

AUTHORITY MINUTES – MONDAY 19 NOVEMBER 2018 - PART 1 PUBLIC ITEMS: (9.50 AM–11.20 AM)

Present:

Councillor O Dervish (Chair), Councillor D Akwaboah, Councillor S Bain, Councillor S Ghani, Councillor J Howard.

The Chair apologised for the late start to the meeting due to him being unavoidably delayed.

The Chair reflected on the sad passing of Councillor Steven Kelly stating that he wished to record on the day of his funeral the Authority's thanks for his past service and advised that he was sending a letter of condolence to the family.

1. Apologies for Absence

Apologies for absence were received on behalf of Councillor J Asser (Vice Chair), Councillor R Benham and Councillor R Tripp.

2. Declaration of Members' Interests

There were none declared.

3. Minutes - Part 1 (Public Items) of previous meeting:17 September 2018

Members confirmed as true and accurate the public minutes of the Meeting held on 17 September 2018. The Chair was authorised to sign the same.

4. Treasury Management Mid-Year Strategy Review 2018/19

Members received the Finance Director's mid-year operational activity report which included Treasury Management indicators (identified at Appendix C) and variations from agreed policies. It covered external borrowing (outlined in Appendix B) and investment activities undertaken during the first half of the year. Appendix A contained the Authority's creditworthiness criteria. Amendments to the Prudential and Treasury Codes, following consultation and revision, had not impacted the Authority and this would be addressed in the Treasury Management Strategy 2019/20 report.

The Finance Director reported that no external borrowing had been required and that interest rates were being tracked. Short term investments amounted to £23.050m at end September, no additional borrowing requirement was experienced nor any capital expenditure.

Members noted the report.

5. Budget Control & Contract Monitoring to 30 September 2018

Members received the regular joint report prepared by the Managing Director and Finance Director for the period to the end-September, together with the budget monitoring statement to 30 September 2018 and tonnage profile appendices. Actual expenditure for the period was compared with the original revenue budget approved in February 2018 and based on information provided by Renewi UK Services Ltd (the Operator), the four Constituent Councils' Officers and the Authority's own information.

Items to note were an expected outturn underspend of £1.207m. To date the underspend was £1.554m caused by lower tonnages (by £0.913m) and additional income of £0.110m received in commercial waste. The Finance Director advised that the commercial waste element largely came from London Borough of Barking & Dagenham's housing waste service. Royalty income was on target.

Expenditure on professional fees was down by £0.060m and Constituent Councils' payments of £0.094m. Interest receivable was due to exceed the budget by £0.030m.

Actual waste tonnages received were 5.2% lower than profiled budget tonnages. This was as a result of reduced delivered residual waste and reuse & recycling centre waste received which had been offset in part by higher green garden waste tonnage received in September.

The Managing Director advised that the October's tonnage figures had been received but not fully verified.

Members noted the report.

6. Medium Term Financial Strategy 2019/20 to 2023/24

Members received the Finance Director's Medium-Term Financial Strategy (MTFS) providing an indicative levy increase of 5.52% which is slightly lower than forecast in February 2018 (5.94%). Increases ranged between 4.02% to 5.46% for the years 2020/21 to 2023/24. The Finance Director's aim was to ensure that levy increases were kept to a minimum, without volatility and to help Constituent Councils with their budget plans and financial strategies.

The MTFS took account of the need to keep the Reserves minimum at £3.0m from 2019/20 onwards.

The Finance Director drew Members' attention to paragraph 5.9 and Constituent Councils' population and household growth numbers in relation to their ambitious regeneration programmes. The increases, across the four Constituent Councils, were projected to be: population of 7.7% and 9.2% households. She advised that an additional 15,000 tonnage growth accounted for in the 2018/19 Levy had been reduced to 11,000 tonnes for future years. The Landfill tax rate had been fixed at £91.35 for 2019/20 and was thereafter based on forecast retail price index changes. Non-contractor costs included 2% per annum salaries and related costs increase including uplift for proposed staffing structure. Other non-contract costs had been uplifted by 2.6% and 3.0% where appropriate. It was proposed to keep contingency at £0.500m for unforeseen expenditure.

The Finance Director advised on the general reserve (£3m) and the business risk reserve (£1.0m). Revenue Capital was set at £60m. Budgeted insurance costs were going to reduce by approximately £1m. It was proposed that £2.5m be added annually to the Strategy Reserve in 2019/20 to 2023/24 bringing the theoretical total to £21.514m at end 2023/24, but expenditure from this reserve would soon be starting. Members attention was drawn to the overall reserves strategy 2018/19 to 2023/24 at paragraph 14.4 which included a £1.207 forecast underspend from 2018/19.

She referred to the risks contained in paragraph 13 as being increased waste levels affecting the levy by £0.400m per 1% increase, population and urban development projections; salary inflation, new waste regulations relating to PFI contracts, Landfill tax inflation in the next five years and possible large-scale increases in insurance costs. The five-years draft financial plan was outlined in paragraph 11 and paragraph 11.5 showed the provisional impact of the Levy increases per Constituent Council. The 2017/18 outturn Band D percentage was due to be collated in readiness for the February Levy Report.

On request, the Finance Director clarified the population projections increase of 6.6% for London Borough of Barking & Dagenham and the provisional figures contained in paragraph 11.5 stating that waste minimisation and new ways of working were essential in the future to bring the levy down.

The Managing Director also noted that these drivers of change to tonnages had been identified in the report to the September meeting of the Authority as important factors to consider within the next joint resources and waste strategy for East London.

Members agreed the Medium-Term Financial Strategy for the years 2019/20 to 2023/24.

7. Programme of Meetings 2019-2020

Members received the Office Manager's report setting out specific dates by which the Authority is required legally or contractually to approve key matters.

Members agreed the proposed dates except for the 30 September 2019 and Officers were asked to move that meeting to 7 October 2019.

The full approved list of dates is 04/02/2019 (Levy and IWMS Annual Budget & Service Delivery Plan), 28/06/2019 (Annual General Meeting), 07/10/2019, 02/12/2019 (Programme of Meetings), 10/02/2020 (Levy and IWMS Annual Budget & Service Delivery Plan) and 29/06/2020 (Annual General Meeting) and that Authority meetings will be hosted by Constituent Councils and start, where possible, at 9.30am.

8. Constitution Review:

Members received the Managing Director's report explaining that a comprehensive review of the Constitution had started in 2018 with the intention to align the Constitution with best practice for democratically accountable public authorities and the practice of the Constituent Councils, particularly in relation to governance, standards, data protection, procurement, spending and contract and financial rules.

Members received commentary from the Monitoring Officer's deputy that the revisions would include a new Employees Code of Conduct; the addition of new Member/Officer protocols; updated employment protection for the three statutory officers to align with the latest statutory instruments; the establishment of an Authority Disciplinary Panel Sub-Committee made up of the Chair and members of the Constituent Councils; procurement arrangements surrounding oral quotations being obtained in writing; measurement of the contract rules against the Public Contract Rules 2015; figures meeting EU tender thresholds; and clarification of the approved lists and EU framework agreement. Changes to the Finance Rules would take account of the revised Audit regulations and other matters as directed by the Finance Director.

Other recommended changes related to the Employment Rules; Land Acquisition and Disposals Rules allowing the Authority to engage an independent surveyor/valuer/adviser; new Codes of Conduct covering areas such as data protection/confidentiality/etc, equality, health & safety, and whistleblowing and also, modern slavery taking into account the Authority and its Contractor(s).

Clarification was provided in respect of paragraphs 6.3 (c) (approved list & EU framework) and the likelihood of UK laws remaining unchanged for several years, and paragraphs 6.2 and 6.4 (d) in relation to the engagement of an independent person to investigate any disciplinary matter relating to a statutory officer.

Members were advised that the full revised Constitution should be ready for the February 2019 Authority meeting but because of the volume of changes, Officers would highlight the key items in a presentation at the meeting. It was noted that there was a need for the Constitution to be readily understandable and manageable. However, because of its size, a tracked changes electronic copy of the draft Constitution would not be circulated with the Agenda pack but would be available on request.

Members noted that the Managing Director, advised by the Monitoring Officer, had exercised his delegated authority under Part C, Section B, paragraph 1.1 (m), of the Constitution to approve minor and administrative changes to the Constitution and that the revised document had been published on the Authority's website; that a comprehensive review of the Constitution was under way to ensure corporate governance arrangements were fit for purposes in line with the future arrangements for its waste strategy and that the revised Constitution would be presented for approval by Members at the February 2019 Authority meeting.

9. Date of Next Meeting: Monday 04 February 2019 (Town Hall, Barking)

Members noted the date and location of the next meeting.

10. Any other public items

There were none.

11. 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).

12. Minutes - Part 2 (Restricted Items) of previous meeting:17 September 2018

Members confirmed as true and accurate the minutes of the restricted items discussed at the Meeting held on 17 September 2018. The Chair was authorised to sign the same.

13. ELWA Limited Update

Members received the Managing Director's report provided a brief update on matters discussed and decided at the board meeting of ELWA Limited on 8 November 2018 in the presence of Councillor Akwaboah (the 'A' Director) and himself (as Observer). These included items such as, financial mid-year performance; health & safety and operational performances; and a draft formal statement on modern slavery.

14. IWMS Contract – Insurance Renewal & Contract Developments & Efficiencies

Members received the Managing Director's report and commentary **and agreed to delegate authority** to the Managing Director, in conjunction with the Chair, to make 2019 insurance arrangements which, in their opinion, delivered an appropriate balance between risk and cost for the Authority. In addition, **Members noted** the current position in relation to discussions with the Operator about future contract efficiencies.

Chair: O Dervish

Date: 04/02/2019