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## **AUTHORITY MINUTES – PART 1 PUBLIC ITEMS**

**Monday 8 February 2021 (9:30 am–11.20 AM)**

Present:

Councillor John Howard (Chair / Redbridge), Councillor James Asser (Vice Chair / Newham), Councillor Dorothy Akwaboah and Councillor Syed Ghani (Barking & Dagenham), Councillor Osman Dervish and Councillor Robert Benham (Havering), Councillor Genevieve Kitchen (Newham) and Councillor Jo Blackman (Redbridge).

### **1. Apologies for Absence**

Barry Francis (LBH)

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

There were none declared.

### **3. Minutes – To agree Part 1 (Public Items) of the minutes of the Authority's meeting held on 30 November 2020 and authorise the Chair to sign the same.**

Members confirmed as true and accurate the Part 1(Public Items) of the minutes of the Authority's meeting held on 30 November 2020. The Chair was authorised to sign the same.

**Members agreed** the Minutes.

### **4. Minutes – To agree the EGM minutes of the Authority's meeting held on 15 January 2021 and authorise the Chair to sign the same.**

**Members agreed** the Minutes.

### **5. Indicative External Audit Plan 2020/21**

The Finance Director (FD) asked Members to consider the external auditor's indicative Audit Plan for the period 1 April 2020 to 31 March 2021 including the audit of the 2020/21 financial statements. The plan sets out the audit risks, including going concern. Materiality has been set at £1.3m and the 'clearly trivial' amount, below which the auditors will not report errors, has been set at £0.069m. The FD continued that the audit fee has not yet been agreed for 2020/21. She confirmed that the proposed timeline for completion of the 2020/21 audit is July 2021, however the audit completion deadline relies on the London Pension Fund Authority (LPFA) external audit.

The Finance Director then handed over to Debbie Hanson of Ernst & Young (EY) who outlined the key audit risks and areas of audit focus. These include going concern, where there is a slight change of focus for 2020/21. Ms Hanson confirmed that the plan includes an increased scale fee for 2020/21 which has not yet been agreed with the Authority or Public Sector Audit Appointments (PSAA).

**Members noted** the report.

### **6. Budgetary Control & Contract Monitoring to 30 November 2020**

**Members** received the report from the Finance Director who highlighted Appendix A which shows a forecast underspend of £1.858m. The forecast is primarily due to actual tonnages for the first eight months of the year being cumulatively lower than the profiled budget and budgeted interest payments on borrowing not taken out. She also highlighted the forecast underachievement of income from commercial waste due to Covid-19 as detailed in para

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4.10 of the report. The FD also drew members' attention to Appendix B that shows the tonnages profile for 2020/21.

The Managing Director highlighted that the projected recycling performance across ELWA is between 32% and 33% subject to audit of new external suppliers to Renewi. If achieved, this would be the highest target reached to date. This includes significant improvements at the MBT facilities and use of further off-takers that provide additional recycling of bulky waste. He added that the services had been well managed and reliable even with the impact of Brexit and Covid-19.

Following a question from the Chair, the Managing Director confirmed that during 2020/21 the increased tonnages received by ELWA are likely to be as a result of a change in the demographics as significantly more people work from home. Commercial waste has dropped significantly due to closure of businesses and shops during the Covid-19 pandemic. The combined impact is that Contract Waste managed by ELWA is up slightly on the previous year. He also pointed out that MBT recycling in September was lower due to the fire at Frog Island on 9th September 2019 which damaged much of the refinement section where recycling materials separation normally takes place.

**Members noted** the report.

## **7. Treasury Management Strategy 2021/22 and Prudential Code Indicators 2021/22 to 2023/24**

The FD presented the draft report setting out the strategy on investments and borrowing parameters, prudential indicators and limits on types of investments. The FD highlighted the borrowing strategy as set out in para 9 which includes the borrowing requirement for the Fire Improvement Works (FIW) in 2021/22 and a separate provision for £60.000m in future years, should it be required in relation to the future waste strategy. She reminded Members that the Government levied an additional 1% on Public Works Loans Board (PWLB) borrowing in Oct 2019 which was removed in the autumn of 2020. Borrowing rates, investment rates and return rates continue to be tracked.

**Members agreed** to the four listed recommendations in the report.

## **8. Revenue & Capital Budgets and Levy 2021/22**

Members received the Finance Director's report on the Revenue & Capital Budgets and Levy 2021/22. The report included the final proposed levy for all Constituent Councils (CCs) which Members were asked to agree. The total proposed levy for 2021/22 was £47.563m, a decrease of 29.52% from 2020/21. The Finance Director provided an overview of the key elements of the report, highlighting the release of reserves which has enabled the one-off reduction in the 2021/22 levy, and also emphasised the impact on the following year's levy which is forecast to increase by 51.72%.

The Finance Director highlighted that Section 6 set out the main movements in the budget and levy between 2020/21 and 2021/22. Her recommendations set out in the reserves strategy at section 7 were that the Authority should maintain a £3m Revenue Reserve, a £1m Business Risk Reserve and a £2m Strategy Reserve. The Finance Director also highlighted the table at para 8.6 which outlined the indicative levy position and reserves figures for the next five years, including the underlying increase in the levy.

The Chair pointed out para 6.13 referring to discretionary payments and requested these to be finalised by the end of the year. **ACTION**

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Cllr Ghani asked how the release of reserves will be paid to the Constituent Councils (CCs). The Finance Director confirmed that each of the CCs' levies for the forthcoming financial year will be reduced compared to the current financial year in accordance with the levy apportionment methodology at para 8.10 of the report.

[Nicky Fiedler joined the meeting at this point].

Cllr Asser asked for the reasons behind the insurance increase to be confirmed. The Managing Director confirmed the jump in insurance costs is due to the limited number of companies willing to cover this type of market. The most important task is to make sure that the Contract is covered by the insurance each year. The Finance Director confirmed that this is one of the key variables that are required to be monitored leading up to the Autumn 2021 Medium Term Financial Strategy report.

**Members agreed** to all recommendations in the report.

## **9. Review of the Corporate Risk Register**

**Members** were advised that the Corporate Risk Register has now been amended to include the risks related to Covid-19 with other risks already listed remaining broadly the same.

**Members approved** the Corporate Risk Register.

## **10. Annual Audit Letter 2019/20**

The Finance Director presented the Annual Audit Letter which provides a high-level summary of the results of the 2019/20 external audit work undertaken at ELWA. The report confirms that the external auditors, EY (formerly Ernst & Young), issued an unqualified opinion on the 2019/20 financial statements and an unqualified value for money conclusion.

The Finance Director noted that EY has advised that the current scale fee of £14,068 does not reflect the changes across the audit market relating to work required to be carried out in relation to Covid-19 and increases in regulation.

The Finance Director handed over to Debbie Hanson of EY who confirmed that the proposed increase in the audit fees detailed on page 161 of the Authority pack contained two elements: a proposed increase in the scale fee and a fee in relation to additional work that was carried out as part of the 2019/20 audit, including work related to Covid-19. She continued that scale fees across the board, including ELWA, are inadequate and that the regulators, the FRC, suggest the increase in challenges and the involvement of specialist within their fields warranted an increase in the fees. The Finance Director shared the view of Members that this was a very significant increase and stated the proposed increase had not yet been agreed by PSAA. The final agreed fees will be reported to the Authority in due course.

**Members noted** the report.

## **11. Annual Budget and Service Delivery Plan 2021/22**

Members received the Managing Director's report on the Annual Budget and Service Delivery Plan (ABSDP) 2021/22 noting it aims to exceed the required Integrated Waste Management Services (IWMS) contract target of 33% recycling of household waste within the next financial year, 2021/22. The actions relating to the involvement and support of the Constituent Councils to reach the target were highlighted as part of five key projects planned for 2021/22. The Head of Waste and Support Services then introduced Simon Lee of Renewi who joined the meeting and delivered the presentation at Appendix A to the report which covered year-on-year performance to December 2020 and the future emphasis of Renewi

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and ELWA continuing to work together on a more collaborative basis in order to achieve and exceed contractual household recycling targets of 33%. The ABSDP aims to achieve 35% recycling of household waste during 2021/22.

The Chair asked what can be done at the RRCs to increase the range of materials and improve recycling rates to the level in the ABSDP. Simon Lee advised that as Re-use and Recycling targets have fallen short during 2020/21, a number of areas is being addressed including a review of the site layouts, and greater separation of waste by the public. In addition, he added that any increase in the range of materials sought by the CCs to be collected at the kerbside will be addressed on the individual merits with the aim to ensure contamination levels are kept to a minimal level.

The Head of Waste and Support Services (HWSS) added that LBB and LBN confirmed that recent trials in the range of kerbside collected materials have been successful and they will be going forward with the expansion after April 2021. Discussions are ongoing with LBH and LBR and how any increased range of materials being collected could be effectively managed.

The Chair requested that Members be advised of any future changes to the general materials that each CC can collect and to include any changes to the levied costs that might arise from this.

**Members agreed** to the Annual Budget and Service Delivery Plan (ABSDP) 2021/22 and noted the ABSDP contains actions relating to the involvement and support of the Constituent Councils to reach the 35% recycling of household waste in 2021/22.

## **12. Strategy – Preparations for the Future Wastes Management Arrangements in East London – Update**

The Head of Strategy Development (HSD) updated Members on the development of the Joint Strategy, including work to agree a final timetable for the production of the document and its appendices, and the running of a public engagement exercise.

The HSD outlined the Strategy paper including details of the next round of the Government consultations on the national Resources and Waste Strategy, which were expected in February or March but may possibly have been put back until May 2021. Further confirmation on timescales is awaited. The HSD noted that the recommendation in the reporting seeking delegation of authority to the Managing Director, in consultation with the Chair and Vice-Chair, to prepare and submit responses from the Authority to the next round of these consultations would still apply, but a delay of the consultations to May would enable a further interim report to be brought to the next Authority meeting in June.

The Managing Director also noted that the Infrastructure and Projects Authority (IPA) have engaged with ELWA as part of preparedness work for the end of PFI contracts. A formal draft report from the initial meetings is expected in March 2021. Members will be kept informed including details of the successor arrangements.

**Members noted** the updates on the Joint Strategy development; and **agreed** to delegate authority to the Managing Director, in consultation with the Chair and Vice-Chair, to prepare and submit responses from the Authority to the next round of Government consultations on the national Resources and Waste Strategy.

## **13. East London Waste Prevention Programme**

Members received an update from the Head of Strategy Development (HSD) on the revised approach of the East London Waste Prevention Programme, which was originally approved

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at the November 2019 Authority Meeting but had then been delayed due to Covid-19. A revised programme is proposed to be delivered, which takes into account changes to working arrangements and engagement opportunities brought about by the pandemic. The budget has been revised from £268K to £175K, with the saving comprising reduced staffing costs for public engagement and increased collaboration with existing teams within the Constituent Councils and other partners. The focus of the revised programme is on those materials which are either most commonly disposed of in East London, or provide the best environmental outcomes through diversion from treatment/disposal. Details on the planned activities were outlined in Appendix A of the report.

The Chair asked if the priorities could be confirmed, as food waste is a third of the volume in LBR. LBN also confirmed that food waste is possibly as high as 50% of unnecessary waste and would like to see more done in this area.

The HSD confirmed that the reduction of food waste is a high priority, in line with Government policy, and that Appendix A is not listed in priority order. He also confirmed that collaboration with authorities outside of the ELWA area is an opportunity being focussed on to achieve added value, along with making the best use of the Keep Britain Tidy (KBT) resources allocated to East London under their contract with Renewi.

**Members approved** the revised 2021-22 Waste Prevention Programme as attached in Appendix A of the report.

#### **14. Programme of Meetings 2021/22**

**Members noted** the dates set out in the Programme of Meetings for 2021/22.

#### **15. Forward Plan**

The Managing Director introduced the covering report which sets out the requirements of the proposed Forward Plan and that, if approved, all future meetings will receive an updated forward plan as a table listing key decisions required to be reviewed by Members in chronological order.

The Chair confirmed the Forward Plan is a good addition to the governance framework and requested for an item to be added on increasing the range of materials that can be recycled.

#### **ACTION**

**Members** agreed to the Forward Plan of key decision required to be reviewed by Members to be included in a table format brought to Members at each Authority meeting. The Chair noted his earlier request that Members be advised of any future changes to the general materials that each CC can collect and to include any changes to the levied costs that might arise from this. **ACTION**

#### **16. Any other public items which the Chair decides are urgent**

There were none.

#### **17. Resolution**

**Members resolved** to consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.

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**18. Minutes – To agree Part 2 (Restricted Items) of the minutes of the Authority’s meeting held on 30 November 2020 and authorise the Chair to sign the same.**

**Members confirmed** as true and accurate the Part 2 (Restricted Items) of the minutes of the Authority’s meeting held on 30 November 2020. The Chair was authorised to sign the same.

**19. Fire Improvement Works (Confidential)**

**Members noted** the report.

**20. Contract Savings Proposals (Confidential)**

**Members noted** the report.

**21. ELWA Limited Update (Confidential)**

**Members agreed** the recommendation in the report.

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

There were none.

Chair:

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Date: 25 June 2021  
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