classification of properties are appropriate. • The valuer’s methodology, assumptions and underlying data, and our access to these. 	<ul style="list-style-type: none"> • The valuer’s methodology, assumptions and underlying data, and our access to these. <p>Where asset valuations are undertaken in-year we will:</p> <ul style="list-style-type: none"> • agree the source data used by your valuer to supporting records; assess the work of your valuer through use of our own internal valuation specialists where required; and • agree the outputs to your Fixed Asset Register and accounts. <p>Where any changes to valuation bases are proposed we will work with you to understand and evaluate the rationale you are using on a timely basis.</p> <p>Where assets are not re-valued in year, we will review your impairment assessment, and evaluate whether your assets are held at an appropriate value in your accounts at the year-end.</p>

Audit approach

Code of Audit Practice

Under the Audit Commission's Code there are two aspects to our work:

- Accounts, including a review of the Annual Governance Statement; and
- Use of Resources.

We are required to issue a two-part audit report covering both of these elements.

Accounts

Our audit of your accounts is carried out in accordance with the Audit Commission's Code objective, which requires us to comply with International Standards on Auditing (ISAs) (UK & Ireland) issued by the Auditing Practices Board (APB). We are required to comply with them for the audit of your 2012/13 accounts.

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

Our audit approach is based on a thorough understanding of your business and is risk-driven. It first identifies and then concentrates resources on areas of higher risk and issues of concern to you. This involves breaking down the accounts into components. We assess the risk characteristics of each component to determine the audit work required.

Our audit approach is based on understanding and evaluating your internal control environment and where appropriate validating these controls, if we wish to place reliance on them. This work is supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

Materiality

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

Our audit approach is based on an understanding of your business and is risk-driven. It first identifies and then concentrates resources on areas of higher risk and issues of concern to you. This involves breaking down the accounts into components. We assess the risk characteristics of each component to determine the audit work required.

Materiality is another factor which helps us to determine our audit approach. Materiality is more than just a quantitative concept. Judgements about materiality are subjective and may change during the course of the engagement. The judgements about materiality are often implicit, and will be reflected in our assessments of risk and our decisions about which business units or locations, account balances, disclosures and other items are of greater or lesser significance.

We identify and assess the risks of material misstatement at two levels: the overall financial statement level; and in relation to financial statement assertions for classes of transactions, account balances and disclosures. Specifically, under our integrated audit methodology, we are required to identify three quantitative materiality thresholds as set out in the table below.

These help us to plan the nature, timing and extent of our work and to evaluate the significance of any unadjusted differences identified from our audit procedures.

<i>Type of materiality</i>	<i>What is it used for?</i>
Overall materiality	Overall materiality represents the level at which we would consider qualifying our audit opinion. This is based on 2% of Gross Expenditure.
Planning materiality	This is the level to which we plan our audit work and identify significant accounts.
De minimis threshold	<p>ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial”. Matters which are clearly trivial are matters which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial.</p> <p>We propose to treat misstatements less than £50,000 as being clearly trivial. We will include a summary of any uncorrected misstatements identified during our audit in our year-end ISA (UK&I) 260 report.</p>

Use of Resources

We will apply a “light touch” approach to our Value for Money work at the authority, based primarily on a review of the annual governance statement. We will conclude whether there are any matters arising from this work and will include these in the audit report at the end of the audit.

Risk of fraud

International Standards on Auditing (UK&I) state that we as auditors are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors’ responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management’s responsibility

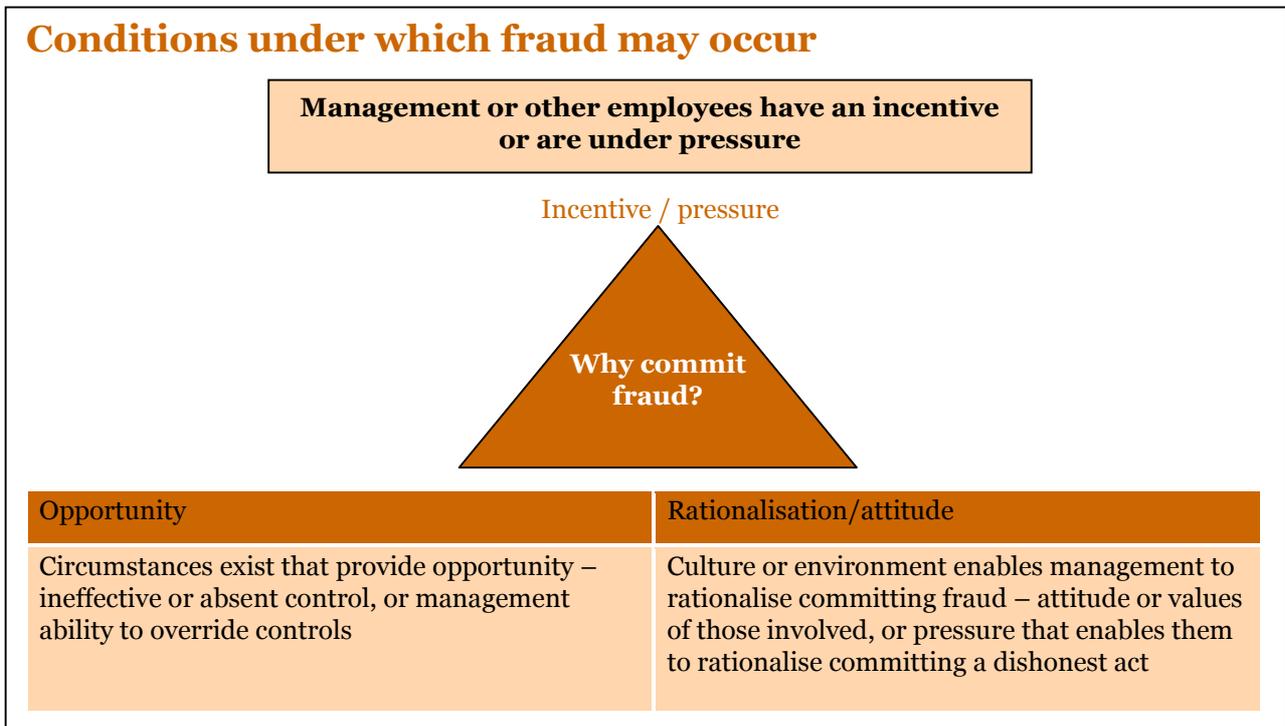
Management’s responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity’s culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of the corporate governance committee

Your responsibility as part of your governance role is:

- to evaluate management’s identification of fraud risk, implementation of antifraud measures and creation of appropriate “tone at the top”; and
- to investigate any alleged or suspected instances of fraud brought to your attention.



Your views on fraud

We enquire of the Corporate Governance Committee:

- Whether you have knowledge of fraud, actual, suspected or alleged, including those involving management?
- Whether you understand what fraud detection or prevention measures (e.g. whistleblower lines) are in place in the entity?
- Whether you are clear about the role you have in relation to fraud?
- Whether sufficient protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, actual, suspected or alleged?

Your team and independence

Your audit team has been drawn from our government and public sector team based in London. Your audit team consists of the key members listed below, but is further supported by our specialists both in the sector, and across other services:

Audit Team	Responsibilities
Engagement Leader Ciaran McLaughlin 3 rd year on the audit 020 7213 5253 ciaran.t.mclaughlin@uk.pwc.com	Engagement Leader is responsible for independently delivering the audit in line with the Code of Audit Practice, including agreeing the Audit Plan, ISA (UK&I) 260 report and Annual Audit Letter, the quality of outputs and signing of opinions and conclusions. Also responsible for liaison with the Chief Executive and Members.
Engagement Manager Andrew Firth 1st year on the audit 0787 679 7597 andrew.s.firth@uk.pwc.com	Engagement Manager on the assignment is responsible for overall control of the audit engagement, ensuring delivery to timetable, delivery and management of targeted work and overall review of audit outputs. Completion of the Audit Plan, ISA (UK&I) 260 report and Annual Audit Letter.
Audit Team Leader Jordan Field 1st year on the audit 020 7212 2515 Jordan.e.field@uk.pwc.com	Audit Team Leader is responsible for managing our accounts work, including the audit of the statement of accounts, and governance aspects of the VFM conclusion work.

Our team members

It is our intention that, wherever possible, staff work on the East London Waste Authority audit each year, developing effective relationships and an in depth understanding of your business. We are committed to properly controlling succession within the core team, providing and preserving continuity of team members.

We will hold periodic client service meetings with you, separately or as part of other meetings, to gather feedback, ensure satisfaction with our service and identify areas for improvement and development year on year. These reviews form a valuable overview of our service and its contribution to the business. We use the results to brief new team members and enhance the team's awareness and understanding of your requirements.

Independence and objectivity

As external auditors of the Authority we are required to be independent of the Authority in accordance with the Ethical Standards established by the Auditing Practices Board (APB). These standards require that we disclose to those charged with governance all relationships that, in our professional judgement, may reasonably be thought to bear on our independence.

We have a demanding approach to quality assurance which is supported by a comprehensive programme of internal quality control reviews in all offices in the UK. Our quality control procedures are designed to ensure that we meet the requirements of our clients and also the regulators and the appropriate auditing standards within the markets that we operate. We also place great emphasis on obtaining regular formal and informal feedback.

We have made enquiries of all PricewaterhouseCoopers' teams providing services to you and of those responsible in the UK Firm for compliance matters.

There are no matters which we perceive may impact our independence and objectivity of the audit team.

Relationships and Investments

Senior officers should not seek or receive personal financial or tax advice from PwC. Non-executives who receive such advice from us (perhaps in connection with employment by a client of the firm) or who also act as director for another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Independence conclusion

At the date of this plan we confirm that in our professional judgement, we are independent accountants with respect to the East London Waste Authority, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

Communicating with you

Communications Plan and timetable

ISA (UK&I) 260 (revised) ‘Communication of audit matters with those charged with governance’ requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that ‘those charged with governance’ are the Audit Committee. Our team works on the engagement throughout the year to provide you with a timely and responsive service. Below are the dates when we expect to provide the Audit Committee with the outputs of our audit.

Stage of the audit	Output	Date
Audit planning	Audit Planning Letter	November 2012
	Audit Plan	April 2013
Audit findings	Internal control issues and recommendations for improvement (if applicable - may form part of the Audit Memorandum)	September 2013
	ISA (UK&I) 260 report incorporating specific reporting requirements, including:	September 2013
	<ul style="list-style-type: none"> • Any expected modifications to the audit report; • Uncorrected misstatements, i.e. those misstatements identified as part of the audit that management have chosen not to adjust; • Material weaknesses in the accounting and internal control systems identified as part of the audit; • Our views about significant qualitative aspects of your accounting practices including accounting policies, accounting estimates and financial statements disclosures; • Any significant difficulties encountered by us during the audit; • Any significant matters discussed, or subject to correspondence with, Management; • Any other significant matters relevant to the financial reporting process; and • Summary of findings from our use of resources audit work to support our value for money conclusion 	
Audit reports	Financial Statements including Use of Resources	September 2013
Other public reports	Annual Audit Letter A brief summary report of our work, produced for Members and to be available to the public.	October 2013

Audit fees

The Audit Commission has provided indicative audit fee levels for the 2012/13 financial year. The base fee scale for your audit is £18,270 compared to the 2011/12 audit fee of £30,450. This is not comparable with the 2012/13 fee as it included a mandatory recharge payable to the Audit Commission that is no longer required to be made. While the total value of fees have gone down the requirements of the audit have not reduced and we still have to do the same work, so it will be even more important that we continue to work and communicate efficiently and effectively with officers throughout the audit cycle.

We have based the fee level on the following assumptions:

- Officers meeting the timetable of deliverables, which we will agree in writing;
- We are able to place reliance, as planned, upon the work of internal audit;
- Working papers and financial statements have been reviewed by officers before providing for audit;
- The quality of working papers is appropriate;
- We are able to draw comfort from your management controls;
- No significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based; and
- Our use of resources conclusion and accounts opinion being unqualified.

If these prove to be unfounded, we will seek a variation order to the agreed fee, to be discussed in advance with you.

Appendix - Other engagement information

The Audit Commission appoint us as auditors to East London Waste Authority and the terms of our appointment are governed by:

- The Code of Audit Practice; and
- The Standing Guidance for Auditors.

There are five further matters which are not currently included within the guidance, but which our firm's practice requires that we raise with you.

Electronic communication

During the engagement we may from time to time communicate electronically with each other. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

PwC partners and staff may also need to access PwC electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access the PwC network via your internet connection and that they may do this by connecting their PwC laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other's systems.

We shall each be responsible for protecting our own systems and interests and you and PwC (in each case including our respective directors, members, partners, employees, agents or servants) shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.

Appointed auditor

Ciaran McLaughlin, a director in the firm, will discharge the responsibilities of the appointed auditor and in doing so will bind the firm although Ciaran McLaughlin is not a partner.

Access to audit working papers

We may be required to give access to our audit working papers to the Audit Commission or the National Audit Office for quality assurance purposes.

Quality arrangements

We want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service could be improved or if you are dissatisfied with any aspect of our services,

please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Paul Woolston, our Audit Commission Lead Partner at our office at 89 Sandyford Road, Newcastle Upon Tyne, NE1 8HW, or James Chalmers, UK Head of Assurance, at our office at 7 More London, Riverside, London, SE1 2RT. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Events arising between signature of accounts and their publication

ISA (UK&I) 560 (revised) places a number of requirements on us in the event of material events arising between the signing of the accounts and their publication. You need to inform us of any such matters that arise so we can fulfil our responsibilities.

If you have any queries on the above, please let us know before approving the Audit Plan or, if arising subsequently, at any point during the year.

In the event that, pursuant to a request which East London Waste Authority has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. East London Waste Authority agrees to pay due regard to any representations which PwC may make in connection with such disclosure and East London Waste Authority shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, East London Waste Authority discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This report has been prepared for and only for East London Waste Authority in accordance with the Statement of Responsibilities of Auditors and of Audited Bodies (Local Government) published by the Audit Commission in March 2010 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**AUTHORITY REPORT: CONTRACT MONITORING REVIEW OF THE YEAR
2012/13 AND MONITORING TO 31 MARCH 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 31 March 2013.

3.2 To provide a summary of the contract performance for the 2012/13 contract year.

4. Contract Performance for March 2013

4.1 Contract waste tonnage for March 2013 was 29,965 tonnes which was 19% below forecast and 4,800 tonnes lower than the same period last year.

4.2 The recycling performance for March was 22.6%, slightly lower than expectations.

4.3 Both the much lower than expected tonnage and the slightly below expectations recycling performance we believe was down to the unusual climatic condition prevailing in March.

4.4 Diversion from landfill was strong achieving 72.3% rate.

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

	% Recycling Performance
Barking & Dagenham	22.5%
Havering	32.8%
Newham	19.0%
Redbridge	24.0%

5. 2011/12 Contract Performance

5.1 Overall the contract performance for the year end for recycling was as predicted in the ABSDP. An increase in recycling performance in the first half of the year, primarily due to green waste, overcame the shortfall in recycling performance in the latter part of the year. The final contract recycling performance was 25.4 % (ABSDP target 25%).

5.2 The diversion from landfill performance achieved higher levels than contractual targets but was significantly below the ABSDP. The final contract overall diversion from landfill performance was 68%. [Contract 45%] [ABSDP 78%]

5.3 The financial cost of the lower diversion of 68% was offset by the reduction in waste tonnages delivered into the contract. The forecast for the year was 436,000 tonnes whilst the actual tonnage of contract waste for 2012/13 was 423,000 tonnes, 13,000 tonnes lower than budget. This included any additional tonnage as a result of the Olympics.

5.4 The controls introduced at the RRC sites continue to deliver reduction in waste arising at the sites which as reported last year exceeds the original forecast in the proposals.

5.5 Further controls on monitoring by the borough enforcement officer is being considered as is the installation of ANPR monitoring system, both will be subject to reports to Members during 2013/2014.

5.6 Defra have confirmed that the Landfill Allowance Trading Scheme will not continue beyond 2012/13. However, the Authority's allowance for the amount of biodegradable waste that could be sent to landfill for 2012/13 was 141,000 tonnes. The actual amount

of biodegradable waste sent to landfill used 80,000 (to be confirmed by the Environment Agency) tonnes of allowances, therefore the Authority operated within its allowance.

6. 2011/12 Borough Performance

6.1 The table below summarises the ELWA Borough's performance for the whole contract year 2012/13. These are still subject to confirmation by Borough officers and data is still being ratified by Defra. The reduction from the previous year was anticipated with the ABSDP and was mainly a result of Shanks not being able to source outlets for the fines material.

	% Recycling Performance	% Recycling Performance
	2011/12	2012/13
Barking & Dagenham	29.9%	26.1%
Havering	35.4%	34.8%
Newham	22.7%	20.6%
Redbridge	32.4%	29.1%

7. Conclusion

7.1 Despite the disappointing contract diversion performance, the controls at the RRCs and a reduction in waste in general put the Authority in a good financial position in relation to contract expenditure. Detailed negotiations are continuing with regard to contract performance and other service delivery options to increase the contract viability and value for money.

8. Relevant officer:

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

9. Appendices attached:

9.1 None

10. Background Papers:

10.1 None

11. Legal Considerations:

11.1 None

12. Financial Considerations:

12.1 Tonnage levels and landfill tax liabilities continue to be the main drivers of cost within the IWMS contract. The reduced tonnages therefore have led to a financial saving for the Authority in this period.

13. Performance management considerations:

13.1 None

14. Risk management considerations:

14.1 None

15. Equalities considerations:

15.1 The equalities impact assessment identified no matters of concern.

16. Follow-up reports:

16.1 None

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

17.1 None

18. Glossary

ABSDP = Annual Budget & Service Delivery Plan

BioMRF = Biological Materials Recycling Facility

EA = Environment Agency

ELWA = East London Waste Authority

IWMS = Integrated Waste Management Strategy

LATS = Landfill Allowance Trading Scheme

LBN = London Borough of Newham

NI192 = National Indicator (Household Waste Recycled or Composted)

RRC = Reuse & Recycling Centre(s)

SRF = Solid Recovered Fuel

SEL = Shanks.east london

19. Approved by management board

19.1 20 May 2013

20. Confidentiality:

20.1 Not applicable

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**AUTHORITY REPORT: PROVISIONAL FINANCIAL OUTTURN POSITION
2012/13**

1. Confidential Report

1.1 No

2. Recommendation:

2.1 To note this report and in particular the underspend against budget.

3. Purpose

3.1 To provide a summary of the Financial Outturn for ELWA for the 2012/13 financial year.

4. Revenue Budget

4.1 The outturn figures presented in this report are provisional and there may be some changes as the accounts are being closed down. It is not currently anticipated that there will be any significant changes from these provisional figures.

4.2 Based on the budget of £52,956,000 and the actual net expenditure on services of £51,631,000 the under spend for the year is £1,325,000 (see Appendix A). This favourable variance is mainly due to savings made in the IWMS contract through tonnages being lower than expected, economies in the non contract running costs and higher levels of income.

The principal activity driver on ELWA's budget is the level of waste tonnage delivered from the Constituent Councils and the means by which this waste is disposed of. Earlier in the financial year the general trend on waste tonnage was that tonnage levels were slightly above those expected when the budget was set. In the last few months of the year however, tonnages declined significantly. In the months January to March 2013 there was a continuous cold period and this affected in particular the amount of green waste generated. In March 2013 overall tonnages were 19% below the profiled budgeted tonnages for the month.

4.3 A major component of the contractor costs budget in 2012/13 was an improved diversion rate of 75% and this took into account the contractor's proposal reported to Members in 2011/12 concerning the diversion of Solid Recoverable Fuel. In 2012/13 this diversion rate was not achieved. ELWA technical officers advise that although the diversion rate in March 2013 was 73% the overall diversion rate in 2012/13 was 68%. Members are advised that the lower actual diversion rate created a pressure of approximately £0.5 million. Nevertheless the lower than expected tonnage more than offset this pressure leading to the overall underspend in contractor costs as detailed in paragraph 4.2.

4.4 In 2012/13 employee costs showed an overspend of £14,000. Although a vacant post remained unfilled and there were lower agency staff costs these were more than offset by payments made in relation to management changes. Other non contract costs under spent by approximately £300,000. This underspend related to recycling initiatives, the communications campaign and biodegradability testing. Also tonne mileage payments were below budget partly reflecting the reduced tonnages.

4.5 In respect of income, commercial waste income was below its profiled budget by £333,000. This was due to a reduction in commercial waste volumes as well as Newham stopping its skip service. However other income greatly exceeded the budget and this was due mainly to the use of spare capacity in respect of the Bedfordshire contract as well as the retention of the Tower Hamlets contract. As contract tonnage included the Olympics waste (6,600 tonnes) collected from Newham, income of £772,000 has been recovered from Newham.

4.6 The 2012/13 projected outturn variance is £1,325,000. At the levy setting meeting in February 2013 Members will recall it was agreed that £554,000 of this projected

underspend would be used directly to support the levy. It is proposed that the increase in the level of the underspend will also be used to help mitigate levy increases in future years, and to address the one off cost of any contract renegotiation or change.

5. Prudential indicators

5.1 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.

The Prudential Indicators are reviewed on a regular basis and all activities have been contained within the indicators as shown in the table below:

Authority Limit for External Debt	Revised Limit 2012/13 £'000	Actual to 31/03/13 £'000
Borrowing	16,000	1,488
Other long term liabilities	100,000	91,602
TOTAL	116,000	93,090

Operational Boundary for External Debt	Revised Limit 2012/13 £'000	Actual to 31/03/13 £'000
Borrowing	14,000	1,488
Other long term liabilities	100,000	91,602
TOTAL	114,000	93,090

6. 2012/13 Financial Statements

6.1 The production of the 2012/13 Financial Statements is in progress. This is a significant piece of work and is highly technical in nature. Accounts now need to be fully compliant with International Financial Reporting Standards. The draft statutory accounts need to be signed off by the Finance Director by 28th June 2012 and will be approved by the Authority at its meeting on 9th September 2013.

7. Conclusion

7.1 The net underspend in 2012/13 is £1,325,000. This is mainly due to reduced IWMS contract costs.

7.2 Part of this underspend is to be used to support the 2013/14 Levy and Budget. The remainder would help mitigate levy increases in future years.

8. Relevant officer:

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

9. Appendices attached:

9.1 Appendix A: Budget Monitoring Statement to 31st March 2013

10. Background papers:

4 February 2013 Revenue & Capital Budgets and Levy 2013/14 Report & Minute No. 48/2012

6 February 2012 Revenue & Capital Estimates and Levy 2012/12 Report & Minute No. 54/2011.

12 February 2009 IWMS Contract – Service Delivery Plan 2010/11 to 2014/15 (5 Year) (Implementation of the Joint Municipal Waste Management Strategy) – Confidential Report & Minute No. 2009/39

17 September 2012 Budgetary Control to 31 August 2012 Report & Minute No. 20/2012
3 December 2012 Budgetary Control to 31 October 2012 Report & Minute No. 34/2012
4 February 2013 Budgetary Control to 31 December 2012 Report & Minute No. 49/2012

11. Legal considerations:

11.1 No additional issues.

12. Financial considerations:

12.1 As outlined in the report.

13. Performance management considerations:

13.1 The financial position and projections should reflect among other things service performance trends, for example, diversion rates.

14. Risk management considerations:

14.1 Current position results in no change to present risk profile.

15. Equalities considerations:

15.1 The equalities impact assessment identified that there are no specific equality implications arising from this report.

16. Follow-up reports:

16.1 None.

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

17.1 None

18. Glossary:

ELWA = East London Waste Authority

IWMS = Integrated Waste Management Strategy

19. Approved by management board

19.1 20 May 2013

20. Confidentiality:

20.1 Not Applicable.

BUDGET MONITORING STATEMENT TO 31 MARCH 2013

	Budget 2012/13 £'000	Projected Outturn 2012/13 £'000	Projected Outturn Variance £'000
EXPENDITURE			
<i>Employee and Support Services</i>	530	544	14
<i>Premises Related Expenditure</i>	115	133	18
<i>Transport Related Expenditure</i>	5	2	(3)
<i>Supplies and Services</i>			
Payments to Shanks.East London	53,958	53,364	(594)
Other (inc cost of Support Costs)	678	431	(247)
<i>Third Party Payments</i>			
Recycling Initiatives	210	210	0
Tonne Mileage	550	483	(67)
Rent payable - property leases	264	255	(9)
<i>Capital Financing Costs</i>	213	212	(1)
TOTAL GROSS EXPENDITURE	56,523	55,634	(889)
INCOME			
Commercial Waste Charges	(2,707)	(2,374)	333
Bank Interest Receivable	(200)	(219)	(19)
Other Income	(310)	(685)	(375)
Newham Olympics	(500)	(772)	(272)
TOTAL INCOME	(3,717)	(4,050)	(333)
Contingency Allocated	150	47	(103)
NET EXPENDITURE ON SERVICES	52,956	51,631	(1,325)
Additional underspend	(701)	(701)	0
2011/12 one off receipts	(800)	(800)	0
PFI Grant Receivable	(3,991)	(3,991)	0
Transfer to PFI Contract Reserve	3,991	3,991	0
Levy Receivable	(44,749)	(44,749)	0
Contribution from Reserves	(6,706)	(6,706)	0
REVENUE SURPLUS FOR PERIOD	0	(1,325)	(1,325)

AUTHORITY REPORT: BUDGETARY CONTROL TO 30 APRIL 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 30th April 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 £4,941,000 and the actual net expenditure on services of £4,867,000 the position is a net underspend of £74,000 to date. (see Appendix A).

4.2 Overall the outturn is projected to be £50,000 under budget at year end. The budget however remains susceptible to fluctuation and need 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 last quarter of 2012/13 was that waste tonnage levels were below that expected when the budget was set and this partly reflected the prolonged cold spell in the first three months of 2013.

4.4 A diversion rate of 70% has been assumed in the 2013/14 budget. The diversion rate for 2012/13 was 68% and Members are advised that each one percentage change in the rate means a pressure on or a benefit to the budget of £80,000 as the resulting increased landfill tax liability leads to a budget pressure both for ELWA and the contractor. As part of contract monitoring procedures, the Interim Managing Director is actively pursuing courses of action with Shanks to improve this diversion rate. Given some degree of uncertainty in respect of projected tonnage levels and diversion rates at this stage it is appropriate to project total end of year contract payments in line with budget.

4.5 Employee costs show a year to date underspend of £17,000 reflecting savings in respect of the Managing Director post. *The end of year projection assumes that the Managing Director post will be filled in year.* For the first month of the year other non-contractor costs broadly reflect the budget.

4.6 Based on ELWA technical officer advice commercial waste income will be in line with budget at year end. Other Royalty income is also projected to be in line with budget although the position over the next few months 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 £74,000, although at year end it is projected that contractor costs will be in line with budget *with employee costs being £50,000 below budget.*
- 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:

- 7.1 Appendix A: Budget Monitoring Statement to 30 April 2013

8. Background papers:

- 8.1 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. Equalities considerations:

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

14. Follow-up reports:

- 14.1 Budgetary Control Report, next meeting

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

- 15.1 None

16. Glossary:

ELWA = East London Waste Authority

17. Approved by management board

- 17.1 20 May 2013

18. Confidentiality:

- 18.1 Not Applicable.

BUDGET MONITORING STATEMENT TO 30 APRIL 2013

	Original Budget 2013/14	Profiled Budget to 30.04.13	Total Actual to 30.04.13	Variance to 30.04.13	Projected Outturn to 30.04.13	Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE						
<i>Employee and Support Services</i>	481	39	22	(17)	431	(50)
<i>Premises Related Expenditure</i>	163	16	15	(1)	163	0
<i>Transport Related Expenditure</i>	5	0	0	0	5	0
<i>Supplies and Services</i>						
Payments to Shanks.East London	56,242	4,759	4,700	(59)	56,242	0
Other (inc. cost of Support Costs)	473	36	38	2	473	0
<i>Third Party Payments</i>						
Recycling Initiatives	210	40	40	0	210	0
Tonne Mileage	500	0	0	0	500	0
Rent payable - property leases	317	66	66	0	317	0
<i>Capital Financing Costs</i>	210	12	12	0	210	0
TOTAL GROSS EXPENDITURE	58,601	4,968	4,893	(75)	58,551	(50)
INCOME						
Commercial Waste Charges	(2,731)	0	0	0	(2,731)	0
Bank Interest Other Receivable	(175)	(15)	(14)	1	(175)	0
Other Income	(486)	(40)	(40)	0	(486)	0
TOTAL INCOME	(3,392)	(55)	(54)	1	(3,392)	0
Contingency Allocated	150	28	28	0	150	0
NET EXPENDITURE ON SERVICES	55,359	4,941	4,867	(74)	55,309	(50)
12/13 underspend	(554)	(554)	(554)	0	(554)	0
PFI Grant Receivable	(3,991)	0	0	0	(3,991)	0
Transfer to PFI Contract Reserve	3,991	0	0	0	3,991	0
Levy Receivable	(47,155)	0	0	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	(3,263)	(3,337)	(74)	(50)	(50)

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