

AUTHORITY MINUTES: MONDAY 20 JUNE 2016 (09.50 AM–10.32 AM)

Present:

Councillor S Bain, Councillor K Clark, Councillor O Dervish, Councillor S Kelly, Councillor L Rice, Councillor J Wade.

1. Appointment of Chair, Vice Chair and ELWA Limited 'A' Director and alternate 'A' Director for the year 2016/17

In the absence of Chair and Vice Chair, Councillor Kelly opened the meeting by requesting nominations, from the membership as set out in the Monitoring Officer's report, for the posts Chair and Vice Chair of the Authority and 'A' Director and Alternate 'A' Director to ELWA Limited (the Contractor).

Members nominated and agreed the appointments of ELWA Chair and Vice Chair and ELWA Limited 'A' Director and Alternate 'A' Director for the year 2016/17 as follows.

Chair:	Councillor Ken Clark	London Borough of Newham
Vice Chair:	Councillor Sheila Bain	London Borough of Redbridge
Elwa Limited 'A' Director:	Councillor Steven Kelly	London Borough of Havering
Elwa Limited Alternate 'A' Director:	Mark Ash	East London Waste Authority

Members noted the change in membership for the municipal year 2016/17 and Officers were authorised to send letters of thanks to the two outgoing Members and a letter of particular thanks was requested be sent to Councillor Corbett for his work over the last two years as Chair of the Authority.

The Members took the opportunity for introductions from around the table.

2. Apologies for Absence

An apology for absence was received on behalf of Councillor J Howard.

3. Declaration of Members' Interests

There were none declared.

4. Minutes of previous meeting (08/02/16)

Members confirmed as true and accurate the minutes of the Authority meeting held on 08 February 2016. The Chair was authorised to sign the same.

5. Nominations under Section 41 of the Local government Act 1985

Members received the Monitoring Officer's report and commentary on the statutory requirement to nominate from the membership one Member from each of the Constituent Councils to answer questions on behalf of the Authority put by other Members of their Constituent Councils in the course of council proceedings pertaining to the discharge of the Authority's functions for the year 2016/17.

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

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

6. Appointment of Finance Director

Members received the Managing Director's report requesting approval for the secondment and appointment of Maria G Christofi from the London Borough of Redbridge (LBR) to the position of Finance Director of the Authority. The terms of the secondment will be set out in a signed agreement between the Authority and LBR and with the consent of the appointee.

The Managing Director explained that this was a statutory appointment requiring the appointment of a named individual and needed the approval of Members. The recommendation was based on legislative requirements, the historic relationship with LBR for financial services and the desire to maintain continuity and effectiveness of the overall financial management arrangements. He added that Mr Green, the previous incumbent, had recently left his post at LBR and therefore ELWA.

Members agreed the secondment and appointment. Members welcomed Maria G Christofi to the post of Finance Director to the Authority.

7. External Audit Plan 2015/16

Members received the External Audit Plan 2015/16, report and Appendix.

Philip Johnstone & Antony Smith, External Auditors, KPMG attended the meeting and presented commentary and detail on the External Audit Plan 2015/16. The audit plan sets out KPMG's work plan for the next couple of months including responsibilities and key risks.

Mr Johnstone drew Member's attention to the Auditors' responsibilities and that the audit approach covered the risks of management override, accounting for the PFI scheme, property, plant and equipment (PPE), fly tipping at the landfill sites and opening balances. He explained that new value for money guidance had been introduced requiring a different programme of work when performing the audit. This had resulted in their application to the Public Sector Audit Appointments for an increase in the scale fee. The Auditors, however, did confirm that the fee would remain the same at £18,270 for the current year.

The Auditors confirmed that they will report back to the Authority on any major issues arising as a result of the continuing audit.

Thanks were extended to the External Auditors and they left the meeting.

Members noted and agreed the report.

8. Internal Audit Progress Report

Members received the Internal Audit Progress report 2015/16, Audit Plan 2016/17, Planned Audit Coverage to March 2021 and appendices, together with the Finance Director's commentary. Members were informed that based on the audit work undertaken during 2015/16, Internal Audit had reached the opinion that the Authority's overall control framework was generally sound and that core financial systems continued to operate effectively and that no fundamental breakdowns in control result in material discrepancy.

The 2015/16 audit had covered corporate governance and contract management with the newly introduced Automatic Number Plate Recognition system replacing the audit of the Constituent Councils' individual monitoring programmes to reduce non-contract waste being accepted at the Reuse & Recycling Centres.

The 2016/17 audit focus will be to review progress on the implementation of revised contract monitoring regime with particular emphasis on the involvement of the Constituent Councils and the effectiveness of contract monitoring as a whole. The audit will also include financial management on contract and non-contract related expenditure as well as follow up on recommended actions.

Timescales set aside for these audits are 2015/16 30 days and 2016 to 2021 33 days.

Members noted and agreed the audit coverage for 2015/16, 2016/17 and the five year strategic plan as set out in the Appendix.

9. Financial Outturn Position & Contract Monitoring Review for the year 2015/16

Members received the joint report of the Managing Director and Finance Director, together with appendix summarising the financial outturn, contract monitoring and budget monitoring for the year 2015/16. Net expenditure of £58.158m, against a budget figure of £57.692m, showed a net over spend of £0.466m. An over spend in contractor payments and shortfalls against the savings efficiency target (£0.192m) and in royalty income (£0.232m) were partly offset by higher commercial waste income levels and efficiencies in non contract expenditure. Royalty income was reduced as a result of the loss of a contract by the Operator. Diversion from landfill payments were up by £253,000.

Tonnages for the year were broadly in line with budget at 441,200 tonnes.

Members and officers discussed at length the increased tonnages received at Jenkins Lane and concluded that this was mostly as a result of the strike, accessibility and physical geography and since residents could use all four Reuse & Recycling Centres. Members also discussed the study made 2/3 years previously and subsequent 2 months' of trend monitoring by LBN Officers. This had shown a 50% usage by LB Barking & Dagenham. An analysis of trends was thought to be useful by Members. The Automatic Number Plate Recognition system at the Reuse & Recycling Centres had become operational in February 2016 and was thought would provide better real time data. The Managing Director reminded Members that every effort should be made by the Constituent Councils to reduce tonnage delivered into the contract in order to keep the Levy down.

Members received commentary on diversion from landfill (78.5%) and the impact of the new diversion agreement entered into to enhance performance by the Operator. Recycling performance fell short of the Annual Budget & Service Delivery Plan (ABSDP) figure of 22.59%, by 3.25%. The Managing Director confirmed that he had written to ELWA Limited in connection with the poor recycling and had rejected the ABSDP.

Members enquired and received assurance regarding the lost commercial waste income and insurance claim following the fire at Frog Island.

Members were advised that a significant part of the efficiency savings had been achieved by the Managing Director enforcing a contract provision and securing additional payments from the Contractor.

The three year financial projections and budget strategy process will take into account of the over spend in 2015/16 and will be submitted to Members at their next meeting in November.

Members noted the report and the net overspend against budget, as a result of budget pressures within the IWMS contract, the shortfall in royalty income and that no significant changes to the provisional figures were expected.

10. Budgetary Control & Contract Monitoring to 30 April 2016

Members received the regular joint report and appendix presented by Finance Director containing details of Revenue Budget and prudential indicators.

To date there had been a net overspend of £0.025m on profiled budget of £4.760m with net expenditure on services at £4.785m. The outturn figure was projected to be £0.632 over budget as a result of non achievement of efficiency savings (target £0.500m) and a future shortfall in royalty income (£0.13m) based on the risk that the Operator is unsuccessful in securing new contracts.

Members were reminded that the £1.5m efficiency savings year on year could not be maintained indefinitely. The shortfall in efficiency savings is dependent on the efforts of the Constituent Councils to reduce waste tonnages delivered to ELWA. Currently, year-end tonnage is projected to be 447,000 tonnes.

Members considered the challenging impact of housing growth and generation of increased tonnage. This will need to be reviewed and housing growth modelled into future plans and the Levy.

Employee and non contractor costs and commercial waste income are all projected to be in line with budget.

11. Date of Next Meeting:

Members noted 12 September 2016 as the date of the next Authority meeting and were advised on the change in usual location. A proposal to alter the location of each meeting within the Constituent Councils was discussed.

12. Any other public items

Members requested a tour of the Frog Island site and instructed officers to make the necessary arrangements. Officers were asked if a site visit could also be arranged for council constituents, in particular those that had shown an interest from Barking & Dagenham. Members were informed that this was possible but numbers would need to be limited for health & safety reasons.

13. Private Business

Members resolved to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

14. Contract Renegotiation & Efficiency Savings

Members received the Managing Director's report and commentary setting out the background to the report and confirming that he had used his delegated powers to conclude the matters of the extension of the diversion agreement with the Operator, Shanks Waste Management, and also in relation to the sale of Hall Farm closed landfill site.

15. ELWA Limited 28 April 2016 Board Agenda

Members noted the contents of the confidential Agenda pack and received a short commentary from the Managing Director and 'A' Director on the latest position. Confirmation that that Frog Island, following commissioning, should be fully operational at the end of the month was provided. The 'A' Director confirmed that all parties were working well together at the moment.

Minutes agreed as a true record.

Chair: Cllr Ken Clark

Date: 12 Sept 2016