

ANNUAL GENERAL MEETING MINUTES

FRIDAY 28 JUNE 2019 - PART 1 PUBLIC ITEMS: - (9.40 AM–10.55 AM)

Present:

Councillor D Akwaboah, Councillor J Asser, Councillor S Bain, Councillor R Benham, Councillor O Dervish, Councillor S Ghani, Councillor J Howard.

1. Membership and Appointment of Chair, Vice Chair and ELWA Limited 'A' Director for the year 2019/20

The Managing Director opened the meeting by requesting nominations from the membership as set out in his joint report with the Acting Monitoring Officer, for the post of Chair, for the municipal year 2019/20.

Members noted the composition of ELWA's membership as Councillors Dorothy Akwaboah and Syed Ghani, London Borough of Barking & Dagenham; Councillors Robert Benham and Osman Dervish, London Borough of Havering; Councillors James Asser and Genevieve Kitchen, London Borough of Newham; and Councillors Sheila Bain and John Howard, London Borough of Redbridge.

Members nominated and agreed that Councillor Dervish be appointed Chair for the municipal year 2019/20.

Councillor Dervish took office and continued the meeting having thanked the Members for their vote of confidence. The Chair requested nominations from the Members for the posts of Vice Chair & ELWA Limited 'A' Director.

Members nominated and agreed the following appointments for the municipal year 2019/20: Vice Chair: Councillor James Asser and ELWA Limited 'A' Director: Councillor Dorothy Akwaboah. Although Councillor Asser had arrived later than this item, he subsequently confirmed his acceptance of the nomination for and appointment to the position of Vice Chair.

Members agreed that the Chair should sign a letter of thanks to the outgoing Member from the London Borough of Newham, Councillor Rachel Tripp. The Chair signed the same.

2. Apologies for Absence and Welcome

An apology for absence was received on behalf of Councillor G Kitchen and for lateness from Councillor J Asser (arrival at Item 12). Members were introduced to two new Officers, Fiona Taylor, Acting Monitoring Officer and Neil Greenhalgh, Head of Waste & Support Services to the Authority.

3. Declaration of Members' Interests

There were none declared.

4. Appointment of Monitoring Officer and Legal Adviser

Members received the Managing Director's report advising on the change of Legal Adviser and his action to accept Fiona Taylor, Director of Law and Governance and Monitoring Officer at the London Borough of Barking & Dagenham as Acting Monitoring Officer on the departure of Suzan Yildiz. Members were advised that the formal appointment of Monitoring Officer was reserved to them and they were asked to confirm their acceptance of Fiona Taylor as the Authority's Legal Adviser and to formally appoint her Monitoring Officer.

Members confirmed their acceptance and agreed the appointment. In addition, **Members agreed** that the Chair should sign a letter of thanks to Suzan Yildiz. The Chair signed the same.

5. Minutes - Part 1 (Public Items) of previous meeting: 04 February 2019

Members were advised that, for clarity, it was proposed to substitute the circulated Minutes with an alternative set that reflected the fact that although an apology had been received on behalf of the External Auditor; she had arrived late and did take part in the meeting as later indicated. The

substituted minutes had the words 'and for lateness' added before Ms D Hanson at Minute 1.

The Chair asked the Members whether they would be happy with the substitution and to confirm their acceptance.

Members agreed to accept the revised minutes and confirmed them to be a true and accurate representation of the Meeting held on 04 February 2019. The Chair signed the same.

6. Nominations under Section 41 of the Local Government Act 1985:

Members received the Managing Director and Acting Monitoring Officer's report on the statutory requirement to nominate from the membership, one Authority Member from each of the Constituent Councils to answer questions on behalf of the Authority put by other elected members of their Constituent Councils during council proceedings pertaining to the discharge of the waste functions by the Authority for the year 2019/20.

Members nominated and agreed the following Members, namely: London Borough of Barking & Dagenham: Councillor Syed Ghani; London Borough of Havering: Councillor Osman Dervish; London Borough of Newham: Councillor James Asser; and London Borough of Redbridge: Councillor John Howard. These Members are also their respective Constituent Councils' Cabinet Member for environment/waste matters.

Although Councillor Asser joined the meeting later than this item, he subsequently confirmed his acceptance.

7. Final Financial Outturn Position and Contract Monitoring Review for the year 2018/19

Members received the joint report from the Managing Director and Finance Director and received an apology for the fact that the Budget Monitoring Statement to 31 March 2019 (Appendix A) had been omitted. Appendix A showed a breakdown of the £66.586m annual budget, net expenditure on services of £63.294m and the budget variance, adding clarity to the report. Members were asked whether they would be happy to proceed with this item if they received the Appendix immediately by email. This was confirmed, and the Appendix sent.

The outturn report contained details of the Revenue budget, Reserves, Contract Monitoring (tonnages, performance, recycling and diversion) and Communications activity.

The outturn for 2018/19 had resulted in an underspend of £4.292m because of lower tonnages, insurance premiums, additional income received and unused contingency budget. The underspend had been transferred to Reserves. An insurance premium underspend had resulted in a £1.054m underspend and this amount had been transferred to the Business Risk Reserve. The Reserves position was Revenue Reserve £3.000m, Strategy £11.109m (increased by £1.175m), Business Risk Reserve £3.000m (increased by £1.000m) and Capital Reserve £0.100m.

Lower than anticipated tonnages levels (445,706t) had resulted in tonnages being 4.97% below budget. Historic tonnage data had indicated higher levels and may be the case in the future as household number increase over the coming years. Variations in costs for employees, premises, supplies & services and third-party payments had resulted in an underspend of £0.290m. Interest receivable had overachieved by £0.106m, as had commercial waste income, by £0.347m. The Contingency budget of £0.500m had not been used.

Lower than budgeted household tonnages and higher than budgeted non-household tonnages (and income) remained the primary drivers.

The Managing Director advised Members that he was about to start discussions with the Contractor to obtain their proposals for the Annual Budget & Service Delivery Plan and next five-year cycle (to commence next April).

Members noted the report.

8. Annual Governance Statement 2018/19

Members received a brief commentary from the Finance Director that the new External Auditors, whilst reviewing the accounts in-depth, had identified matters going back into previous years that required further investigation in relation to a PFI asset value calculation. This had impacted the commitment to meet the deadline of the Authority meeting for their report. As a consequence the Audit report could not be completed yet, and since the Annual Governance Statement formed part of the Statement of Accounts for the year 2018/19 and the External Auditors were not yet able to present their Audit Results on the Statement of Accounts, it would be more appropriate to withdraw this item and item 9 (Statement of Accounts) until another meeting could be held prior to the 31 July deadline.

It was proposed to hold an Extraordinary General Meeting at 4pm on 18 July at Town Hall, Romford to address these two items. Members considered the possibility of participation in the meeting by conference call for anyone unable to attend and the ability to broadcast the meeting by webcast. Members sought legal advice on the Constitutional impact. Members were advised that no specific provision for such actions were set out in the Constitution.

Members agreed to defer this item along with item 9 of the Agenda until an Extraordinary General Meeting is called at 4pm on 18 July at Town Hall, Romford. A survey of Members' diaries revealed that a meeting on 18 July should be quorate, although two Members indicated they could not attend.

9. Statement of Accounts and Audit Results Report 2018/19

Members agreed to defer this item along with item 8 of the Agenda until an Extraordinary General Meeting is called on 18 July 2019, as above.

10. Treasury Management Outturn Report 2018/19

Members received the Finance Director's annual outturn report for the year 2018/19 and schedule of Prudential Performance Indicators. This was presented slightly earlier than in previous years as it was thought prudent to bring it into line with the other year-end financial reports. The report detailed the outturn portfolio position, external borrowing requirements, reserves available to fund capital expenditure, capital expenditure and the prudential indicators.

In commentary, the Finance Director advised that there had been improvements in interest rates and Prudential Indicators (as shown in the Appendix) were within limits. No borrowing (est. £0.400m) had been needed in respect of the Landfill Sites review as mentioned in an earlier report (February 2018 Budget & Levy Report). The Revenue contribution to Capital Outlay Reserve stood at £0.100m. An allowance for borrowing an extra £60m was made in the budget in respect of future strategy.

One Member enquired about the current loans with the Public Works Loan Board and high rate of interest applicable and whether refinancing would be an option in respect of the Authority's future strategy. It was confirmed that refinancing would be considered at that time.

The report concluded that the Authority had managed its Treasury Management arrangements in accordance with the strategy, had kept within its prudential indicators and all investment was carried out in accordance within creditworthiness criteria.

Members noted the report.

11. Internal Audit Progress Report 2018/19, Audit Plan 2019/20 and Planned Audit Coverage to March 2024

Members received the Internal Audit Progress report 2018/19, Audit Plan 2019/20 and Planned Audit Coverage to March 2024, together with the Finance Director's commentary.

Members were informed that based on the audit work undertaken during 2018/19, Internal Audit had reached the opinion that the Authority's overall control framework was generally sound and that core financial systems continued to operate effectively. Risk was proactively approached and there were no fundamental breakdowns in control that would result in material discrepancy. This view had

been reinforced by the Authority's External Auditors and aligned with the Annual Governance Statement. Internal Audit had confidence in the overall adequacy and effectiveness of the Authority's internal controls.

During 2018/19 Internal Audit had focused on Contract Monitoring, Automatic Number Plate Recognition system, Risk Assessment and Business Continuity Planning. Appendix A contained the five-year plan.

The Finance Director advised that risks arising during the year will continue to evolve, but that the main outcomes of the 2018/19 audits were as below.

- a) The contract monitoring audit addressed the Contractor's health and safety arrangements, Constituent Councils' monitoring and reporting, the Operator's monitoring of turn-around times and any subsequent performance deductions, non-contract waste controls, contract payments and duty of care in relation to the Operator's off-takers. Four amber risk and five green risk recommendations were agreed for implementation with ELWA management. No red (high) risk recommendations were made for this audit. Audit found that some areas of monitoring were on hold and these would need to be reintroduced.
- b) The ANPR audit identified no red risks, but there is further work to do in 2019/20.
- c) The Business Continuity Plan audit identified no red or amber risks, but seven green risks were found. The Plan was on a good trajectory, based around a controlled environment.

The 2019/20 Audit would focus on contract management, in particular core monitoring arrangements and controls to keep non-contract waste to a minimum; weighbridge controls and accounting for non-household waste (replacing pre-scheduled 2019/20 reviews of asset management and closed landfill sites).

Members noted the audit coverage for 2018/19 **and agreed** the audit coverage for 2019/20 and the Five-Year Strategic Plan at Appendix A of the report.

12. DEFRA Resources & Waste Strategy – Summary of Consultation Responses

Members received the joint report from the Managing Director and Head of Strategy & Development summarising the responses to four consultations issued in February 2019, related to the Government's Resources and Waste Strategy (issued in December 2018). The Head of Strategy & Development provided brief commentary on the key areas of interests to the Authority and the Constituent Councils. These were:

- a) DEFRA's proposed extended producer responsibility for packaging (funding shift from the public to producers and broadly supported by ELWA);
- b) DEFRA's proposed consistency in recycling collections (a range of measures around the design of household and business recycling collections, some of which were broadly supported, some not supported, and issues around local circumstances and the PFI contract were raised as considerations throughout);
- c) DEFRA's proposed introduction of a Deposit Return Scheme for drinks containers (broadly supported); and
- d) HM Treasury's proposed Plastic Packaging Tax (broadly supported).

It was noted that ELWA and the Constituent Councils were tied into the IWMS contract until 2027 and an enquiry was made as to whether Officers should approach GLA and DEFRA with their concerns around the future and charges. ELWA was in discussion with the Contractor about recyclable waste quality and workshops were to be held to discuss improvement options with Constituent Councils' officers. ELWA Officers were trying to explore different ways forward whilst working within the current contract. Consideration should be given to having different service and contract structures in the post-IWMS future, whilst moving forward with the Contractor in the short-term.

Members noted the report and agreed further discussions should take place with the GLA and DEFRA in relation to current and future services.

13. Strategy – Preparations for future wastes management arrangements in East London – Update

Members received the joint report of the Managing Director and Head of Strategy & Development on work undertaken in preparation for future resources and waste management arrangements for East London and progress with the development of a new strategy. The report contained specific aims and objectives for consideration and approval in relation to the East London Joint Resources and Waste Strategy (ELJRWS), as well as details of the three-part strategy structure, and specifically set out details for Part A – maximising waste reduction, reuse and recycling.

The report also noted that officers would be procuring specialist consultancy services in accordance with the principles set out. The subsequent Parts B & C of the ELJRWS were to be about residual waste and infrastructure needs. The Tender documentation for consultancy services would be finalised in consultation with the project team, with the aim of uploading to the consistency framework in late July. Any comments received from Members would be included. A mini competition for pre-procurement specialist consultancy services would be live for 3-4 weeks, followed by summer evaluation with contract award during September. It was anticipated that work to mobilise the consultancy support would be underway by the next Authority meeting.

Members discussed **and agreed** the draft aims and objectives as outlined in paragraph 5.2 and 5.3 of the report and were keen for cost-effectiveness to be included at 5.2 (d) and asked Officers to make that adjustment.

14. Riverside Energy Park DCO Application - Update

Members received the joint report of the Managing Director and Head of Strategy & Development. The purpose of the report was to update Members on events, following the delegation of authority to the Managing Director, on 04 February 2019, to make the representation about ELWA's concerns to the Planning Inspectorate in respect of the second energy from waste facility proposed by Cory Riverside Energy at Belvedere. The Managing Director's written representation from the Authority was attached as Appendix A. The Managing Director raised concerns in his response under the headings of distribution of EFW facilities, sources of waste, river transport and heat source distribution.

Members noted the report.

15. Modern Slavery Statement

Members received the Managing Director's report seeking their approval to the proposed Modern Slavery Statement (MSS) at Appendix A. The Authority was not required to produce such an MSS but for the purpose of best practice it had drawn up the Statement in relation to the supply chain of ELWA Limited and its partners John Laing and Renewi UK Services Limited. The Managing Director explained that Councillor Akwaboah as 'A' Director of ELWA Limited had contributed to the ELWA Ltd MSS so that the Authority could, in turn, produce its own Statement.

Members noted the report and **approved** the Modern Slavery Statement and authorised the Chair to sign the same.

16. Date of Next Meeting: Friday 28 September 2019 (to Monday 07 October at 9.30 am)

In accordance with Minute 3 of the meeting of 04 February 2019, Officers had progressed the request to vary the meeting date of 07 October and offered 28 September to Members. The Chair advised that although it was at his request that the revised date was sought, he now found that the original date would suit him better and if convenient with all other Members, it was proposed that the 07 October date be reinstated.

Members agreed to hold the next Authority meeting on 07 October and an offer was made by Councillor Bain to hold the meeting at the Town Hall, Ilford.

17. Any other public items

There were none.

18. 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).

19. Minutes - Part 2 (Restricted Items) of previous meeting: 04 February 2019

Members confirmed as true and accurate the minutes of the restricted items discussed at the Meeting held on 04 February 2019. The Chair was authorised to sign the same.

20. Closed Landfills – Wennington Farm & Aveley

Members received the Managing Director’s report and indicated their preferred way forward.

Members noted the report.

21. ELWA Limited Update 08/05/19 Board Meeting

Members received and noted the Managing Director’s report on matters discussed and decided at the Board of ELWA Limited on which Councillor Akwaboah serves as the ‘A’ Director and the Managing Director attended as an Observer.

Chair: O Dervish
.....

Date: 07 October 2019
.....