

ANNUAL GENERAL MEETING MINUTES

MONDAY 29 JUNE 2020 - PART 1 PUBLIC ITEMS: - (9.30 AM–12.15 AM)

Present:

Councillors Dorothy Akwaboah and Syed Ghani (London Borough of Barking & Dagenham), Councillors Robert Benham and Osman Dervish (Havering), Councillors James Asser and Genevieve Kitchen (Newham), Councillors Sheila Bain and John Howard (Redbridge).

1. Membership and Appointment of Chair, Vice Chair for the year 2020/21

The Managing Director opened the meeting by requesting nominations from the membership for the post of Chair, for the municipal year 2020/21.

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

Members nominated and agreed that Councillor Howard be appointed Chair for the municipal year 2020/21.

Cllr Howard took office and continued the meeting having thanked the Members for their vote of confidence. The Chair received nominations from the Members for the post of Vice Chair as Cllr James Asser.

Members nominated and agreed the appointment of Vice Chair: Cllr James Asser for the municipal year 2020/21.

Members thanked the outgoing Chair Cllr Dervish for Chairing over the last year and the outgoing ELWA Limited 'A' Director: Cllr Akwaboah for her part.

2. Apologies for Absence

There were none.

3. Declaration of Members' Interests

There were none declared.

4. Minutes -To agree Part 1 (Public Items) of the minutes of the Authority's meeting held on 10 February 2020 and authorise the Chair to sign the same. (page 1)

Members confirmed as true and accurate the public minutes of the Authority Meeting held on 10 February 2020. Due to this remote meeting, the Chair will be sent papers to authorise and sign the same and return to the Authority for recording.

5. Minutes -To agree minutes of the EGM Authority meeting held on 7 May 2020 and authorise the Chair to sign the same.

Members confirmed as true and accurate the public minutes of the EGM Authority Meeting held on 7 May 2020. Due to this remote meeting, the Chair will be sent papers to authorise and sign the same and return to the Authority for recording.

6. Five Year Service Delivery Plan (including Presentation from Renewi)

The Head of Waste & Support Services introduced the report and Members then received a presentation by the Operator's Contract Director from Renewi, Kevin Bell and General Manager, Simon Lee, as at Appendix A (which had been updated since being despatched with the Agenda Pack).

A copy of the presentation is included with the minutes. The Chair thanked Renewi for the presentation and began questions focusing on cost savings that will assist in the boroughs' individual shortfalls. The Chair raised the shortfall at Redbridge of £45m due to the effect of COVID-19 and asked if the proposals for the Constituent Council support in the plans required additional financial resources from them.

The Head of Waste and Support Services (HWSS) advised that the projects for separating street cleansing waste and bulky/fly-tipped waste should not require additional staffing levels as they involve slight changes to operational practice such as loading vehicles differently. It was hoped that these changes can be accommodated by a very slight increase in time in respect of loading of vehicles as opposed to resource or financial implications.

The Chair asked what scope there was to drive savings. Renewi responded that they are making operational performance as flexible as possible and looking at all avenues to drive efficiencies within the IWMS Contract that may be able to be passed to CCs as a benefit. Renewi confirmed that one of the main focus areas for reducing costs would need to be in reducing residual waste. Renewi will look at projects and initiatives that could offer mutual benefits with CCs and will keep Members updated.

The Chair requested that a list of potential areas of savings be provided by Renewi focussing on cost saving areas to the Levy and requested that proposals under the FYSDP concerning street cleansing and bulky wastes should not include additional collection costs that the CCs would have to pay. Renewi responded stating that mutual benefits are continually reviewed, and ongoing improvements will help identify potential savings and welcomed the opportunity for continued dialogue with the CCs.

Members asked about preparations being considered in case of a further lockdown later in the year. Renewi confirmed they are putting preparation plans in place and that a collaborative approach is welcomed in developing any new plans for potential further lockdowns affecting services.

The Chair asked how the ambitious dry mixed recycling (DMR) 50% drop in contamination will be achieved, particularly as the DMR range is increased. It was clarified that this will be through communications, education and public engagement as well as an element of enforcement. Renewi added they are still working with the Materials Recovery Facility (MRF) operators to look at ways of reducing the levels of contamination through operational efficiency.

Members commented that enforcement would need additional resources that are likely to be hard to secure in the current financial market.

The Managing Director (MD) suggested that this item be revisited at a later date with the cooperation of ELWA and the CCs as there was clearly more to discuss.

The Chair requested for Renewi to produce a long list of potential cost savings to be reported to Members following discussions by Management Board.

Members agreed the FYSDP with a formal review in 2022 and **requested** a further report identifying potential cost savings to be presented at a future Authority meeting.

7. Final Financial Outturn Position and Contract Monitoring Review for the year 2019/20

The Finance Director presented the joint report and confirmed a net underspend for the 2019/20 year was transferred to the Strategy Reserve.

Members were informed that the November report will look at the levels of reserves in the context of the Medium Term Financial Strategy and the Levy.

The Chair requested future finance reports be made available sooner for the Members to review in advance of the Authority meetings to allow information to be clearly understood.

Members asked if some of the money from the reserves could be released and re-distributed now due to the current financial difficulties the boroughs are facing, particularly as the strategy reserves are long term. The Finance Director added any movement in this regard should be addressed with caution as it was understood this resource was required to support the decisions made for future procurement to happen before the end of the contract in 2027. It was also noted that reserves have been built up since the auditors' recommendation to Members in 2016 to build upon their low levels of reserves.

Members agreed a detailed discussion on budget reprofiling due to the difficult financial positions of the boroughs following the impact of COVID-19 should be scheduled.

The Finance Director agreed to draw up an options appraisal detailing the impact of reserves being spent and the timescales for building up the required level of reserves and the impact on the future Levy.

Members questioned the £1.250m loan and if this can be paid off sooner to save on high interest rate costs. The Finance Director responded that due to the penalties this was not a cost-effective approach to take.

Members noted the report and **requested** that the Finance Director in consultation with the Managing Director review the level of reserves needed by the Authority and how any release of reserves would be distributed, and report back to a future Authority meeting.

8. Treasury Management Outturn 2019/20

The Finance Director asked Members to note the report on the Treasury Management Outturn which highlights the summary position for the Authority in terms of investments at 31 March 2020. The report confirmed there was no capital expenditure or new external borrowing taken out in the year and that all treasury management activity was carried in compliance with the Prudential Indicators set in February 2019. set in February 2019.

Members noted the report.

9. Annual Governance Statement 2019/20

The Finance Director reported that the external auditors have audited the Annual Governance Statement 2019/20 with no changes being required, although their Audit Results Report, which will confirm this, has not yet been received. The Audit Results Report will be circulated to Members and included in the agenda at the next meeting in September 2020.

Members commented that Brexit had not been covered by the report. The Managing Director responded that the statement was a backward-looking document and had noted how Renewi managed the unplanned closure of a major RDF off-taker overseas; however future risk assessments will continue to cover the implications of Brexit.

Members approved the Annual Governance Statement and noted that the Statement will form part of the approval of the Statement of Accounts for 2019/20.

10. Statement of Accounts and Audit Results Report 2019/20

The Finance Director advised that the Statement of Accounts and Audit Results Report 2019/20 was not yet available due to the delay in the audit of the London Pension Authority, of which the Authority is part. This audit is expected to commence in August 2020. The full report will be available at the next Authority meeting in September 2020.

The Chair requested that the report be circulated to Members when available.

11. Internal Audit Progress Report 2019/20, Audit Plan 2020/21 and Planned Audit Coverage to March 2025

Members received the Finance Director's Internal Audit Progress Report detailing the three internal audits undertaken in 2019/20, the Audit Plan for 2020/21 and the Five-Year Strategic Plan to March 2025.

Members noted the 2019/20 internal audit work and **agreed** to the proposed work for 2020/21 and the Five-Year Strategic Plan.

12. Review of Anti-Fraud and Corruption Strategy 2020/21 (including Whistleblowing Policy)

The Finance Director presented the report and asked Members to note that ELWA's Whistleblowing Policy has a zero tolerance to fraud and that the policy is reviewed annually; however, no changes have been highlighted.

Members noted the actions proposed in the report and **agreed** the Anti-Fraud and Corruption Strategy and the Whistleblowing Policy.

13. Impact of COVID-19 on Operations

The HWSS gave an update of the impact of COVID-19 on operations since March 2020 in terms of performance and costs.

The HWSS noted the RRCs are being reviewed in an attempt to increase the throughput on each site and reduce impact on traffic. Consultation with Public Health Directors over the following weeks will ensure future plans for managing public access to the Reuse and Recycling Centres take into account protection of the public in respect of social distancing guidelines.

Officers are planning to discuss Renewi's reconciliation of costs and performance implications in due course. A potential claim from Renewi is anticipated but it is unclear at this stage what aspects of the IWMS Contract will form the basis of any claim.

Members noted the report, **requested** that the MD liaise with the Chair about Renewi's claim, and **stated** that they and the Constituent Councils were very concerned about the costs of Covid-19 that may be left with local authorities.

14. Strategy - Preparations for the Future Wastes Management Arrangements in East London - Update

The Head of Strategy & Development introduced the report, drawing out key matters in relation to the scope and timing of current and future work in this area, and the roles of the Authority and the Constituent Councils within this. He also noted the omission at paragraph 9.4 of the report, which should have said that the National Audit Office (NAO) has published a report on the steps needed to end Private Finance Initiatives, and that each relevant Government department would be producing its own guidance. Members noted that ELWA is working in line with the suggested timetable from the NAO report, and will review the guidance from DEFRA when it is published.

The key topics were the current modelling of waste reduction, reuse and collections, the subsequent work to identify and procure future treatment and disposal options, stakeholder engagement, public consultation and formal decision-making. Members noted that current acute financial pressures arising from Covid-19 may have an impact, and that they were also concerned about the fit with future development of national policies and legislation under the government's Resources and Wastes Strategy, which the HSD noted should become clearer early next year when the government expects to issue a further range of consultations.

Members noted the report and **requested** that officers liaise with the Chair to develop a series of workshops for Members to discuss collection and treatment options to enable the strategy development to move forward as quickly as possible.

15. East London Joint Waste Prevention Programme – update

The Head of Strategy & Development gave an update, noting that recruitment to the first role in the new waste prevention team was cancelled due to COVID-19. He advised that the scope and job description of the role would be reviewed, prior to relaunching the recruitment in July 2020 for a delayed launch to the programme (currently planned from 1st October). The programme will initially shift from direct engagement with the public to focusing more on working with existing networks, community groups and reuse organisations, with exploration of collaborative working opportunities with other London waste authorities. Recruitment for the two more junior officers will be delayed pending a review of the need for these roles as the programme evolves.

The Chair advised that whatever money is spent on the programme would need to be made up in overall savings it achieves.

Members noted the report.

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

None.

17. Resolution

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).

18. Minutes - Part 2 (Restricted Items) of the Minutes of the Authority's meeting held on 10 February 2020

Members confirmed as true and accurate Part 2 (Restricted Minutes) of the Authority's meeting held on 10 February 2020.

19. Fire Improvement Works (Confidential)

The Managing Director presented the report, and **Members agreed** the recommendations.

20. ELWA Limited Update (Confidential)

The Managing Director presented the report, and **Members agreed** the recommendations.

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

There were none.

Chair:

Date: 28 September 2020
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