

AUTHORITY MEETING MINUTES - PART 1 - PUBLIC ITEMS

FRIDAY 30 JUNE 2023 (10:00 AM–13.00 PM)

Present:

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

1. APOLOGIES FOR ABSENCE

Councillor Barry Mugglestone (Havering); Councillor Chris Wilkins (Havering), Councillor Guy Williams (Redbridge).

2. DECLARATION OF MEMBERS' INTERESTS

There were none declared.

3. MEMBERSHIP, CHAIR AND VICE-CHAIR CONFIRMATION FOR THE MUNICIPAL YEAR 2023/24

Members were asked to note the appointment of Members for the municipal year 2023/24 and agreed the appointments of Chair (Cllr Akwaboah) and Vice-Chair (Cllr Blackman) for the year 2023/24.

4. MINUTES – TO AGREE PART 1 (PUBLIC ITEMS) OF THE MINUTES OF THE AUTHORITY'S MEETING HELD ON 10 FEBRUARY 2023 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 10 February 2023. The Chair was authorised to sign the same.

Members agreed the minutes.

5. INTERNAL AUDIT ANNUAL REPORT INCLUDING THE ANNUAL OPINION FOR 2022/23 AND ARRANGEMENTS FOR FUTURE INTERNAL AUDIT WORK

The Finance Director (FD) asked Members to note the Internal Audit Annual Report 2022/23 including the Annual Opinion for 2022/23; and approve the proposed Internal Audit Charter, Strategy, and Internal Audit plan for 2023-2028. She referred to Adx A and highlighted that there has been no change since the previous year and therefore there is continuity in the audit plan.

In response to a question from the Vice-chair, the Head of Waste & Support Services (HWSS) added that two items remained amber status at the time of writing the report as the Contract Expiry work to carry out asset surveys has since been arranged in a revised programme to take place between July and September 2023; the Fire Improvement Works and alterations to increase the capture of recyclables at the bulky waste facility had caused the delay.

The Procurement Director also added the PACE Outline Business Case (OBC) was not complete at the time of writing the report as the critical path had not been developed. However, the Change Management requirement was agreed at the recent PACE Board meeting which took place 27 June 2023.

Members **noted** the Internal Audit Annual Report including the Internal Audit annual opinion for 2022/23 and the arrangements for future Internal Audit work and **approved** the proposed Internal Audit Charter, Strategy, and Internal Audit plan for 2023-2028 in Appendices A, B and C that are collectively the agreement between the East London Waste Authority (the Authority) and the London Borough of Redbridge for the provision of Internal Audit services.

6. ANNUAL GOVERNANCE STATEMENT 2022/23

The Finance Director (FD) asked Members to approve the Annual Governance Statement 2022/23 and note that the Statement of Accounts for 2022/23 is included as part of the approval which appears at Item No 11 of this agenda. She added that there are no significant changes to report.

Members approved the Annual Governance Statement 2022/23 and noted that the Annual Governance Statement will form part of the approval of the Statement of Accounts for 2022/23. .

7. FINAL FINANCIAL OUTTURN POSITION FOR THE YEAR 2022/23

Members were asked by the Finance Director (FD) to agree the final revenue and capital outturn position for the year 2022/23 and delegate any changes as a result of the financial year end and external audit to the Finance Director (S73 Officer) and to agree the reserves position as at 31 March 2023.

The FD took Members through the plans for the additional 2022/23 £1.902m underspend above the amount reflected in the 2023/24 budget which aims to be moved to the Authority's Reserves, in particular the Revenue Reserve as part of the 2024/25 Medium Term Financial planning and Levy setting processes. She asked Members to note that good financial practice is to maintain the general Revenue Reserve at 5% of the net revenue budget recommending that £0.800m of the 2022/23 surplus is used to increase the Revenue Reserve to £3.800m. She continued asking Members to note that the Procurement Reserve has risen from £2.230m to £2.941m as current expenditure on the PACE programme activity remains low but will be required when activity increases as procurement and contract expiry progresses. The balance of £0.341m is recommended to be placed in the Levy Reserve. The 2023/24 budget setting was also discussed which had included £7.159m of the total 2022/23 underspend. This included the Insurance Reserve which had been increased to £2.000m to support the Authority's self-insurance as the insurance policies purchased in December 2022 no longer insures the gap between the level of deductible available in the market (£1.000m) and the contract compliant deductible (£0.010m). The Business Risk Reserve had been increased to £1.500m to reflect higher levels of risk related to the economy, including inflation, volatile tonnage levels and insurance. The Levy Reserve was increased by £5.560m and has been released in 2023/24 to offset the Levy. The Capital Reserve remains at £0.100m.

In response to matters raised by Members (Cllrs Asser and Blackman) about the increase in reserves since the last Authority Meeting the FD highlighted the table at paragraph 4.8 of the report which shows the final reserves position for 2022/23 and reminded Members that the reserves are continuously assessed throughout the year to address variable issues.

The Procurement Director (PD) added that Members should take into account that the external PACE Advisers are being asked to re-price their tenders on the basis of the draft OBC, and that rather than the single competitive dialogue process used for a common bidding assumption when ELWA procured their services, the requirement for 5-6 procurements will

increase the price of the project substantially. The MD also noted that early advice from Local Partnerships had been to set a flat budget that would most likely underspend in the early stages, but that underspend could be held over to fund the later intense periods of document preparation and, in particular, negotiation/dialogue periods with bidders.

In response to points raised by Members (Cllrs Asser and Patel) about the length and complexity of Finance reports the FD confirmed that although the Authority received an update at every meeting, a defined and profiled spend would be added for the December MTFS and budget reports, and a review will determine if reserves will allow funds to be released to help fund the 2024/25 the Levy, which is a decision that can be taken with greater confidence later in the financial year. However, there will always remain many variables such as the current economic climate that indicates interest and inflation rates may still be rising.

The MD reminded Members that the AGM papers are inevitably longer than usual. He added that in response to the Governance review, reports are now available eight clear working days before meetings where possible on the ELWA website, with the Confidential Part 2 items sent out five clear working days before the meeting. The FD added further that the Draft Statement of Accounts is concluded by 31 May each year as a statutory requirement and published on the ELWA website, therefore the link to this report can be shared with Members at an earlier date next year if required.

Cllrs Asser and Patel both noted their concern about the changes to the reserves. Cllrs Haroon and Blackman both said they accepted the recommendations.

Members agreed a) the final revenue and capital outturn position for the year 2022/23 and delegate any changes as a result of the financial year end and external audit to the Finance Director (S73 Officer) and **agreed** b) the reserves position as at 31 March 2023 although LBN Members have concerns about the Revenue Reserve and would appreciate a fuller explanation of these in the future.

8. INDICATIVE EXTERNAL AUDIT PLAN 2022/23

The FD asked Members to note the indicative External Audit Plan as the Auditors could not attend the meeting and asked Members to confirm their understanding of, and agreement to, the materiality and reporting.

She highlighted the report which sets out a few changes of how external audit is carried out, as detailed in paragraph 3.2 of the report.

The FD continued and summarised the audit fees for 2022/23 and detailed the PSAA published scale fee for the audit work in respect of the Code of Practice is £29,085 (£14,068 for 2021/22). The FD confirmed the cost of this is met from the Revenue budget. The level of the fee is dependent on the timeliness and quality of the documentation provided for audit and is indicative only as the PSAA are yet to determine the final costs.

Members noted the indicative External Audit Plan and **confirmed** their understanding of, and agreement to, the materiality and reporting levels set out at paragraph 3.3 of the report as detailed in the indicative Audit Plan.

9. CONSTITUTION UPDATE

The MD asked Members to agree the changes proposed to the Constitution as detailed in the report including the establishment of a Procurement Committee and a number of associated procedural changes including the application of each Member's 'home' council's Code of

Conduct; provisions for Member inductions; and increasing the value of contracts and virements that can be awarded and made by officers.

The MD confirmed in response to a question from Cllr Asser (LBN) that virements are up to £0.100m.

Members **agreed** to the changes to the Constitution and **appointed** one Member from each Council to serve on the Procurement Committee, namely:

LBB	Cllr Haroon
LBH	Cllr Mugglestone
LBN	Cllr Asser
LBR	Cllr Blackman

10. TREASURY MANAGEMENT ANNUAL REPORT 2022/23

The FD updated Members on the Annual Treasury Management, summing up the end of year 2022/23 strategy and asked Members to approve the actual 2022/23 prudential and treasury indicators as detailed in the report and to note the Annual Treasury Management Strategy Outturn report for 2022/23. She added that Treasury training had been carried out for Members, however further training can be arranged if required.

Cllr Patel (LBN) asked if provisions had already been arranged within Capital Expenditure for the PACE OBC. For example, were there any plans to spend on current facilities?

The MD replied that there were risks to be taken into consideration and gave the example of the Fire Improvement Works that were required for insurance purposes and the most recent risk that has arisen concerning Persistent Organic Pollutants (POPs). At this point in time the change in law case from the Contractor has not yet been formally accepted and further discussions are required. This concerns the issue of surface water drainage and discharge at sites and if this is required to be held in an underground water tank, which would need to be built. Currently Jenkins Lane has four surface water discharge points and Frog Island has one.

Cllr Patel (LBN) asked if these risks are reflected in the Reserves?

The FD replied that risks are assessed as they emerge. Alternatively, provisions can be made on assumptions.

Members approved the actual 2022/23 prudential and treasury indicators in this report and **noted** the Annual Treasury Management Strategy Outturn report for 2022/23.

11. DRAFT STATEMENT OF ACCOUNTS 2022/23

The FD asked Members to note the draft Statement of Accounts (SOA) for the financial year 2022/23, which was approved by the Finance Director (Section 73 Officer) on 30 May 2023, having been completed by the Finance team before the statutory deadline of 31 May. She thanked her team for all the support to achieve the completion ahead of the deadline and in particular, Gillian Clelland who is retiring, and therefore this is her last meeting. She added the external audit of the accounts commenced on 12 June 2023 and is expected to be completed by the end of July 2023 when the SOA is due to be published as best practice; however the London Pension Fund Authority (LPFA) has yet to contribute their conclusion which has a statutory deadline of 30 September. The FD will continue to liaise with EY.

Cllr Asser (LBN) added the Councillors collective thanks to Gillian Clelland for her support to the Authority.

Members noted the draft Statement of Accounts (SOA) for the financial year 2022/23 and their thanks to Gillian Clelland on her retirement.

12. CIPFA FINANCIAL MANAGEMENT CODE: SELF-ASSESSMENT

The FD asked Members to note the CIPFA Self-Assessment which concluded that the Authority's level of compliance against the Financial Management Standards sets out in the Financial Management Code is 'Good'.

Cllr Blackman (LBR) referred to the Internal Audit where some items were still classed as 'amber' and how the assessment can conclude as 'good'.

The FD replied that 'amber' is considered a low risk and would only affect the outcome if they related to financial matters.

Members noted that the CIPFA self-assessment concluded that the Authority's level of compliance against the Financial Management Standards sets out in the Financial Management Code is Good.

13. GOVERNANCE ACTION POINTS UPDATE INCLUDING COMPARATIVE REVIEW

The MD asked Members to i) note and accept the differences between the Authority's governance arrangements and those of the principal comparator organisations; and ii) agree that once the final shape of these future services is known, it will be necessary to revisit the Authority's core management structure to adapt it to the needs of managing the new service arrangements.

The MD also updated Members on the two outstanding Governance Review Actions. One being the arrangement of site tours for Members visiting a number of different types of waste facilities. Officers have offered Members dates between September and November 2023 on which a tour of nearby waste facilities can be arranged. To date seven of the eight Members have responded.

The MD continued with an explanation of the Authority's core management structure as detailed in Adx B and the future need to review and adapt it to the needs of managing the new service arrangements.

In response to questions and observations from Cllrs Blackman and Patel:

- The MD noted Members acceptance that the comparator authorities were all different for local reasons, and there was not a clear template to follow.
- The HWSS noted re. R4/A4 at Adx A that site visits could not be arranged until all Members of the Authority had been confirmed for the year, but these are being progressed with liaison at a number of potential sites to visit. **ACTION: HWSS**
- The MD advised re. R8/A8 at Adx A that all four Chief Executives had been invited to take on a lead liaison role with ELWA, and that the LBR Chief Executive (formerly at LBB) had volunteered; and that the meetings will be for general updates by the ELWA MD and would not be decision-making meetings that required formal reports and minutes. The possibility of rotation between the Chief Executives could be considered in the future (the first such meeting is taking place next week). **ACTION: MD**
- The MD advised re. R9/A9 at Adx A and the comparative review in the report that further options would be developed on the lead borough roles. **ACTION: MD**
- The MD advised re. R11/A11 at Adx A that officers had concluded the Modern.Gov software for local authority report sharing and decision recording/tracking was not

appropriate for ELWA. Part 1 reports would continue to be published on the ELWA website and Part 2 reports would continue to be emailed to Authority Members and specified officers (and the external auditor). A spreadsheet was being developed for recording and tracking decisions, similar to that used in LBR. **ACTION: HWSS**

- The MD advised further to R2/A2 at Adx A that the Procurement Director would be arranging meetings with Directors of Finance (and then Cabinet Members for Finance) in due course to brief them on the procurement work and for them to raise any matters of interest to them. **ACTION: PD**

Members noted and accepted the differences between the Authority's governance arrangements and those of the principal comparator organisations; and **agreed** that once the final shape of these future services is known, it will be necessary to revisit the Authority's core management structure to adapt it to the needs of managing the new service arrangements. Members also **requested** that further options be developed on the lead borough roles.

14. CONTRACT PERFORMANCE MANAGEMENT TO 31 MARCH 2023

The Head of Waste and Support Services (HWSS) gave an overview of tonnages which are significantly lower than the previous year. The landfill diversion rate (not the landfill rate as in the Executive Summary) for 2022/23 is in excess of 99%, being the same as the previous year and significantly above the annual Contract target. The year-end recycling rate was 32.4%, just below the 33% annual Contract target but showing improvement against 2021/22 performance and the highest annual performance to date. Progress against the more ambitious Annual Budget and Service Delivery Plan (ABSDP) targets were mixed and fell short of the overall target of 35.7%. He added that the recent changes in legislation relating to Persistent Organic Pollutants (POPs) and the proposed changes to how DIY waste is dealt with could have further impact in future years. He reported that Renewi's performance in relation to Health & Safety matters continues to be good and concluded the Fire Improvements Works project is now complete and within budget.

In response to comments and questions from Cllr Blackman (LBR) the HWSS reported that the new RRC booking system for vans and trailers is imminent with signage at the RRCs erected and information already available on the ELWA website. The initiative of trialling the sorting of black bag waste at RRCs has been introduced at Frizlands Lane and Gerpins Lane RRC sites. The HWSS said this would be expanded and developed further at the earliest opportunity.

In response to Cllr Patel's enquiry about fires and vapes the HWSS advised that whilst the fires have been very minor and are dealt with by the automated fire detection and suppression systems recently installed, it cannot be determined if vapes have caused any of these, but it is believed that most fires are caused by batteries, and a video demonstrating the effectiveness of the new FIW systems at Jenkins Lane and Frog Island is available on request. The Head of Strategy and Development (HSD) also noted engagement with national waste officer groups and the National 'Resolver' Group currently promoting battery recycling; however more emphasis on producers' involvement with the disposal of these items and others such as NOx cannisters is required. He also responded to Cllr Haroon about how differences in housing stock and other demographic factors cause variations in recycling rates.

Members noted the report.

15. LEGISLATION UPDATE

The Head of Strategy and Development (HSD) gave an update on national policy and legislation, reporting to Members that the Government had recently announced in the press that it intends to legislate to allow householders to dispose of an allowance of DIY waste without charge. He noted that this is planned to be an in-year change, anticipated for the autumn of 2023, but further details are awaited. He noted that the Government was not intending to compensate local authorities for this change under the New Burdens doctrine. He advised Members that ELWA may need to revise its Reuse and Recycling Centre (RRC) policies, and that officers will provide further updates to Members once more detail about the legislation change is known.

The MD noted that this change to legislation will increase the costs to all residents, including renters who are likely to pay council tax but unlikely to be doing any DIY work.

He also advised Members that there had been no further developments on the large-scale reforms to the waste sector that had been proposed under the national Resources and Waste Strategy in 2018, and consulted upon in 2019 and 2021.

In response to a question from Cllr Asser the HSD reported that no information was forthcoming from Government at present.

Members noted the update on the development of national policy and legislation on resources and waste.

16. EAST LONDON WASTE PREVENTION PROGRAMME

The HSD asked Members to note the progress with the Authority's Waste Prevention Programme (WPP) with ELWA officers continuing to work with the Constituent Councils and other partners to deliver the projects set out in the action plan for the WPP. A particular update to note is a funding bid has been submitted to the Electricals Recycling Fund to explore innovative methods of collecting unwanted small appliances for reuse, repair and recycling. This will support diversions of electrical items from disposal and reduce the risks of fires in collection vehicles and at ELWA's various waste sites. Further information will be provided to Members if this project is able to proceed.

In response to a question from Cllr Blackman the HSD advised that information on the impacts of Repair Cafés is to be included in the future regular reporting.

ACTION: HSD

Members noted progress against the second year of the Waste Prevention Programme, as set out in Appendix A.

17. LEVY CHANGE – REMOVAL OF THE TWO-YEAR TIME-LAG

The HSD (Acting ELWA Ltd 'A' Director) asked Members to agree that Officers work with the Constituent Councils (CCs) to develop a methodology for removing the two-year time-lag from the Authority's levy to make it more responsive to changes in tonnages delivered by the CCs to the Authority that is both workable for the Authority and acceptable to all CCs.

It was suggested that this item be deferred due to LBH not being present at the meeting considering that financial implications would need to be discussed and suggested that a separate workshop be arranged.

The MD asked Members to note that if this item needed to be resolved in the near future so

that Members’ decision can inform the December draft budget the February 2024 budget and levy for 2024/25.

The FD added that an initial financial model is included in Adx A for Members to consider in the meantime.

Members deferred this item and requested a separate workshop be arranged to cover this item. **ACTION: MD**

18. FORWARD PLAN

Members were asked to note there were no changes or additions to the Forward Plan.

Members 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 10 FEBRUARY 2023 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 10 February 2023. The Chair was authorised to sign the same.

22. ELWA LIMITED UPDATE (CONFIDENTIAL)

Members agreed the recommendation(s).

23. PACE UPDATE(CONFIDENTIAL)

Members noted the report.

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

Members requested new work on a particular topic.

The meeting concluded at 13.00pm

Chair: _____

Date: 29 September 2023
