

**AUTHORITY MEETING MINUTES**

**FRIDAY 1 JULY 2022 - PART 1 PUBLIC ITEMS: - (10:10 AM–12:40 PM)**

Present:

Councillor Dorothy Akwaboah (Chair / Barking & Dagenham), Councillor Jo Blackman (Vice Chair / Redbridge); Councillor Kashif Haroon (Barking & Dagenham); Councillor Ray Morgon (Havering); Councillor James Asser (Newham), Councillor Miraj Patel (Newham) Councillor Matthew Goddin (Redbridge).

**1. APOLOGIES FOR ABSENCE**

Councillor Barry Mugglestone (Havering), David Beadle 'A' Director.

**2. DECLARATION OF MEMBERS' INTERESTS**

There were none declared.

**3. MEMBERSHIP AND APPOINTMENT OF CHAIR AND VICE CHAIR FOR THE MUNICIPAL YEAR 2022/23**

The Managing Director asked Members to advise the new appointments of Chair and Vice Chair for the Municipal Year 2022/23. Members agreed to appoint Cllr Dorothy Akwaboah as Chair and Cllr Jo Blackman as Vice Chair. Introductions of the new Members took place and new Members were invited to a site tour of the RRC, which will be arranged in the near future.

**ACTION**

**4. MINUTES – TO AGREE PART 1 (PUBLIC ITEMS) OF THE MINUTES OF THE AUTHORITY'S MEETING HELD ON 04 FEBRUARY 2022 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 04 February 2022. The Chair was authorised to sign the same.

**Members agreed** the minutes.

**5. MINUTES – TO AGREE PART 1 (PUBLIC ITEMS) OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 18 MARCH 2022 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 18 March 2022. The Chair was authorised to sign the same.

**Members agreed** the minutes.

**6. INTERNAL AUDIT ANNUAL REPORT INCLUDING ANNUAL OPINION FOR 2021/22 AND ARRANGEMENTS FOR FUTURE INTERNAL AUDIT WORK.**

The Finance Director (FD) asked Members to note the Internal Audit Annual Report, including the annual opinion for 2021/22, and to approve the Internal Audit Charter, Strategy, and the five year audit plan for 2022-2027. She highlighted that the annual opinion is that the Authority's systems of governance, risk management, and internal control remain generally sound and provide substantial assurance, which is a welcome achievement.

**Members noted** the Internal Audit Annual Report and annual opinion for 2021/22 and the outcome of the Internal Audit service's recent External Quality Assessment review and **agreed** the Internal Audit Charter, Strategy and five-year Internal Audit plan for 2022-2027.

## **7. AUDITOR'S ANNUAL REPORT 2020/21.**

The FD asked Members to note the Auditor's Annual Report 2020/21. She pointed out that the audit fees for 2020/21 have not yet been finalised but will be reported to the Authority in due course. The FD introduced Debbie Hanson (DH), Ernst & Young, who introduced the highlights of the report. DH confirmed to Members that the report confirms an Unqualified Opinion with no matters to report on the Authority's value for money (VFM) arrangements. DH also advised Members that the audit certificate for 2020/21 has not yet been issued as the procedures required by the National Audit Office (NAO) have not yet been completed, but that this has no impact on the conclusion. She noted that amendments were made to the draft accounts as a result of errors in Property, Plant and Equipment (PPE) found during the audit (previously reported in the Audit Results Report).

In response to questions from Cllrs Akwaboah (LBBD) and Asser (LBN), DH replied that the audit certificate was out of EY's control and that the auditors are equally as frustrated with the delays. She confirmed that the lack of a certificate does not reflect negatively on the Authority. DH also confirmed that she is aware of some systems failures and will continue to put pressure on the NAO to allow EY to issue the audit certificate.

The FD added she is also frustrated, however with the assurance of an Unqualified Opinion achieved, the certificate will follow hopefully within the next two months.

**Members noted** the report.

## **8. INDICATIVE EXTERNAL AUDIT PLAN 2021/22.**

The FD asked Members to note the Indicative External Audit Plan for the period 1 April 2021 to 31 March 2022 including the audit of the 2021/22 financial statements. The Audit Plan is indicative at this stage and is based on EY's initial risk assessment which takes into consideration findings from the 2020/21 audit, discussions with officers and the auditors' knowledge of sector-wide issues that may affect the Authority. The planned start date for the audit is September 2022 and the audit is expected to be concluded by the statutory deadline of 30 November 2022. The FD highlighted to Members that there are no changes to the audit risks or focus from those identified for the 2020/21 audit; full details are on page 95 of the report.

**Members noted** the report.

## **9. ANNUAL GOVERNANCE STATEMENT 2021/22.**

The FD asked Members to approve the Annual Governance Statement 2021/22, which has been signed by the MD and the outgoing Chair, and note that this will form part of the approval of the Statement of Accounts for 2021/22.

In response to a question from Cllr Patel (LBN) about whether further work was required to address the additional risks referred to in para 8.2 of Item 8 the FD advised that, as part of the Authority's risk management arrangements, significant risks are identified, and control actions are put in place to bring down inherent risks. Regarding current high levels of

inflation, this is an issue for all local authorities, not just ELWA. She also pointed out that the Annual Governance Statement is reporting on the period 1 April 2021 to 31 March 2022.

**Members agreed** to the Annual Governance Statement 2021/22.

#### **10. DRAFT STATEMENT OF ACCOUNTS 2021/22.**

The FD asked Members to note the Draft Statement of Accounts 2021/22 that were signed, in conjunction with the Annual Governance Statement, on 23 June 2022, well before the statutory deadline of 31 July, and that are presented to the Authority for information in accordance with good practice. The FD thanked all who had contributed to this achievement.

Following Cllr Blackman (LBR) asking for clarification, the FD explained that a reserve had been created to mitigate the risk of increasing insurance costs at renewal.

**Members noted** the report.

#### **11. FINANCIAL OUTTURN POSITION AND CONTRACT MONITORING REVIEW FOR THE YEAR 2021/22.**

The FD asked Members to agree the revenue and capital outturn for 2021/22 and reserves position as at 31 March 2022 and to delegate any changes as a result of the financial year end and external audit to herself as Finance Director (S73 Officer).

She asked Members to note that the Authority finished the year with a £1.165m underspend on the contract cost due to lower than budgeted tonnages. She also confirmed that no borrowing had been taken out during the 2021/22 financial year, but borrowing is anticipated in the 2022/23 financial year. The FD highlighted to Members the table in para 5.9 of the report detailing the final reserves position for 2021/22 and asked Members to note that the £2.230m Strategy Reserve will be re-named the Procurement Reserve going forward.

In response to a question from Cllr Blackman about whether the funds will be returned to the Constituent Councils as a result of the underspend due to reduced tonnages the FD reminded Members that the forecast outturn position had already been taken account of in the budget and levy setting process for 2022/23.

A discussion was held on the lack of financial incentives to recycle in the current IWMS Contract and how future contract conditions will differ to allow incentives for waste minimisation and diversion from landfill. The MD added the Authority's Waste Prevention Programme is being driven with the intention to deliver lower tonnages.

Cllr Blackman suggested that in the meantime there should be no room for complacency and asked that a breakdown of recycling rates be included in the report going forward and suggested there is still scope for improvement. **ACTION**

**Members noted** a) the Financial Outturn Position for 2021/22 including the revenue and capital outturn 2021/22 as set out in this report b) **delegated** any changes as a result of the financial year end and external audit to the Finance Director (S73 Officer) and c) **agreed** the reserves position as at 31 March 2022.

## **12. TREASURY MANAGEMENT OUTTURN REPORT 2021/22.**

Members were asked by the FD to note the Treasury Management Outturn Report 2021/22 which details the final outturn position against the Treasury Management Strategy set in February 2021. The FD asked Members to note that the Authority's investments had been placed in accordance with the criteria set out in paragraph 4.4 – 4.8 and that the prudential indicators set in the Treasury Management Strategy had been complied with throughout the 2021/22 financial year.

In response to questions from Cllr Asser (LBN) and Cllr Patel (LBN) about Fire Improvement Works (FIW) capital spending and health and safety the MD confirmed to Members that the FIW at Frog Island are within budget and that a FIW report is included later in the agenda.

**Members noted** the report.

Debbie Hanson (EY) left the meeting at this point.

## **13. ANTI-FRAUD AND CORRUPTION STRATEGY AND SUPPORTING POLICIES.**

The FD asked Greg Mortimer, Head of Audit and Investigations (LBR), to introduce the updated Anti-Fraud and Corruption Strategy and supporting policies. He confirmed that there are no substantial changes to the strategy and policies and underlined the continued stance of zero tolerance to fraud. GM confirmed that there were no referrals during 2021/22 and advised Members and Officers that any referrals should be directed to him in the first instance.

**Members agreed** the Anti-Fraud and Corruption Strategy and supporting policies.

## **14. RISK MANAGEMENT POLICY AND STRATEGY 2022/23.**

The Head of Waste and Support Services (HW&SS) asked Members to agree the Risk Management Policy and Strategy 2022/23 which include minor changes in reference to the new Procurement Director and confirmed that these documents will be reviewed annually, requiring a further Authority report only if there are significant changes.

**Members agreed** the Risk Management Policy and Strategy 2022/23.

## **15. CONTRACT PERFORMANCE MANAGEMENT 2022/23.**

The HW&SS asked Members to note the Contract Performance Management 2022/23 report which is now split from the Budgetary Monitoring Report. Only April's performance is detailed in the report meaning it is too early to show any trends. He concluded by confirming and congratulating Simon Lee as the newly appointed Renewi Contract Director.

**Members noted** the Contract Performance Management 2022/23 report.

## **16. EAST LONDON WASTE PREVENTION PROGRAMME**

The Head of Strategy and Development (HSD) presented the report, providing new Members with the background to the Waste Prevention Programme (WPP). He drew Members' attention to the Repair Café events that had taken place in the spring, and noted plans for a second round of these events during July and August. He also provided an update on preparations for a joint campaign on food waste reduction with several other London waste authorities.

Following a question from Cllr Blackman (LBR), a discussion took place between Members and officers about the possibility of establishing separate food waste recycling services. The HSD advised that these are not currently provided under the current contract, and that food waste plays a role in the bio-drying stage of the mechanical-biological treatment process for residual waste. He noted that a requirement to provide separate food waste collections for all households had been introduced through the Environment Act, and that discussions were ongoing with the IWMS Operator on this issue to determine the costs and technical impacts of starting these collections during the life of the current contract. However, he noted that further information on the Government's proposals is still awaited, including details on New Burdens payments for providing food waste services. He confirmed that treatment capacity for separately collected food waste would form part of the procurement of future services under the PACE programme.

The HSD noted that the first annual report on the Joint Strategy for East London's Resources and Waste would be brought to the September 2022 Authority Meeting, which will include more information on performance against a number of indicators as well as progress being made to deliver against the priorities and actions that the Partner Authorities set out in that document.

Cllr Patel (LBN) asked whether used cooking oil could be collected to be turned into biodiesel. The HSD advised that there are some niche private operators offering this service to restaurants in London, and that cooking oil containers are provided at the four East London Reuse and Recycling Centres.

**Members noted** the report.

### **17. GOVERNANCE REVIEW**

The Monitoring Officer (MO) asked Members to consider the recommendations with an amendment to Recommendation b) to change the reference from paragraph 6 to paragraph 8 of the report.

The MO highlighted that Members had agreed Agenda Items 7 and 9 earlier in the meeting where the Authority had been given a substantial assurance by the Auditors and confirmation within the Annual Governance Statement that there were no concerns regarding the Authority's governance. The MO provided Members with a background to the Governance Review which was recommended by Members at the meeting on 4th February 2022 to ensure that governance is sound and robust moving into the future, and as a "best value" authority there is a legal obligation under the Local Government Act 1999 to seek continuous improvement. The MO highlighted para 8 detailing the Peer Challenge Review which will be carried out by the Local Government Association (LGA) and the proposed Terms of Reference.

Cllr Blackman (LBR) added that whilst she recognised the review was delayed, it was good to see the Governance Review moving forward. Cllr Blackman also questioned whether members could see the draft report before it was published. The MO confirmed this could be done. **ACTION**

Cllr Asser (LBN) asked whether the LGA would put forward panel names or would the MO. The MO confirmed that this would be through discussion with the LGA.

**Members agreed** to the recommendations as amended to:

- a) Affirm the Authority's recommendation of 4th February 2022 to conduct a Governance Peer Review of the Authority;
- b) Agree the terms of reference as set out at paragraph 8 of the report;
- c) Approve that the Monitoring Officer in consultation with the Chair and Vice Chair, Managing Director and Finance Director proceed with appointing the LGA to commence the governance review; and
- d) That any amendments/additions to the scope of the review be approved by the Monitoring Officer in consultation with the Chair and Vice Chair.

## **18. FORWARD PLAN**

**Members** discussed and **noted** the Forward Plan.

## **19. ANY OTHER PUBLIC ITEMS WHICH THE CHAIR DECIDES ARE URGENT**

There were none.

## **20. RESOLUTION**

**Members resolved** to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.

## **21. MINUTES – TO AGREE PART 2 (RESTRICTED ITEMS) OF THE MINUTES OF THE AUTHORITY'S MEETING HELD ON 04 FEBRUARY 2022 AND AUTHORISE THE CHAIR TO SIGN THE SAME**

**Members confirmed** as true and accurate the Part 2 (Restricted Items) minutes of the Authority's meeting held on 04 February 2022. The Chair was authorised to sign the same.

## **22. PROCUREMENT OF PACE ADVISERS (CONFIDENTIAL)**

**Members agreed** the recommendations.

## **23. FIRE IMPROVEMENT WORKS (CONFIDENTIAL)**

**Members noted** the report.

## **24. ELWA LIMITED UPDATE (CONFIDENTIAL)**

**Members agreed** the recommendations.

## **25. OPTIBAG AND TONNE MILEAGE PAYMENTS (CONFIDENTIAL)**

**Members agreed** to defer the discussion to a future date.

**26. ANY OTHER CONFIDENTIAL OR EXEMPT ITEMS WHICH THE CHAIR DECIDES ARE URGENT**

There were none.

**The meeting concluded** at 12.40pm

Chair: .....

Date: .....