NOTICE OF MEETING

Monday, 23 November 2015 – Civic Centre, Dagenham – 9.30am

Members

Councillor Sheila Bain, Councillor Robert Benham, Councillor Ken Clark, Councillor I Corbett (Chair), Councillor Steven Kelly, Councillor Baldesh Nijjar (Vice Chair), Councillor Lynda Rice and Councillor Jeff Wade

Mark Ash
Managing Director 12/11/2015

Tel: 020 8724 5614
E-mail: mark.ash@eastlondonwaste.gov.uk

AGENDA

1. Apologies for absence

2. Declaration of Members Interest

   In accordance with the Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.

3. Minutes – To confirm as correct the minutes of the meeting held on 14 September 2015 (pages 1-4)

Items for information

4. Annual Audit Letter 2014/15 (pages 5-16)

5. Treasury Management Mid Year Strategy Review (pages 17-28)

6. Budgetary Control and Contract Monitoring to 30 September *2015* (pages 29-34)

Items for decision

7. Appointment of Finance Director (pages 35-38)

8. Financial Projection & Budget Strategy 2016/17 to 2018 (pages 39-48)

9. Programme of Meetings (pages 49-52)

10. Any other public items which the Chair decides are urgent.

11. 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).

Confidential items for information

12. Contract Renegotiation & Efficiencies (pages 53- 84)

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

13. ELWA Limited 27/10/15 Board Agenda (pages 85-216)

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

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

AUTHORITY MINUTES: MONDAY 14 SEPTEMEMBER 2015 (09.38 AM–10.40 AM)

Present:

Councillor K Clark, Councillor S Kelly (Chair) and Councillor L Rice, Councillor Jeff Wade. Councillor B Nijjar (in attendance).

14. Appointment of Chair

In the absence of the Chair and a Vice Chair, Members agreed that Councillor S Kelly should Chair the meeting. The meeting was confirmed as quorate.

15. Welcome & Apologies for Absence

An apology for absence was received on behalf of Councillor I Corbett, Councillor R Benham & Councillor S Bain.

16. Declaration of Members' Interests

There were none declared.

17. Minutes of previous meeting (22/06/15)

Members confirmed as true and accurate the minutes of the Authority meeting held on 22 June 2015 and the Chair was authorised to sign the same.

18. Membership and Appointment of Vice Chair for the Year 2015/16

Members have received and noted the Managing Director's report on a change in membership which had affected the position of Vice Chair. The London Borough of Redbridge had recently appointed Councillor Nijjar to replace Councillor Athwal as their representative at the Authority. Members were advised that, by law, Councillor Nijjar could not take up office for one month from formal notification nor would she be able to vote at this meeting. Under the Constitution, she was able to attend as a non member and participate in discussion with the lead of the Chair.

Members discussed the options available and **agreed** that Councillor Nijjar take up the office of Vice Chair with effect from the November meeting.

19. Statement of Accounts and Auditor's Report 2014/15

Members agreed to receive the Interim Finance Director's report on the Statement of Accounts for 2014/15, together with Statement of Accounts (Supplementary 1) and the tabled Auditor's report.

External Auditors, PricewaterhouseCoopers (PwC) attended the meeting and presented commentary and detail on the report to those charged with governance. An apology for the late delivery of the audit report was received.

Members were advised that the majority of the audit work had been completed and that Auditors expected to issue an unqualified opinion on the Statement of Accounts on 30 September 2015. Work had yet to be finalised on the review of detailed disclosures in the post audit version of the Statement of Accounts; approval of the Statement of Accounts and Letters of Representation; completion procedures including subsequent events review and confirmation from the Blackrock Bank investment as at 31 March 2015.

Members noted that a revised process for the collection of declaration forms from exiting Members at time of exit was recommended and will be implemented by management.

Members' attention was drawn to the issues at pages 10 to 15. The audit approach had focused on fraud & management override of procedures, risk of fraud in recognition of income and expenditure, valuation of MRF and landfill sites, fire at Frog Island and related insurance claim, complex supplier arrangements and fly tipping and contingent liability at landfill sites; pension valuation and component accounting.

A value for money conclusion was anticipated. Audit fees were expected to reduce to approximately £20,270.

Members were informed that the Accounts had been adjusted to include a provision of £250,000 for increased costs to cover ELWA's share of the accumulated losses from the joint venture company Aveley Methane Ltd should that company be dissolved.

Members were reminded of their role in approving the financial statements before 30 September 2015 and that once approved, the Annual Governance Statement would be sent for signature by the Chair and Managing Director.

Members considered the draft letter of representation **and approved** the Annual Governance Statement and draft Statement of Accounts.

Members asked for a letter of thanks to be sent to the External Auditors.

Members discussed the late submission of reports and requested that complete report packs be delivered to them prior to one week of the meeting in order for them to receive due consideration. It was confirmed that timings would be improved.

20. Treasury Management Outturn 2014/15

Members received the Interim Finance Director's Treasury Management report and Appendix setting out details of external borrowing, investments, borrowing requirements/capital programme 2014/15 and prudential indicators. Members were advised that the Authority had managed its treasury management arrangements in accordance with the strategy, kept within its prudential indicators and all investment had been carried out in accordance with the approved creditworthiness criteria. Total borrowing at 31 March 2015, amounted to £1,250,000 and consisted of Public Work Loans Board (PWLB) loans on a fixed rate basis.

With regard to the Heritable Bank investment, the Interim Finance Director recollected a recent dividend being agreed. This would be checked and additional information supplied following the meeting should this be the case.

Members noted the report and **requested** a breakdown of the PWLB figure for the purposes of review and possible replacement if rates were high.

21. Budget Control & Contract Monitoring Review to 21 July 2015

Members received the Interim Finance Director's and Contract Manager's joint report and Appendix which compared actual expenditure with the original revenue budget. The report also contained information on the Integrated Waste Management Services Contract performance for the period to 31 July 2015.

Actual net expenditure showed an under spend on services of £217,000 to date and reduced tonnages mitigated reported cost pressures in relation to the Integrated Waste Management Services Contract. A £250,000 net overspend was projected at year end in this respect.

There were two main items to note. The new diversion agreement entered into to incentivise the operator to maximize diversion over 67% and provide ELWA with a guaranteed saving this year of £275,000 irrespective of performance. The Authority was now protected financially from the volatility of gate fees in the Refuse Derived Fuel market. Members received an explanation of diversion rates and the Landfill Tax position and effect on the Contractor and the Authority.

Tonnage levels and recycling performance were lower than expected at 24% as a result of industrial action at London Borough of Barking & Dagenham during May and June, the fire at Frog Island BioMRF and weather conditions affecting green waste collections. Officers believed the next six months should show increased levels as the weather improved. Also to be borne in mind was that two Easter holidays fell into the current year.

Members noted the report.

22. Introduction of Automatic Number Plate Recognition (ANPR) System at Reuse & Recycling Centers (RRCs)

Members received the Waste and Recycling Officer's report, Appendices and commentary from the Managing Director on progress and introduction of ANPR systems at the RRC sites in February

2016. It was anticipated that the presence of cameras and prominent signage would lead to a reduction in fraudulent use of the sites and associated costs.

Members received an explanation of the process and procedures and were advised that the additional benefits of the new protocol would inform traffic management plans, introduce efficiencies for constituent councils, provide mediation evidence in the event of disputes involving site users and site operatives as well as introduce increased efficiencies in the sites management.

Consideration was being given to protect stakeholders by securing a data sharing agreement for the retention of data, storage, method and duration in order to avoid breach of the Data Protection Act. This Agreement was being drawn up with advice from the Legal Department at London Borough of Barking & Dagenham. It was confirmed that the Authority will not have access to the Driver & Vehicle Licensing Agency (DVLA) database.

Members discussed at length the implications for residents, enforcement by the Constituent Councils and the processes included in the ANPR protocol and communications plan.

Members agreed the proposed date for the launch of February 2016 together with the wording of the Stage 1, 2 and 3 letters.

Officers were authorised to proceed with the communications campaign prior to the implementation date at a cost not to exceed the budget of £6,000.

23. Joint Waste Disposal Authority (JWDA) Working Group

Members received the Managing Director's report and commentary on the intense activity in Europe as the European Union legislates towards a circular economy and how it affected the Authority and its Constituent Councils. The Circular Economy would have a direct impact on the Authority or would influence outlets for waste materials. Members were advised that this would not be a high priority for Department for Environment Food & Rural Affairs (DEFRA) given their low priority for waste and Officers wished to join forces with other Joint Waste Disposal Authorities to provide an evidence base on which to influence and shape the development of waste management policy and regulation. ELWA's share of the costs for the study will be met from the revenue budget.

Members noted that officers from the six Joint Waste Disposal Authorities (JWDAs) had established a working group to investigate implications of emerging policy for waste disposal and to provide a practitioners' lobbying position to help shape final proposals of the European Commission for the Circular Economy. **Members requested** that Officers actively seek to broaden the group to increase pressure on DEFRA.

Members agreed that ELWA partners with the other JWDAs (and other professional and private waste bodies) to commission a study of the impact of the EC proposals for the Circular Economy.

24. Dates of Next Meetings

Members noted the dates for future meetings.

Members asked Officers to arrange for an informal workshop to be held in December.

25. 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).

26. ELWA Limited 06/08/15 Board Agenda

Members noted the content of the confidential Agenda pack and briefly discussed reinstatement of some equipment and expenditure under the betterment clause and installation of the ferrous metals separator.

Minutes agreed as a true record.

Chair: ……………………………..

Date: ……………………………..

AUTHORITY REPORT: ANNUAL AUDIT LETTER 2014/15

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are requested to note the Annual Audit Letter.

---

3. Purpose

3.1 The External Auditor's letter, attached at Appendix A, is presented to Members for information. The purpose of the letter is to provide a high level summary of the results of the 2014/15 external audit work undertaken at ELWA.

4. Current Position

4.1 The Code of Audit Practice requires the External Auditors to produce a separate Audit Letter.

4.2 As Members will recall from the September 2015 Authority meeting, the External Auditor issued their ISA 260 report, which noted that ELWA had been issued with an unqualified set of financial statements and value for money conclusion.

4.3 The difference between the ISA260 report and the Annual Audit Letter report is that the latter can contain financial recommendations for improvement. There are no major issues with good financial controls and value for money at ELWA. The Audit letter contains recommendations in respect of the componentisation of assets and Members declaration forms. Officers will put in place arrangements as appropriate to address these as part of the preparation of the 2015/16 Statement of Accounts.

---

5. Relevant officer:

5.1 Mark Green, Acting Finance Director / email: mark.green@redbridge.gov.uk/ Tel: 020 8708 3013

6. Appendices attached:

6.1 Appendix A: External Auditor's Annual Audit Letter

7. Background Papers:

7.1 14/09/2015 Statement of Accounts and Auditor's Report & Draft Minute 19

8. Legal Considerations:

8.1 The legal requirements and considerations are contained in the body of the report and Appendix A

9. Financial Considerations:

9.1 The Annual Audit Letter confirms the efficiency and effectiveness of the Authority's financial arrangements.

9.2 The cost of the audit for ELWA was £1,000 less than the fee proposed.

10. Performance Management Considerations:

10.1 As detailed in the Report

11. Risk Management Considerations:

11.1 None

12. Equalities considerations:

12.1 There are no specific equality implications arising from this report.

13. Follow-up Reports:

13.1 None

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

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

15. Glossary:

ELWA – East London Waste Authority
ISA 260 = International Standards on Auditing

16. Approved by Management Board

16.1 09 November 2015

17. Confidentiality:

17.1 Not applicable

East London Waste Authority

Annual Audit Letter

2014/15

Government and
Public Sector

October 2015

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 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. 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 and management letters 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.

Contents

An audit is not designed to identify all matters that may be relevant to those charged with governance. Our audit does not ordinarily identify all such matters.

Introduction

The purpose of this letter

This letter summarises the results of our 2014/15 audit work for members of the Authority.

We have already reported the detailed findings from our audit work to the Authority in the following reports:

- East London Waste Authority 2014/15 Audit Plan;
- Audit opinion for the 2014/15 financial statements, incorporating conclusion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- Report to those charged with Governance (ISA (UK&I) 260).

The matters reported here are the most significant for the Authority.

Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our 2014/15 audit work has been undertaken in accordance with the Audit Plan that we issued in June 2015 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met our responsibilities as follows:

Audit Responsibility	Results
Perform an audit of the accounts in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).	We reported our findings to those charged with governance on 15 September 2015 in our 2014/15 Report to those charged with governance (ISA (UK&I) 260). On 30 September 2015 we issued an unqualified audit opinion.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We submitted the assurance statement to the National Audit Office on 30 September 2015. There were no issues to report.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September 2015 we issued an unqualified value for money conclusion.
Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	There were no issues to report in this regard.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	There were no issues to report in this regard.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	There were no issues to report in this regard.

Audit Responsibility	Results
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	We issued our completion certificate on 30 September 2015.

We identified a small number of key issues with the Authority this year, relating to the significant judgments and accounting estimates.

Audit Findings

Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 30 September 2015.

We noted significant issues arising from our audit within our Report to Those Charged with Governance (ISA (UK&I) 260). This report was presented to the Authority on 15 September 2015. We wish to draw the following points, included in that report, to your attention in this letter.

We identified the following key issues:

- Re-valuation of Property, Plant and Equipment;
- Component accounting;
- Fly-tipping contingent liability; and
- Fire at Frog Island and related insurance claim.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2014/15, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on:

- reviewing the annual governance statement (AGS);
- reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there is any impact on the auditor's responsibilities at the audited body; and
- other local risk-based work as appropriate, or any work mandated by the Commission.

To reach our conclusion, we carried out a programme of work that was based on our risk assessment. We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the National Audit Office. The audited pack was submitted on 30 September 2015.

Other matters reported to those charged with governance

These are the matters we consider to be **most significant** for the Authority and have been raised with those charged with governance. Other, less significant recommendations have been brought to the attention of the Director of Finance.

Recommendation	Management Response	Target Implementation Date
Exiting members declaration forms PwC observed that the Authority has had difficulties obtaining declaration forms from Members that exited their roles earlier in the accounting period. This was amplified in the current period by a high level of turnover in members. PwC recommend management obtain declaration forms as part of the leaving process of members rather than waiting until the year end process.	Management agree with the observation and plan to alter its approach for exiting members in the future.	March 2016
Component Accounting Under the Code of accounting practice, for capital enhancement expenditure incurred since 1 April 2010, the Authority is required to apply component accounting. In applying component accounting, the Authority would need to evaluate the useful life that would be derived from the enhancements. Where the useful life differed significantly for different types of enhancement expenditure (for example roofing and windows), separate assets would need to be recognised and depreciated over their respective lives. In 2011/12, 2012/13, 2013/14 and 2014/15 the Authority has capitalised enhancement expenditure under the PFI agreement, known as 'lifecycle costs', but not treated them as separate components on the basis that the treatment does not result in materially different accounting. This will need to be kept under review as the requirement to component account for all of ELWA's assets will apply now that the revaluation of the MRFs took place in the summer of 2015.	Management agree with the observation and plan to component account in 2015/16.	March 2016

Our actual fees are 1k less than our proposal.

Final Fees

Final Fees for 2014/15

We reported our fee proposals in our audit plan.

Our actual fees are 1k (in relation to work in respect to Frog Island) less than our proposal.

Our fees charged were therefore:

	2014/15 outturn	2014/15 fee proposal	2013/14 final outturn
Audit work performed under the Code of Audit Practice	£18,270	£18,270	£18,270
Work in respect of Frog Island Fire	£2,000	£3,000	Nil
Non Audit Work	Nil	Nil	Nil
TOTAL	**20,270**	**21,270**	**18,270**

130610-142627-JA-UK

This page is intentionally left blank

AUTHORITY REPORT: TREASURY MANAGEMENT MID YEAR STRATEGY REVIEW 2015/16

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to note the report.

---

3. Introduction

3.1 The Treasury Management Strategy including borrowing and investment strategies is approved by Members on an annual basis. The current Strategy was agreed in February 2015 and this report details the progress against the strategy in the first six months of this financial year.

3.2 Under ELWA's Constitution, the Finance Director is responsible for all the Authority's banking, borrowing and investment activities. The Treasury Management function is carried out by the London Borough of Redbridge on behalf of ELWA.

3.3 The Authority's activities are regulated by statutory requirements, ELWA's Constitution, and a professional code of practice, the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. The Authority has adopted this code as part of its financial standing orders.

3.4 The Code recommends that Authorities produce a mid-year report detailing Treasury Management operational activity for the first half of the year which would include Treasury Management indicators, and variations from agreed policies.

3.5 The approved Treasury Management Strategy must be reviewed and revised if appropriate to reflect relevant changes. One change described in this report is the change in methodology now adopted by the main credit rating agencies in their assessment of financial institutions as a result of regulatory changes aimed primarily at strengthening overall financial systems. The Authority's current creditworthiness criteria, which form part of the Investment Strategy, has been reviewed and revised to reflect this change.

3.6 This report asks Members to approve the above revised changes. It also provides Members with a summary review of activity in the first half of 2015/16 and covers all borrowing and investment activities undertaken during this period.

4. Investments Strategy

4.1 The Authority is required to produce an Annual Investment Strategy that sets out the Authority's policies in managing its investments. This was approved by Members as part of the Treasury Management Strategy at the Authority meeting in February 2015.

4.2 The main objective of the Investment Strategy is to ensure the security of the investments the Authority makes and also to maintain the liquidity of its investments in order to meet known liabilities. To meet this requirement the Authority has approved creditworthiness criteria which must be strictly adhered to when making investment decisions.

4.3 As part of this mid–year report, the Investment Strategy has been reviewed to assess its continued appropriateness and the current creditworthiness criteria have subsequently been revised.

Background

4.4 In accordance with guidance from the Department for Communities and Local Government and CIPFA, and in order to minimise the risk to investments, the Authority applies minimum acceptable credit quality of financial institutions for inclusion on the lending list. The Authority primarily makes use of credit ratings, both country (sovereign) ratings, and institution ratings provided by the three main ratings agencies, Fitch Rating Ltd, Moody's and Standard & Poors.

4.5 Since 2007 the Authority has adopted the Lowest Common Denominator (LCD) process. This assessment process reviews all ratings, with the lowest rating determining whether it meets criteria or not. The concept was introduced in response to two aspects. The first was a change in Moody's methodology which, in some instances, led to material uplifts in ratings without any actual change in the underlying entity. The rating agency subsequently reversed many of the initial changes to its methodology. The second, and more lasting issue, was the onset of the credit crisis. This created a heightened credit risk environment, where ratings were changing on a frequent basis, thus using the weakest ratings' assessment to determine credit quality was considered appropriate at that time.

4.6 Although headwinds remain, we are now in a much more benign risk environment than compared to the bulk of the financial crisis. Rating downgrades, due to weakening entity fundamentals are infrequent. Meanwhile economic recovery, although not universal, is much more entrenched than at any time through this financial crisis. In addition, at the entity level, institutions have made material improvements to their balance sheets. These have included a reduction in size, improvements in underlying quality, via both divestments as well as in relation to the stronger economic environment. Furthermore, financial institutions are now required to hold much greater quantum and quality of capital as a result of regulatory changes aimed primarily at strengthening overall financial systems.

Proposed Revision

4.7 Taking account of this background and the recent removal of implied sovereign support, it is recommended that the previously imposed LCD in the Investment Strategy now be removed. Analysis of potential worse case scenarios of major UK and overseas entities would suggest that once all effect of implied sovereign support have been removed, the bulk will still maintain at least one set of ratings of at least F1 / "A" or equivalent as required by the Council's approved creditworthiness criteria as shown in Appendix A.

4.8 In addition, other information sources will continue to be used, such as the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of financial institutions to place investments with. Investment processes are constantly monitored and are regularly reviewed by senior finance staff and the Acting Finance Director.

4.9 Amendment to the Authority's approved creditworthiness criteria is a matter for consideration by the Authority. It is recommended that the revised credit rating assessment be incorporated into the creditworthiness criteria as shown at Appendix A.

5. Current Portfolio Position

Investments

5.1 The Authority will continue with its prudent approach to investments, prioritising security of the Authority's money over yield but seeking to maximise return as markets improve.

5.2 As the Authority by commercial standards has modest funds to lend out (£6m to £12m on average), gross returns will be limited.

5.3 The Authority maintains liquidity through the use of overnight deposits with high credit quality Money Market Funds. In order to maintain flexibility in an environment where investment opportunities are limited, the lending list is reviewed regularly. As at the 30 September 2015, the Bank of England base rate is 0.5% and this is reflected in very low overnight and short-term interest rates.

5.4 The summary position for the Authority in terms of investments at 30th September 2015 is as follows:

Type of Investment	30.09.15 £000's	31.03.15 £000's
Short Term	12,200	11,500
Deposit Account	169	105
Total	12,369	11,605

5.5 In 2008, Heritable Bank went into administration owing ELWA £1 million principal and £54,739 interest. The total repayment received as at 31 March 2014 was £991,637.

5.6 The Administration process continued with the final stages throughout the financial year 2014/15 with no further monitory developments. However, in August 2015 the Administrators, Ernest & Young LLP announced a further dividend of £42,007 bringing the total received to £1,033,644, equal to 98 pence in the pound.

5.7 The administrators have applied to the Court of Session (Scotland) to further extend the administration period for another year. They have retained a reserve to provide for their costs and expenses until closure of the administration and do not intend to make any final distribution to creditors until all matters are concluded. However it can be assumed that this will not be of material value.

External Borrowing

5.8 The summary position for the Authority in terms of external borrowing at 30th September 2015 is as follows:

	30.09.15 £000's	Average Rate	31.03.15 £000's	Average Rate
Public Works Loans Board	1,250	10.0%	1,250	10.0%

5.9 These loans were taken out many years ago when interest rates were much higher than they are today. Early repayment/rescheduling has been considered but would incur a large premium.

5.10 A detailed analysis is provided in Appendix B.

6. Borrowing Requirements/Capital Programme first half of 2015/16

6.1 In February 2015 the Authority was advised that the estimated total borrowing at 31 March 2015 was £1,250,000 consisting of Public Work Loans Board (PWLB) loans on a fixed rate basis and that the financing of future capital expenditure would be via the temporary use of cash balances or to raise loans via the PWLB and capital markets. The Authority was also advised that ELWA might in certain circumstances need to make arrangements to finance capital expenditure in 2015/16 as a result of the ongoing review of landfill sites. Therefore taking account of borrowing at 31 March 2015 and on grounds of prudence it was recommended that an additional borrowing requirement of £400,000 was set for 2015/16 to be used if needed.

6.2 No capital expenditure has been necessary during 2015/16 to date.

7. Prudential Indicators

7.1 The Authority is obliged by regulation to give due regard to the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities, and set Prudential Indicators for Treasury Management prior to the start of the financial year. Prudential Indicators cover borrowing, lending and capital expenditure levels and these are monitored on a monthly basis by the Acting Finance Director.

7.2 In the Acting Finance Director's report of 09 February 2015, Prudential Indicators for 2015/16 were agreed by the Authority. These are presented at Appendix C to the report.

8. Conclusion

8.1 The Authority's Treasury Management Strategy continues to provide a sound basis for undertaking treasury activities. Borrowing requirements will be monitored closely and financing arranged in accordance with the borrowing strategy. Investments will be managed having regard to the Council's investment strategy and creditworthiness criteria. Opportunities to lengthen the period of investments with high quality counterparties will be considered to lock in additional value. The Authority's treasury activities remain within the limits of all Treasury Prudential Indicators as set by the Authority.

---

9. Relevant officer:

9.1 Mark Green, Acting Finance Director / email: mark.green@redbridge.gov.uk/ Tel: 020 8708 3013

10. Appendices attached:

10.1 Appendix A – Creditworthiness.

10.2 Appendix B – External Borrowing.

10.3 Appendix C – Prudential Performance Indicators – 2015/16 half yearly position.

11. Background Papers:

11.1 09/02/15 Treasury Management Strategy 2015/16 and Prudential Code Indicators 2015/16 to 2017/18.

12. Legal Considerations:

12.1 The legal and constitutional requirements in relation to the Authority's Treasury Management Strategy are set out in the body of this report and as this is an information report the Legal Advisor has no further legal comment to add.

13. Financial Considerations:

13.1 As outlined in this report.

14. Performance Management Considerations:

14.1 Treasury management operational activity is monitored and reported to Members half yearly.

15. Risk Management Considerations:

15.1 Main objective of the investment strategy is the security of investments.

16. Equalities considerations:

16.1 There are no specific equality implications arising from this report

17. Previous Reports:

17.1 09/02/15 Treasury Management Strategy 2015/16 and Prudential Code Indicators 2015/16 to 2017/18.

17.2 14/09/15 Statement of Accounts 2014/15.

18. Follow-up Reports:

18.1 08/01/16 Treasury Management Strategy 2016/17.

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

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

20. Glossary:

CIPFA = Chartered Institute of Public Finance and Accountancy
ELWA/the Authority= East London Waste Authority
PWLB = Public Work Loans Board

21. Approved by Management Board:

21.1 09 November 2015

22. Confidentiality:

22.1 Not applicable

CREDITWORTHINESS

(Extract from Treasury Management Practices)

The Authority is required to invest prudently and demonstrate that priority is given to security and liquidity before yield. Creditworthiness covers:-

a) Credit quality for selecting counterparties.

b) Credit ratings for institutions and country.

1. Credit Quality

1.1 The criteria for providing a pool of high quality investment counterparties for both Specified and Non Specified investments is as follows:

Banks with a Good Credit Quality

a) UK banks

b) Non UK banks domiciled in a country, which has a minimum Sovereign long term rating of AA-.

c) Meet the requirements of the short term and or long-term credit matrixes set out in 2 below.

UK Part Nationalised Banks

Royal Bank of Scotland Group continues to be part nationalised, or meet the requirements of the credit matrices.

The Authority's banker

National Westminster Bank (NWB), for transactional purposes. NWB is a subsidiary of the Royal Bank of Scotland. For investment purposes investments can be made with NWB and the Royal Bank of Scotland (RBS). RBS is a part nationalised bank. If this were to cease and the ratings of RBS did not meet the creditworthiness criteria then cash balances would be minimised in both monetary size and time.

Bank Subsidiary and Treasury Operations

The Authority will use these where the parent bank has the necessary ratings outlined above.

Building Societies

The Authority will use Building Societies that:

a) Meet the requirements of the short term and or long term credit matrices set out in 2 below; or

b) Have assets in excess of three billion pounds.

AAA rated Money Market Funds

UK Government

(including the Debt Management Account Deposit Facility)

Enhanced Cash Funds

(CashPlus Fund)

Local Authorities

(including Police and Fire and Water Authorities)

Non UK Government

Supranational Institutions

Corporate Bonds.

2. Credit Criteria

2.1 The Authority adopts a range of credit rating criteria. Creditworthiness is based on the credit ratings of all three credit rating agencies supplied by Fitch, Moody's, and Standard & Poor.

Short Term Credit Matrix

For short term lending (less than one year) the following minimum credit criteria for Banks and Rated Building Societies will apply:

	Fitch	Fitch	Moody's	Moody's	S&P's	S&P's
	Highest	Lowest	Highest	Lowest	Highest	Lowest
Long term credit	AAA	A-	Aaa	A3	AAA	A-
Short term credit	F1+	F1	P-1	P-1	A-1	A-1

Long Term Credit Matrix

For Long Term lending (more than one year), the following minimum credit criteria will apply:

	Fitch	Fitch	Moody's	Moody's	S&P's	S&P's
	Highest	Lowest	Highest	Lowest	Highest	Lowest
Long term credit	AAA	A	Aaa	A2	AAA	A-
Short term credit	F1+	F1	P-1	P-1	A-1	A-1

Long Term – relates to long term credit quality

Short Term – relates to short term credit quality

Monitoring of Investment Counterparties

The credit rating of counterparties is monitored regularly. The Authority receives credit rating information (changes, rating watches and outlooks) from Capita as and when ratings change and counterparties are checked promptly. Any counterparty failing to meet the criteria is removed from the list immediately.

Use of additional information other than credit ratings

The Code of Practice requires the Council to supplement credit rating information. The above criteria relates primarily to the application of credit ratings, however additional operational market information such as negative ratings watches / outlooks and financial press information must be considered before any specific investment decisions can be made. In addition, movement in credit default swap prices can provide an indication of credit risk, as can the rate of interest being offered if it is out of line with the market.

Country Sovereignty Considerations

Due care will be taken to consider the country, group and Capita exposure of the Authority's investments, no more than 35% of the total investment portfolio will be placed with non UK countries at any one time.

For countries other than the UK, sovereignty ratings must fall within the ratings matrix below, before the country can be considered for inclusion on the lending list and then each individual institution domiciled to that country must meet the high credit quality criteria as detailed, and the credit matrixes.

	Fitch	Fitch	Moody's	Moody's	S&P's	S&P's
	Highest	**Lowest**	**Highest**	**Lowest**	**Highest**	**Lowest**
Sovereign ratings	AAA	AA-	Aaa	Aa3	AAA	AA-

A Fitch rating of 'AAA' denotes the highest credit rating quality with the lowest expectation of default risk. The lowest rating 'C' denotes that default is imminent and a rating of 'D' denotes that the issuer is currently in default.

Time and Monetary Limits applying to Investments

Credit Rated Institutions							
Minimum Credit Rating Short Term			**Minimum Credit Rating Long Term**			**Limit £'m**	**Time Limit**
Fitch	**S & P**	**Moody's**	**Fitch**	**S & P**	**Moody's**		
F1	A-1	P-1	A+	A+	A1	3	1 Year
F1	A-1	P-1	AA-	AA-	Aa3	1	2 Years
Other Institutions							
Money Market Funds			AAAmf			3	1 Year
Unrated Building Societies			Assets greater £3bn			3	6 Months
Enhanced Cash Funds			AAA/V1			3	2 Years
Other							
UK Government – DMADF						30	2 Years
UK Government - Bonds						30	2 Years
UK Government – Part Nationalised Banks			Per group			5	2 Year
Local Authorities						5	2 Years

Sovereign Ratings				
Non-UK Government - Bonds		AA-	3	1 Year
Supranational Bonds		AA-	3	1 Year

This page is intentionally left blank

EXTERNAL BORROWING

1. PWLB LOAN

Period	Maturity Date	Amount £	Interest Rate
Long Term Borrowing			
5-10 Years			
	28/03/2021	230,000	8.5%
	28/03/2021	220,000	8.6%
		450,000	
More than 10 Years			
	28/11/2027	120,000	10.5%
	28/11/2028	240,000	10.5%
	28/10/2029	70,000	10.5%
	28/10/2030	120,000	10.5%
	28/01/2032	20,000	10.5%
	28/01/2032	230,000	10.5%
		800,000	
Total		**1,250,000**	

This page is intentionally left blank

Treasury Management Prudential Indicators – 2015/16 Half Yearly Position

Authorised Limit for External Debt	**Limit 2015/16 £'000**	**Actual 2015/16 £'000**
Borrowing	14,000	1,250
Other Long Term Liabilities	88,000	85,073
TOTAL	**102,000**	**86,323**

Operational Boundary for External Debt	**Limit 2015/16 £'000**	**Actual 2015/16 £'000**
Borrowing	12,000	1,250
Other Long Term Liabilities	88,000	85,073
TOTAL	**100,000**	**86,323**

Adopt the CIPFA Code of Treasury Management
ELWA has adopted the CIPFA code of Practice in Treasury Management in the Public Services as part of its Financial Standing Orders.

Upper Limits on Interest Rate Exposure (based on net principal outstanding)	**Limit 2015/16 £m**	**Actual 2015/16 £m**
Fixed Rate	7.7	1.3
Variable Rate	(22.0)	(13.3)

Projected borrowing at fixed rates maturing in each period as percentage of total projected borrowing at fixed rates (includes outstanding interest)			
	2015/16 Upper Limit	**2015/16 Lower Limit**	**2015/16 Actual**
Under 12 months (o/s interest)	35%	0%	2%
12 months and within 24 months	45%	0%	0%
24 months and within 5 years	60%	0%	0%
5 years and within 10 years	80%	0%	35%
10 and within 20 years	100%	0%	63%
20 years and within 35 years	100%	0%	0%
35 years to 50 years	100%	0%	0%

Upper Limit for Total Principal sums invested for more than 364 days	**Limit 2015/16 £m**	**Actual 2015/16 £m**
Total	1.0	0.0

This page is intentionally left blank

AUTHORITY REPORT: BUDGETARY CONTROL AND CONTRACT MONITORING TO 30 SEPTEMBER 2015

1. Confidential Report

1.1 No

2. Recommendation:

2.1 To note this report.

---

3. Purpose

3.1 This report compares ELWA's actual expenditure for the period ended 30 September 2015 with the original revenue budget approved in February 2015. It is based on information supplied by Shanks East London (the Operator), ELWA technical officers and the four Constituent Councils.

3.2 Budgetary control reports are presented for monitoring and control purposes.

3.3 It also provides the Integrated Waste Management Services (IWMS) Contract performance for the period ended 30 September 2015 to support the financial information.

4. Background

Revenue Budget

4.1 Based on the profiled budget of £28,980,000 and the actual net expenditure on services of £29,101,000 the position is a net overspend to date. (see Appendix A).

4.2 Overall the outturn is currently projected to be over budget at year end due to a projected over spend on the IWMS contract and under recovery of royalty income partially offset by a small over recovery in interest receivable. Other areas of the income and expenditure are projected at year end to be in line with budget.

4.3 The principal activity driver on ELWA's budget is the level of waste tonnage delivered from the Constituent Councils. Based on these council returns and ELWA technical officer advice the 2015/16 budget and levy setting process budgeted for 443,000 tonnes in 2015/16. The current end of year projection assumes a tonnage of 437,000 tonnes. The budget however remains susceptible to fluctuation, with a current £79,000 projected overspend at year end for the IWMS contract, and needs to be closely monitored throughout the rest of the financial year.

4.4 There has been a minor presentational change to contract related budgets whereby savings such as optibags which had previously been recognised as income have now been included within the contractor budget reflecting that these items are a part of the contract.

4.5 Employee and non contractor costs are broadly in line with budget to date. Both these areas are projected to be in line with budget at year end.

4.6 The commercial waste projection is on target. Budgets and end of year projections have taken account the withdrawal of Havering from the commercial waste arrangements although they are continuing with the collection of chargeable municipal waste.

4.7 Within other income, royalty income is projected to be under recovered by £160,000. This is due to a reduction in non contract waste received into Jenkins Lane with effect from September 2015. This reduction will likely continue into 2016/17 although the operator is currently seeking to replace this tonnage with other commercial waste.

4.8 As reported previously the fire at the Frog Island Mechanical Biological Treatment (MBT) facility had continued to affect royalty costs during the earlier months of 2015. The reduction in royalty income is as a result of the Operator's non contract waste being sent elsewhere. Any losses that can be directly attributable to the fire at Frog Island will be included within the insurance claim for the business loss and have therefore for the purposes of this report been included within the projected outturn.

4.9 Members are reminded that underpinning the 2015/16 budget and levy is an efficiency savings target of £1,500,000. To this date £1,308,000 of the targeted savings have been achieved and efforts will continue to meet the 2015/16 savings target by the end of the financial year. Part of this year's saving is due to the Managing Director successfully agreeing additional payments by the Contractor to the Authority of £440,000 and £430,000 by enforcement of a contract provision. Possible additional payments in future years may be made in this respect but this is not guaranteed.

4.10 The pressure on the levy and the reserves over the next few years has been reported to Members previously. Given this, it is important that robust monitoring of the financial position throughout the year remains in place with particular focus on the efficiency savings target and the minimisation of tonnage levels. Given the single purpose nature of ELWA it is difficult for remedial action to be taken on areas of over spend or to recover insufficient income collection.

<u>Prudential indicators</u>

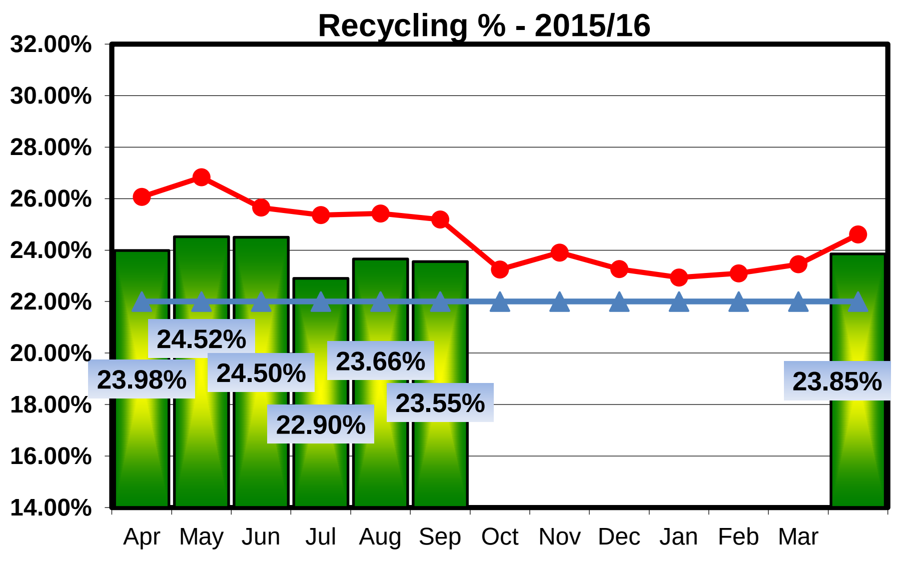
4.11 The Authority sets Prudential Indicators covering borrowing, lending and capital expenditure limits. These are monitored by the Acting Finance Director on a monthly basis and the Authority remains within the limits set by the Prudential Indicators.

5. Contract Performance Data to Support Financial Position

5.1 Contract tonnages for the first 6 months of the year show a slight decline over the same period last year and the budgeted figure (1%). The main changes appear to be a reduction in commercial waste but as this was anticipated at budget setting the actual reduction due to the constituent councils not delivering in the increases in household waste anticipated.

	To Sept 15
Budget Profile Tonnes	235,825
Actual Tonnage	231,251

5.2 Recycling performance is slightly down on the same period last year, again some of this is attributable to LBBD not collecting any recyclable material for most of May and June. The main variance is as a result of the fire as no recycling was delivered out of the Frog Island BioMRF resulting in 24% recycling against a figure of 25.9% for the same period last year.



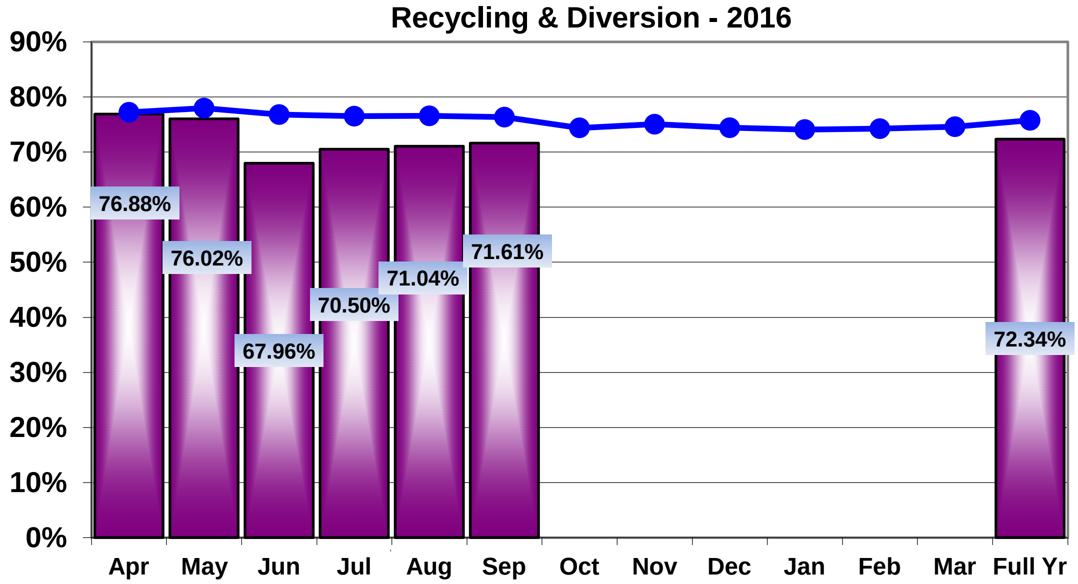
5.3 The National Indicator (NI) Recycling figure is slightly higher than this due to the way it is calculated. The indicative constituent council figures are shown below but are subject to Waste Data Flow and DEFRA verification. The loss of recyclate out of Frog Island reduced the NI Performance of both LBH and LBBD and LBBD also suffered as a result of the strike action.

Borough Recycling (NI192)	To Sept 14	To Sept 15
LBBD	26.2%	21.0%
LBH	35.3%	32.6%
LBN	16.3%	15.8%
LBR	31.0%	30.8%

5.4 Comparative diversion performance is difficult to draw comparisons, partly due to the excellent start to the last financial year and then the loss of diversion as a result of the fire. The Authority is however protected financially from this volatility because of the recently agreed diversion agreement.

Overall Diversion & Recycling from Landfill To July 15	
14-15 diversion	72.7%
15-16 diversion	72.3%

5.5 The chart below shows the comparison (by month) of the diversion element.



6. Conclusion

6.1 The position will continue to be closely monitored on a monthly basis throughout the financial year. The ability to remain within budget will depend to a great extent on tonnage trends, income collection and the achievement of efficiency savings.

7. Relevant officer:

7.1 Mark Green, Acting Finance Director / email: mark.green@redbridge.gov.uk / Tel: 020 8708 3013 and Dave Hawes, Contract Manager / e-mail: dave.hawes@eastlondonwaste.gov.uk / 020 8724 5054

8. Appendices attached:

8.1 Appendix A: Budget Monitoring Statement to 30 September 2015

9. Background papers:

9.1 09/02/15 Revenue & Capital Estimates & Levy 2015/16 Report & Minute No.55/2014

10. Legal considerations:

10.1 None.

11. Financial considerations:

11.1 As outlined in the report.

12. Performance management considerations:

12.1 The financial position and projections should reflect service performance trends.

13. Risk management considerations:

13.1 The projected position depends on the performance of the contractor, tonnage levels and the success in achieving budgeted diversion levels. There may be a residual impact of the August 2014 fire at Frog Island

14. Equalities considerations:

14.1 The equalities impact assessment for this decision identified that there are no specific equality implications arising from this report

15. Follow-up reports:

15.1 Budgetary Control Report, next meeting

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

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

17. Glossary:

Constituent Councils = LBBD, LBH, LBN, LBR (see below)
DEFRA = Department for Environment, Food and Rural Affairs
ELWA = East London Waste Authority
LBBD = London Borough of Barking & Dagenham
LBH = London Borough of Havering
LBN = London Borough of Newham
LBR = London Borough of Redbridge
NI = National Indicator

18. Approved by management board

18.1 09 November 2015

19. Confidentiality:

19.1 Not Applicable.

BUDGET MONITORING STATEMENT TO 30 SEPTEMBER 2015

EXPENDITURE	Original Budget 2015/16 £'000	Profiled Budget to 30.09.15 £'000	Total Actual to 30.09.15 £'000	Variance to 30.09.15 £'000	Projected Outturn to 30.09.15 £'000	Outturn Variance £'000
Employee and Support Services	375	187	173	(14)	375	0
Premises Related Expenditure	149	91	91	0	149	0
Transport Related Expenditure	5	2	2	0	5	0
Supplies and Services						
Payments to Shanks.East London	58,197	29,865	29,912	47	58,276	79
Other (inc. cost of Support Costs)	440	220	199	(21)	440	0
Third Party Payments						
Recycling Initiatives	1,848	939	939	0	1,848	0
Tonne Mileage	500	250	250	0	500	0
Rent payable - property leases	337	168	168	0	337	0
Capital Financing Costs	184	62	62	0	184	0
TOTAL GROSS EXPENDITURE	**62,035**	**31,784**	**31,796**	**12**	**62,114**	**79**
INCOME						
Commercial Waste Charges	(2,417)	(1,208)	(1,225)	(17)	(2,417)	0
Interest receivable	(54)	(27)	(42)	(15)	(60)	(6)
Other income	(522)	(261)	(120)	141	(362)	160
Efficiency savings	(1,500)	(1,308)	(1,308)	0	(1,500)	0
TOTAL INCOME	**(4,493)**	**(2,804)**	**(2,695)**	**109**	**(4,339)**	**154**
Contingency Allocated	150	0	0	0	150	0
NET EXPENDITURE ON SERVICES	**57,692**	**28,980**	**29,101**	**121**	**57,925**	**233**
PFI Grant Receivable	(3,991)	(1,996)	(1,996)	0	(3,991)	0
Levy Receivable	(53,401)	(26,701)	(26,701)	0	(53,401)	0
Net Contribution from reserves	(300)	(150)	(150)	0	(300)	0
NET	**0**	**133**	**254**	**121**	**233**	**233**

This page is intentionally left blank

AUTHORITY REPORT: APPOINTMENT OF FINANCE DIRECTOR

1. Confidential Report

1.1 No.

2. Recommendation:

2.1 Members are asked to:-

a) Approve the appointment of Mark Green to the position of Finance Director for the Authority.

---

3. Purpose

3.1 This report sets out the current finance management arrangements of the Authority and seeks a decision from the Authority to appoint Mark Green as the Finance Director to the Authority from London Borough of Redbridge (LBR). This report is brought to the Authority as a result of the interim officer leaving his substantive post at LBR.

4. Background

4.1 The Statutory Officer functions of the authority are assigned in part to the Appointed Officers: the Managing Director is the statutory Head of Paid Service; the Finance Director is the statutory Chief Finance Officer. The legal adviser to the Authority has always been a legal officer from Barking and Dagenham who is appointed the statutory Monitoring Officer.

4.2 The appointment of Statutory Officers is reserved to the Authority by law and or statutory guidance and cannot be delegated.

4.3 The responsibility of these functions is laid out in the scheme of delegation in Part C of the Constitution. Specifically Section C of Part C in the Constitution relates to the Finance Director.

4.4 The role of Finance Director has been held by the Finance Director of LBR since ELWA began.

4.5 LBR also provide other support services to the Authority covered by Service Level Agreements for the functions of budgetary control, treasury management and internal audit functions.

4.6 On 24 November 2014 Members received a report concerning the retirement in January 2015 of its Finance Director. At that meeting, Members agreed to maintain continuity and effectiveness of the overall financial management arrangements and continue to appoint to the post from the London Borough of Redbridge, with Interim arrangements put in place to cover the Section 151 officer role until the post was filled. To date this arrangement has been implemented.

5. Proposal

5.1 By section 73 of the Local Government Act 1985, ELWA is required to appoint a chief finance officer (CFO). This says: "Each new authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs". Under the Waste Regulation and Disposal (Authorities) Order 1985, ELWA counts as a "new authority" for the purposes of the Act.

5.2 As set out above, the legislation requires that the CFO be an "officer" of ELWA. Traditionally, the role of CFO has been performed by the CFO of Redbridge as ELWA does not have such officer within its staff structure and by law cannot arrange for an external contractor to undertake that role, save in exceptional circumstances. However, Section 113 of the Local Government Act 1972 provides power for a local authority to make the services of its officers available to another local authority by secondment. This applies to ELWA. As such, it is open to Redbridge to second one of its officers who satisfies the statutory criteria (the officer must be a member of one of the accountancy bodies specified in the Act) to ELWA, and this has been the practice since ELWA's inception. As with any staff seconded to another organisation, the seconded officer remains an employee of Redbridge but is also able, as an officer of ELWA under the secondment, to take binding decisions on behalf of ELWA.

5.3 The chief finance officer has statutory duties which apply to him personally (for example to produce reports). As such the appointment must be made of a named individual and not the role. So ELWA will only be able to appoint Mark Green by name and not "the CFO of L B Redbridge". Section 114(6) of the Local Government Finance Act 1988 makes provision for the chief finance officer's duties to be performed by a member of staff nominated by the chief finance officer when the chief finance officer is unable to act because of absence or illness.

5.4 The terms of the secondment will be set out in an agreement between ELWA and Redbridge with the consent of the appointee.

6. Conclusion

6.1 It is considered that in order to maintain continuity and effectiveness of the overall financial management arrangements that the appointment of Mark Green as Finance Director to the Authority is agreed.

---

7. Relevant officer:

Mark Ash, Managing Director / email. mark.ash@eastlondonwaste.gov.uk / Landline: 020 8724 5614 / Mobile: 07972003874.

8. Appendices attached:

8.1 None.

9. Background Papers:

9.1 24/11/14 Finance Director Report and Minute 41/2014

9.2 ELWA Constitution

10. Legal Considerations:

10.1 The proposals set out in this report are consistent with the Authority's Constitution.

11. Financial considerations:

11.1 The Finance Director is the statutory Chief Finance officer for ELWA. The cost of the ELWA Finance Director and the supporting functions of financial support, Treasury Management and Internal Audit is set by a service level agreement and met from the corresponding budget.

12. Performance management considerations:

12.1 There are no performance management issues related to this report.

13. Risk management considerations:

13.1 The decision to appoint the Finance Director post from LBR maintains continuity and thereby minimises risk to the Authority.

14. Equalities considerations:

14.1 None.

15. Follow-up reports:

15.1 None.

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

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

17. Glossary:

CFO = Chief Finance Officer
ELWA/Authority = East London Waste Authority
LBR = London Borough of Redbridge

18. Approved by Management Board

18.1 9 November 2015.

19. Confidentiality

19.1 Not applicable

This page is intentionally left blank

AUTHORITY REPORT: FINANCIAL PROJECTION AND BUDGET STRATEGY 2016/17 TO 2018/19

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to agree the Financial Projection and Budget Strategy for the years 2016/17 to 2018/19.

---

3. Purpose

3.1 In accordance with good practice and in order to comply with Financial Standing Orders, this report presents the Authority's Financial Projection and Budget Strategy for the three years from 2016/17 to 2018/19 with particular focus on the 2016/17 financial year.

4. Executive Summary

4.1 For a number of years ELWA has faced significant cost pressures which would have resulted in unpalatable Levy increases had they not been mitigated by the use of reserves and one off items. The use of reserves has been part of a plan for the Authority to find long term more sustainable savings mainly from the contract with ELWA Ltd. As part of the 2015/16 Levy report in February 2015, Members agreed to increase reserves from 2016/17 onwards and this three Year financial strategy continues to reflect this policy.

4.2 The ability to keep the levy at acceptable levels to constituent authorities will depend on the success in seeking structural change to the IWMS contract with effective waste minimisation measures and waste tonnage reductions where possible. Against this background, the three year budgets assume a continuing additional efficiency savings/contract reduction target of £1.5 million compared to the 2013/14 Budget. As reported to Members at recent Authority meetings, the Managing Director has detailed the progress against the existing efficiency savings target in 2015/16.

4.3 Although the Authority has made some progress in limiting increases in overall waste disposal costs and seeking increased diversion from landfill, there remains a continuing impact from previous increases in landfill tax, contract inflation and dependence on using reserves. The Authority in this Three Year Financial Plan is moving from the previous position of dependence on reserves to one of being able to supplement reserves while keeping levy increases below 6% per annum.

4.4 The IWMS contract continues to be the dominant element of the budget (94%). This in turn is driven by tonnage levels and the in-built contractual costs. The tonnage assumed in the 2015/16 Budget was 443,000. Based on ELWA technical officer advice the 2016/17 budget assumes 447,000, tonnes with a 1.5% growth in 2017/18 and 2018/19. It is therefore vital that ELWA continues to negotiate with the operator to substantially reduce costs so as to mitigate levy increases.

4.5 Members have been advised of the impact of the fire at the Frog Island Mechanical Biological Treatment Facility (MBT) and its impact in 2014/15 and 2015/16. It is assumed that for the purposes of this Financial Strategy that the facility is fully operational from 2016/17 onwards.

4.6 The main factors and outcomes within this three year financial plan are as follows:

a) As required in the IWMS contract, cost inflation has been built into the projections. This is 80% of the Retail Price Index (RPIX) at the previous October each year. This is estimated to be 0.72% for 2016/17, and is projected to be 2.4% for 2017/18 and 2.4% for 2018/19.

b) Tonnages are assumed to increase to 447,000 tonnes in 2016/17, an approximate 2.3% increase from projected 2015/16 levels, with a 1.5% increase in annual growth in 2017/18 and 2018/19.

c) A Landfill tax rate of £82.60 plus RPI has been assumed for 2016/17. Annual increases in Landfill tax are tied to the retail price index and these have been estimated in the 3 year projections.

d) In the past, reserves have been used to dampen down Levy increases. Given that the reserves are already at a relatively low level, and in order to cover the projected risks, for the 3 year period the Levy projection assumes in the 3 year Strategy that reserves are increased by £0.75 million in each of the 3 years.

4.7 The Local Government Act 2003 lays down that the 'Chief Finance Officer' of the Authority has the responsibility to report on the adequacy of the proposed financial reserves. There needs to be a balance between trying to mitigate levy increases and maintaining an adequate level of reserves. The Budget Strategy represents the minimum level of reserves that are currently deemed to be adequate given the risks and uncertainties faced by ELWA.

4.8 Given the above it will be necessary to make an increase in the Levy in 2016/17 but with much smaller increases in 2017/18 and 2018/19. Therefore, the levy increases within this plan are currently projected to be 5.9%, 2% and 3.9% in each of the three years 2016/17, 2017/18 and 2018/19 respectively. This compares with when the levy was set in February with previous projections of 4.8% for 2016/17 and 2.8% for 2017/18.

4.9 It is important to note that this represents the average increase, not the specific increase for each Constituent Council. The levy for each Constituent Council will be based on updated tonnage figures and the number of Band D properties, which will be provided in time for the Levy report in February 2016.

4.10 Projected future levy increases can only be mitigated if ELWA's savings programme/contract renegotiation delivers significant on-going results, and significant progress is made in constituent authorities' waste minimisation measures.

5. Background

General Budget Strategy

5.1 Members will be aware of the extremely difficult financial climate facing all Constituent Councils. The Budget Strategy aims to explore all avenues of cost minimisation in order to mitigate increases in the levy.

5.2 As part of this Strategy, the Authority will seek new funding and new ways of working as well as pushing forward the 'savings agenda'/contract re-negotiation as periodically reported to the Authority. As part of this it will continue to look at ways of working with the constituent councils to improve their waste minimisation and review efficiencies and cost savings within the IWMS contract.

5.3 The Authority will seek to set a balanced and prudent budget, and to keep any increase in the levy to the lowest possible level. The Authority will manage the risks it faces through the maintenance of an adequate and prudent level of reserves.

5.4 In September 2010, Members considered a report on the methodologies for calculating the levy. It was agreed at that time the current methodology was the preferred option. Members agreed in December 2012 to continue with the current methodology. It may be appropriate now to reconsider the methodology and this will be addressed in the levy report to your February meeting.

6. Revenue Budget Assumptions

Contractor Costs

6.1 The ELWA revenue budget has 3 general components: contractor costs, non-contractor costs and income.

6.2 The cost of waste disposal under the contract with ELWA Ltd is approximately 94% of ELWA's total gross expenditure. For 2015/16 overall tonnage is projected to be approximately 437,000 tonnes, although it could be as high as 443,000 tonnes depending on the winter months. Based on this, previous year trends and expected growth in households, a total ELWA tonnage figure of 447,000 tonnes has been assumed for 2016/17. The Levy report to be presented in February 2016 will reflect the updated Technical Officers' reports from the constituent councils. It should be emphasised that ELWA has no direct control over the waste tonnage which is delivered for disposal. The overall waste level is influenced by population increases and the pace of new development as well as the constituent councils' monitoring and enforcement of waste collection.

6.3 The projected breakdown by Constituent Council, based on 2014/15 actuals is as follows:

	2016/17 budgeted tonnes(000)
Barking and Dagenham	96
Havering	106
Newham	131
Redbridge	114
Total	447

6.4 Members are advised that from the 2014/15 financial year the Landfill Tax rate reached the ceiling rate of £80 per tonne following a number of annual stepped increases of £8 per tonne. Subsequent to this the Landfill tax rate was to be increased in line with the Retail Price Index rounded to the nearest 5 pence. For the purposes of this report therefore it is assumed the Landfill Tax rate will rise from £82.60 pence to £84.40 in 2016/17 with increases of £2.50 in 2017/18 and 2018/19. This will add an additional pressure of £190,000 in 2016/17, £460,000 in 2017/18 and £730,000 in 2018/19 respectively, compared to the position assumed in the February 2015 Levy report.

6.5 Contract inflation is set at 80% of the RPIX from October 2014. A rate of 0.72% is applied for 2016/17 and based on the Chancellor's Summer Budget Statement, rates of 2.4% are assumed for 2017/18 and 2018/19.

6.6 Members will recall that there was a significant increase in the annual insurance premium following the fire at the Frog Island MBT. At this stage it is assumed that this will increase in line with inflation.

Revised Diversion arrangements

6.7 As part of the levy setting report in February 2015 it was anticipated that ELWA would pay less in diversion supplements from 2015/16 onwards. ELWA would benefit from these as lower diversion supplements would now be paid for diversion up to a level of 45%, whereas under previous arrangements the lower rate was payable only up to a diversion level of 23%. Members were advised that based on the tonnage levels then the resulting saving to ELWA would be £450,000 per annum. As part of the Levy setting report a diversion rate of 70% was assumed over the three years. Taking account of the lower diversion supplements and the assumed diversion rate the approximate ongoing saving to ELWA was projected to be £900,000 per annum and this benefit was built into the 2015/16 Budget and Levy setting process.

6.8 In the event the £900,000 saving could not be realised as it depended on the operator achieving higher diversion in respect of Refused Derived Fuel (RDF) markets and rising gate fees in this market put this at risk. Accordingly in June 2015 a three year agreement was signed between ELWA and Shanks Waste Management and the aim of this was to incentivise the operator to increase diversion from landfill as far as possible through the development of solid recovered fuel (SRF) and RDF production capacity without any net impact on the Authority. The main features of the agreement were as follows.

a) The payment of an additional category of supplement to the operator for higher than contracted diversion of 67%.

b) A flat rate rebate of £275,000 payable by the operator to ELWA regardless of diversion performance, rising to £325,000 in 16/17 and £375,000 in 17/18.

c) Where diversion performance falls below 67% the operator would pick up the whole of the landfill tax liability with no additional supplements being due.

d) The overall financial impact of these arrangements is an approximate increase of £0.8 million in the Base Budget.

Non-Contractor Costs

6.9 The Chancellor's summer budget of July 2015 indicated that approximate 1% increase in Public Sector pay. Accordingly the pay increase in each of the 3 years is assumed to be 1%.

6.10 It is proposed that other non contractor costs are maintained at the 2015/16 budget levels with any inflationary pressures thus being contained.

6.11 Non contractor costs include constituent council costs funded from the ELWA levy such as tonne mileage payments, some recycling initiatives and service level agreements and these amount to approximately £3 million per annum. If arrangements were such that constituent councils met these costs directly then there would be a reduction in the overall levy and a corresponding increase in Councils' direct costs. It has been the practice to account for these costs within ELWA ever since the authority was established, such that all waste disposal costs are accounted for in one entity.

6.12 It is proposed that the current provision for the contingency is maintained at £150,000.

6.13 The revenue maintenance costs of landfill sites are met from the non-contractor costs budget. Should these be sold then there will be a revenue saving in this budget.

Aveley Methane

6.14 Members will recall that the Joint Venture Company Aveley Methane Ltd (ELWA and Infinis) was identified as high risk with the increased likelihood of the company ceasing to trade because of reduced gas levels. Recently ELWA and Infinis have agreed that the company should be dissolved as it is uneconomic to continue trading. At your last meeting Members were advised as part of the Statement of Accounts report that £250,000 had been set aside in the ELWA 2014/15 final accounts. Any additional one off and ongoing amounts would need to be provided for as part of the 2016/17 Levy setting.

Income

6.15 ELWA receives income from the Constituent Councils in respect of commercial waste tonnage. It is proposed that the budgeted income figure for 2016/17 remains the same as in 2015/16 but with a 0.72% uplift for inflation reflecting the October 2014 RPIX. This assumes the existing commercial waste arrangements continue for the next three years. Any change to this position will be reflected in future Levy setting and Financial Projection and Budget Strategy reports.

6.16 There is also some other income, for example, investment income and trade waste royalty income. It is proposed that investment income will remain the same as for 2015/16. For royalty income the operator has indicated that one of their main contracts may end and they are looking for a replacement. For this report it is assumed that royalty income is in line with the 2015/16 level. The position will be updated as appropriate for the Levy report in February 2016.

6.17 The assumptions in the above paragraphs on income assume that the Frog Island MBT is fully operational from April 2016 onwards. To the extent that it is not then it is assumed that the shortfall of income due to any delay is considered as a business loss and covered by insurance.

7. Contract Renegotiations/Efficiency Savings

7.1 As part of the 2014/15 Budget Setting Process the Authority agreed an efficiency savings target of £500,000 and this was over achieved.

7.2 The Levy setting process assumed that for the 2015/16 levy and in future years ongoing efficiency savings of £1.5 million would be achieved. Such a target remains challenging and may require not only structural changes to the contract, but also seeking further waste minimisation measures which would largely be influenced by the Constituent Councils. It should be noted that any shortfall in achieving the saving in 2016/17 will lead to further pressure on the levy.

8. Reserves Strategy

8.1 As part of the Levy Setting report in February 2015, it was agreed that the minimum level of general reserves needed to cover risks facing the Authority was £3.0 million. This was seen as a minimum with a need for the Authority to increase it. The Private Finance Initiative (PFI) reserve has been discontinued from the end of 2014/15.

8.2 As part of this three year Financial Strategy, at the end of 2018/19 there will be general reserves of £5.25 million. This is broadly a continuation of the position reported as part of the levy setting in the last few years and recognises the need to build up the reserves in the medium term. Further details and the basis for the proposed level of reserves are set out in paragraph 9.

9. Revenue Reserves - Assumptions

9.1 The Authority accepted in the early years of the contract that a minimum level of normal operational revenue balances should be set aside and the suggested approach is a risk-based one. Reserves may also be needed to help implement new developments. The Local Government Act 2003 indeed requires Authority Chief Finance Officers to maintain an adequate level of reserves.

9.2 The risks are detailed in paragraph 13 but in summary these relate to tonnages being higher than projected, a shortfall of commercial waste and royalty income, and particularly the risk of delays in the delivery of assumed efficiency savings.

9.3 As agreed as part of the 2014/15 Levy setting process the general reserve would be at a minimum of £3.0m at the end of 2015/16 and £3.75m at the end of 2016/17. It is now proposed that general reserves are increased by £0.75m to £5.25m by the end of 2018/19. This is to reflect the more volatile trading and operational environment for the Authority and the risks inherent in the generation of efficiency savings.

10. Closure of Landfill Sites

10.1 The responsibility for, and maintenance of, four closed landfill sites continues to carry a significant financial risk for ELWA including the cost of potential damage to third parties. Currently maintenance operations are at relatively low cost but the nature of the sites creates some financial uncertainty for the future. Recent problems, such as the significant flytipping, demonstrate the need for ongoing resources and therefore it is proposed to retain the current existing budgets.

10.2 Members will be aware that there is a £400,000 capital reserve earmarked for future costs at the Aveley site. Should this site be sold then there will no longer be a need for this capital reserve. Disposal of sites may also affect revenue budgets.

11. Other Assumptions

11.1 The 2015/16 Levy report took account of a projected overspend of £200,000 for 2014/15. Mainly as a result of the need to make a provision for Aveley Methane losses the net overspend in 2014/15 was approximately £600,000. The additional £400,000 will therefore need to be taken into account in the Three Year Financial Strategy.

12. Determination of the Levy and Levy apportionment

12.1 The calculation of the levy is determined by the costs and income detailed in paragraph 6, and the use of reserves as described in paragraphs 8 to 9.

12.2 Based on the analysis in paragraphs 6 to 11 a levy increase of 5.9% in 2016/17 is projected.

12.3 Key projections such as tonnages will need to be reviewed by ELWA officers to ensure they are accurate before the 2016/17 levy report is presented.

12.4 The reconciliation of the updated projected levy increase in 2016/17 with that projected in the February 2015 levy report is detailed below.

	Original projection 2016/17 (£m)	**Updated projection 2016/17 (£m)**
2015/16 levy	53.4	53.4
IWMS contract		
• tonnage increase	0.4	0.2
• diversion		0.8
• inflation	0.9	0.3
Landfill taxes inflation	0.2	0.2
Fall out of support from reserves 15/16	0.5	0.5
Additions to reserves 16/17	0.8	0.8
Adjustment for previous year (under)/over spend	(0.2)	0.4
Projected 2016/17 levy	56.0	56.6

12.5 The table below summarises the draft financial plan for the next three years, highlighting the expenditure budget requirements, the projected levy increases and increase in reserves.

Summary Budget	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**
Revenue Budget	61,312	62,447	64,705
Annual PFI Grant	(3,991)	(3,991)	(3,991)
Efficiency savings	(1,500)	(1,500)	(1,500)
Sub Total	55,821	56,956	59,214
Financed By			
Transfer to General Reserve	750	750	750
Levy	(56,571)	(57,706)	(59,964)
Levy Increase over previous year	5.9%	2.0%	3.9%

Summary Budget	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**
Year End Reserves			
General Reserve	3,750	4,500	5,250

12.6 ELWA Members will understand the impact of its levy on the Constituent Councils' budgets and it is important to keep any annual increases to a minimum subject to the continual need for financial prudence and operational viability. These two pressures must be balanced and Members must also take a three-year view on the budget strategy. It is likely that ELWA will continue to face uncertainty in the future and financial pressures cannot be ruled out for the remainder of the current year and for the 2016/17 to 2018/19 period that follows.

12.7 The table below shows the impact of the projected levy increases by Constituent Council, based on the 2014/15 household tonnages and 2014/15 Band D figures. Appendix A to the report shows the build up of the projected increase in the Levy in 2015/16 by individual Constituent Council.

	Provisional Figures – Subject to Update			
Constituent Councils - Levy	**2015/16 Actual £'000**	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**
Barking & Dagenham	10,392	10,806	11,023	11,454
Havering	13,023	13,698	13,972	14,519
Newham	15,395	16,490	16,821	17,479
Redbridge	14,591	15,577	15,890	16,512
Total	53,401	56,571	57,706	59,964

12.8 It is important to stress that these estimates are likely to change when the February 2016 Levy report is produced. At that stage up to date Band D figures will have been confirmed by the constituent councils. Work on the updated revised split for the Levy report will be delivered in conjunction with the Finance and Environment Directors of Constituent Councils.

12.9 This Financial Projection and Budget Strategy highlight various complex issues facing ELWA, which necessitates a prudent approach to its Projection and Strategy. Waste management generally continues to be subject to many changes, a number of which are beyond ELWA's control. The Projection and Strategy has been prepared in conjunction with, and are supported by all of the ELWA Directors.

12.10 When considering these Financial Projections and Budget Strategy, Members will need to have regard to the Authority's longer-term position and the level of its reserves over the next few years. This is in the context of both the financial risk and possible smoothing of levy increases over the three year period.

12.11 The levy forecasts for 2017/18 and 2018/19 clearly can only be taken as an attempt to provide the most helpful indication presently possible for planning purposes, together with an explanation of some of the relevant factors concerned. However, a change in any of a number of uncertain factors, for example growth in waste, inflation assumptions and any new legislation could significantly impact on the overall projections.

12.12 In summary the proposal is to finance the overall increased net costs by levy increases of 5.9%, 2.0% and 3.9% in the years 2016/17 to 2018/19.

13. Risks

13.1 The setting of the levy and the determination of the level of reserves needs to take account of the risks facing the Authority. These are detailed below.

a) Waste volumes could increase at a different rate than that assumed in these figures. The extra cost is £0.4m per 1% increase in waste.

b) Impact of the population increase and projections for the future.

c) Retail Price Inflation at greater than RPIX (at 80%) in 2014/15 will increase these costs. The extra costs are £0.5m per 1%.

d) Landfill Tax will increase these costs in 2016/17. Every £1 per tonne on landfill tax increases costs by approximately £0.1m per annum. From 2015/16 and onwards the tax will increase in line with the retail price index. The previous arrangement was for the tax to go up in stepped annual increases of £8 per tonne. Should a similar arrangement be required in the future then this would have a significant impact on costs.

e) New Regulations over waste. Problems around contract delivery and / or the need to change the contract.

f) Risks of not achieving diversion rates/unfavourable outcomes from the negotiations on the new diversion arrangements.

g) Another issue for the future will be the pace of development of the Thames Gateway as well as general population increases. All four Constituent Councils are predicting population increases over the next few years.

h) The willingness of Constituent Councils to fund the ongoing increases in the ELWA levy, particularly as these Councils continue to face budget reductions.

i) The risk that the generation of efficiency savings at the level required takes longer than projected or delivers less.

j) Any residual problems caused by the fire at the Frog Island MBT.

13.2 A thorough review of the likelihood of risk will be built into the calculations of an adequate reserve level and this will be presented in detail in the levy report to be considered by Members in February 2016.

14. Next Steps

14.1 Early January 2016 – Tonnage figures updated based on information from ELWA and Constituent Council officers as well as each Council's updated Band D figures.

14.2 Early February 2016 – Members consider the 2016/17 Revenue Budget and set the levy.

14.3 The table at 12.7 shows the impact of the increases by Constituent Council based on the 2015/16 apportionment rate. The split between Constituent Councils will change when further tonnage and population information becomes available.

15. Conclusion

15.1 Waste Disposal has been subject to much legislation and regulation over many years and there is potential for further legislation on this area. Coupling this agenda with the dramatic cuts in council funding means the focus on sizeable cost reductions will be an ongoing and potentially volatile theme.

15.2 Waste volumes in the constituent councils drive the cost pressures in ELWA's budget. With significant increased development projected it is essential that the constituent councils have waste minimisation as a priority and the appropriate contract monitoring procedures are in place.

15.3 ELWA, by letting an IWMS contract and gaining PFI support put itself in a better financial position than others who had no PFI funding in previous years. However, the long term nature of the contract is now a constraint for the Authority. It is imperative that all measures possible are taken to minimise costs within this constraint and to continue to review possible alternative approaches. This report sets out the projected financial pressures on ELWA, proposes a Strategy for the use of reserves and suggests that the overall levy increase will be between 2.0% and 5.9% over the three year period.

15.4 The increase in 2016/17 does not use any reserves to dampen down the increase in the Levy. On the contrary the 3 year Financial Plan assumes a significant increase in reserves in the period. The increase in the Levy in year 1 partly reflects the need to fund previous years' overspends. The further Levy increases in years 2 and 3 therefore reflect increases in tonnages and inflationary cost pressures. The Acting Finance Director will continue consulting with Constituent Councils' Directors during the next couple of months regarding the details of this Financial Projection and Budget Strategy. Detailed calculations of actual levy increases will be considered at the February meeting of the Authority prior to the start of the 2016/17 financial year.

15.5 However, it is the view of the Acting Finance Director that the projected future increases in the levy will be extremely challenging for the four Constituent Councils in the existing financial climate where Authorities are having to make significant service reductions. Therefore it is vital that waste tonnages are minimised and ELWA's saving plans deliver significant and on-going savings. In this report the Budget already assumes a continuing £1.5 million of such savings. .

15.6 The Budget Strategy recommended in this report will need to be kept under review in the light of any new circumstances.

---

16. Relevant officer:

16.1 Mark Green Acting Finance Director / e-mail finance@eastlondonwaste.gov.uk 020 8708 3588

17. Appendices attached:

17.1 None

18. Background Papers:

18.1 27/09/10 Alternative Methodology for Calculating the ELWA Levy - Report and Minute 2010/29

18.2 24/11/14 Financial Projection and Budget Strategy 2015/16 to 2017/18 Report & Minute 2014/42

18.3 09/02/15 Revenue and Capital Estimates and Levy 2015/16. Report and Minute 2015/54

19. Legal Considerations:

19.1 As detailed in the report.

20. Financial considerations:

20.1 As detailed in the report.

21. Performance management considerations:

21.1 As detailed in the report.

22. Risk management considerations:

22.1 As detailed in the report.

23. Equalities considerations:

23.1 The proposals and recommendation in this report are to agree the Financial Projection and Budget Strategy for the next three years. The Managing Director advises that the proposals do not particularly affect any one group as defined by the equalities legislation.

24. Follow-up reports:

24.1 Levy setting report February 2016

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

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

26. Glossary:

ELWA = East London Waste Authority
Constituent Councils = London Boroughs of Barking & Dagenham, Havering, Newham & Redbridge
IWMS = Integrated Waste Management Strategy
MBT=Mechanical Biological Treatment Facility
PFI = Private Finance Initiative
RDF=Refuse Derived Fuel
RPIX=Retail price index excluding mortgages
SRF = Solid Recovered Fuel

27. Approved by Management Board

27.1 09 November 2015

28. Confidentiality:

28.1 None.

AUTHORITY REPORT: PROGRAMME OF MEETINGS 2016-2017

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to:

a) agree the Authority meeting dates for the year 2016/17.

3. Purpose

3.1 To consider and agree the schedule of dates for the Authority to meet for the period to June 2017.

4. Background

4.1 This programme is based around specific dates by which the East London Waste Authority (ELWA) is either legally or contractually required to approve key matters, as referred to below. The schedule of meetings has been revised to take account of:

a) finance and accounting deadlines;

b) the timing of member appointments to ELWA by the constituent councils;

c) organisational and operational demands; and

d) a good spread of meetings across the year.

5. Current agreed dates of future Authority meetings

08/02/2016	Approval of annual Levy (required by 15/02/16) and IWMS Annual Budget & Service Delivery Plan
20/06/2016	Annual General Meeting

6. Proposed dates of Authority meetings

12/09/2016	Annual Governance Report & Statement of Accounts (required by 30/09/2016)
21/11/2016	Programme of Meetings
06/02/2017	Approval of annual Levy (required by 15/02/17) and IWMS Annual Budget & Service Delivery Plan (ABSDP)
19/06/2017	Annual General Meeting

7. Authority meetings venue

7.1 Authority meetings will continue to be hosted by constituent councils and start, where possible, at 9.30 am on the above dates.

8. Management Board meetings

8.1 It is usual practice for ELWA Management Board meetings to be held a fortnight prior to the Authority dates. Therefore, the following dates reflect the proposals above for the Authority meetings.

9. Current agreed dates of Management Board meetings

25/01/2016	(Levy & ABSDP)
06/06/2016	(AGM)

10. Proposed dates of future Management Board meetings

30/08/16	(Annual Governance & Statement of Accounts)
07/11/2016	Programme of Meetings
23/01/2017	(Levy & ABSDP)
05/06/2017	(AGM)

11. Management Board Meetings venue

11.1 It is proposed to continue to hold all Management Board meetings at the offices of the Authority.

12. Conclusion

12.1 The schedule of meetings fulfils our obligations and meets the needs of the Authority.

---

13. Relevant officer:

Shirley-Ann Gray / e-mail Shirley.gray@eastlondonwaste.gov.uk / 020 8724 5803

14. Appendices attached:

14.1 None

15. Background Papers:

15.1 24 November 2014 – Programme of Meetings Report- & Minute No. 43/2014

16. Legal Considerations:

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

17. Financial Considerations:

17.1 The report highlights dates for Authority meetings where key documents such as ELWA's Levy and the Statement of Accounts need to be agreed by the Authority. It is important to ensure that Authority meetings are held on or around these proposed dates so that the Authority meets key financial statutory deadlines.

18. Performance Management Considerations:

18.1 None

19. Risk Management Considerations:

19.1 Not Applicable

20. Equalities considerations:

20.1 Not Applicable

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

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

22. Glossary:

ABSDP = Annual Budget & Service Delivery Plan
Constituent Councils = London Boroughs of Barking & Dagenham, Havering, Newham and Redbridge

ELWA /the Authority = East London Waste Authority

IWMS = Integrated Waste Management Services

23. Approved by Management Board

23.1 09 November 2015

24. Confidentiality:

24.1 Not Applicable

THE CIRCULATION OF THESE DOCUMENTS HAS BEEN RESTRICTED TO MEMBERS AND SPECIFIC OFFICERS ONLY