

## PROSIECT GWYRDD JOINT COMMITTEE MEETING 12 June 2018, 10.00 am

## LOCATION: Caerphilly County Borough Council Offices

Present:

**Elected Members:** 

Councillor Michael, Cardiff Council

Councillor Weaver, Cardiff Council

Councillor George, Caerphilly County Borough Council

Councillor Gordon, Caerphilly County Borough Council

Councillor Jones, Monmouthshire County Council

**Councillor Jeavons, Newport City Council** 

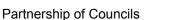
Councillor Truman, Newport City Council

Councillor Cox, Vale of Glamorgan Council

Officers:

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No	Item
1	Joint Committee Membership and Terms of Reference Noted.
2	Apologies for Absence Apologies for absence were received from Councillor John Thomas (Vale of Glamorgan) and Councillor Phil Murphy (Monmouth).
3	Declarations of Interest None received.
4	Minutes The minutes of the meeting held on 7 December 2017 were agreed as a correct record and signed by the Chairperson.
5	Matters Arising None.
6	Update Report Members clarified that Risca RFC was in Caerphilly and not Newport. RESOLVED: to note the report.
7	Unaudited Annual Financial Return for year Ended 31 March 2018 Members were advised that this report presents to the Joint Committee, the draft, unaudited Financial Annual Return for the year ended 31st March 2018 prior to the statutory deadline of 30th June. The Joint Committee was asked to approve the unaudited Annual Return and following their approval, the document would be available for public inspection and then submitted to the Wales Audit Office (WAO) to undertake the external audit of this return. Local Authorities and other relevant bodies (including Joint Committees) are required to prepare and publish their annual accounts in-line with the requirements of the Accounts & Audit (Wales) Regulations 2014 (as amended). Regulation 14 states that smaller local government bodies (those with annual income and expenditure below £2.5 million) can prepare their accounts in the form of an Annual Return replacing the obligation to produce a full Statement of Accounts.
	The Joint Committee was asked to approve the unaudited Annual Return for submission to the external auditor in accordance with the Accounts and Audit (Wales) Regulations for small Local Government Bodies into which category Prosiect Gwyrdd now resides.
	Following the audit of the Annual Return, if there are no amendments then the certified Annual Return can be published without further reference to the Joint Committee. If material amendments are required then a further meeting of the Joint committee will be required to approve the audited annual return. The deadline for publication of the certified Annual Return remains at the 30th September but as this is a Sunday in 2018 the effective deadline for Page 3 of 8

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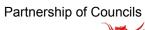






No	Item Action	
	publication will be 28 <sup>th</sup> September.	
	The draft, unaudited Prosiect Gwyrdd Annual Return for 2017/18 v attached to the report as Appendix A. Prior to the commencement of external audit the Annual Return will be made available for public inspect as required by the Public Audit (Wales) Act 2004 and by the Accounts a Audit (Wales) Regulations 2014.	
	The format of the Annual Return for 2017/18 is broadly unchanged and it includes the following sections:	
	a. Section 1 (page 2) holds the financial information including a comparison with the equivalent 2016/17 figures.	
	b. Section 2 (page 3 and 4) of the Annual Return is the Annual Governance statement which continues in the form of a questionnaire, in two parts.	
	c. Section 3 (page 4) includes the certification of the annual return both by the Joint Committee, subject to its approval, and the Responsible Finance Officer.	
	d. This is followed by the Auditor General for Wales' Audit Certificate and report on page 5.	
	e. The last Section is the Annual Internal Audit report (pages 6 to 8) which comments on the adequacy of procedures and controls relevant to Prosiect Gwyrdd.	
	The table below provides a comparison of the 2017/18 outturn with the budget. This highlights a gross expenditure outturn of £145,018, a decrease of £104,392 compared to the original 17/18 gross expenditure budget of £249,410. After including the Partner Contribution rebate of £25,000 (£5,000 per partner) the net underspend for 2017/18 is £79,392.	
	This variance is largely due to a continuation of underspends previously reported to Joint Committee in the December 2017 Budget and Month 7 Monitoring report. In particular underspends due to the recruitment delay and staff turnover with the Contract Team plus the lack of contingency and external advisors expenditure. Consequentially the projected budgeted drawdown from the Joint Committee Reserve Account of £64,410 was replaced by a contribution to the Reserve Account of £14,982. The balance of the reserve account as at 31 <sup>st</sup> March 2018 now stands at £344,082. The options for the utilisation of an element of this reserve will be presented to CMB and the Joint Committee as part of the preparation of the 2019/20 budget report during the autumn of 2018.	

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0	Item		Action		
	Table 1: 2017/18 Summary Monitoring Position				
		2017/18 Budget £	2017/18 Outturn £	2017/18 Variance £	
	Project Team	191,438	145,815	-45,623	
	Supplies & Services	23,980	14,121	-9,859	
	Committee & Support Services	8,210	5,633	-2,577	
	External Advisors	44,892	6,000	-38,892	
	Contingency	20,000	0	-20,000	
	Organics Contribution	-39,110	-26,550	12,560	
	Gross Expenditure	249,410	145,018	-104,392	
	Partner Contributions	-185,000	-160,000	25,000	
	Net Expenditure	64,410	-14,982	-79,392	
	Appropriations (from) / to Joint Committee Reserve A/c	-64,410	14,982	79,392	
	Balance of the Joint Committee Reserve A/c as at 31.03.2018		344,082		
	RESOLVED:				
	i. That the Joint Committee notes the year ended 31 <sup>st</sup> March 2018.	the outturn	position for	the financ	
	<ul> <li>Subject to the approval by the Joint Committee of the Annual Return the Joint Committee consequently authorises the Chairman to sign Annual Return on behalf of the Joint Committee, and its subseque submission to WAO to commence the 2017/18 audit.</li> </ul>				
}	Contractor Change and Increased Capacity Changes Members were advised that this report was to inform and seek authorise from the Joint Committee for the Partnership to enter into the neces documentation in relation to the contractor change regarding the increase capacity at the Trident Park Energy Recovery Facility.				
In July 2016, Viridor submitted a scoping request to Cardiff C to a potential planning application to increase the capacity of ERF from 350,000 tonnes per annum to 425,000 tonr Subsequent to this, an application to vary the planning per			pacity of the 00 tonnes	Trident Pa per annu	

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No	Item Action
	remove the Section 106 agreement limiting the source of wastes to the South East Wales Region was submitted by Viridor in September 2016. Alongside the planning application, an application was made to NRW to vary the Environmental Permit to increase the capacity also.
	In spring 2017 Viridor's applications were successful and variation to the Planning Permission and Environmental Permit were granted.
	Since notification to the Partnership of Viridor's intentions to increase the planned capacity, several discussions and correspondence have been held with Viridor to understand the contractual implications of the revised capacity at the Facility and to reach a commercial agreement regarding the potential additional third party tonnage.
	From discussions with Viridor, it is understood that no physical modification of the facility will be required to process up to 75,000 additional tonnes per annum. The additional capacity will be achieved by higher than planned utilisation of the facility and by the virtue that waste currently received is of a lower calorific value than anticipated in the contract, thus requiring additional waste to be processed to generate the assumed power from the facility. Viridor anticipate that the tonnage processed will vary year on year and some years may be below the original capacity of 349,966 tonnes, being dependent on the facility's availability and the future calorific value of the waste.
	Discussions with Viridor focused on recognising that this is a Contractor Change and maintaining the proportionality principle upon which the contract is predicated. It was agreed that proportionality be maintained primarily in terms of NNDR payments and the Partnerships share of any future Qualifying Change in Law event.
	To facilitate the change it is proposed that Cardiff Council as the Host Authority will enter into a Deed of Variation to the Contract capturing the amendments required to the Payment Mechanism to reflect the change. In addition minor updates will be made to the Payment Mechanism to capture previously agreed low value changes authorised by the contract Manager. Details of the low value changes are provided in exempt Appendix C.
	To enable the changes to be reflected at a PG Partnership level, it is proposed that each Partner Authority will enter into a Deed of Variation to the JWA2 capturing the amendments to the JWA2 Payment Mechanism (Schedule 11 of the JWA2) to reflect the change.
	In accordance with the JWA2 decision making delegations (Para 6.1 of the JWA2) a joint committee decision is being sought to authorise entry into the

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No	Item Actio	n			
	necessary documentation.				
	In line with the Welsh Government funding criteria, Viridor's proposals have been discussed with WG's Transactor. He has confirmed that from a WG perspective they are comfortable that the pro rata principle is maintained, and although it requires an annual calculation, it follows a logical process, the values are not material in terms of the overall contract value, and recommends we reach agreement with Viridor quickly and close this matter.				
	Full review of the documentation associated with the change is WG as a term of the funding criteria.	required by			
	The meeting went into closed session as Members discusse information from Appendices A, B, C and D (1&2) which were exemp from publications as they contain information pursuant to paragraph 14 and 21 of schedule 12A Local Government Act 1972.				
	RESOLVED:				
	<ol> <li>That the Joint Committee considers the final proposal regared Contractor change is acceptable;</li> </ol>	rding the			
	<ol> <li>Subject to recommendation 1 above, 4 below and Welsh G approval the Joint Committee authorise Cardiff Council to e Deed of Variation in respect of the PG contract (as detailed report).</li> </ol>	enter into a			
	<ol> <li>Subject to recommendation 1 above, 4 below and Welsh G approval, the Joint Committee to authorise the partner auth enter into the Deed of Variation regarding the JWA2 (as de report)</li> </ol>	orities to			
	<ol> <li>The Joint Committee to authorise the Contract Managemer consultation with the Senior Responsible Officer to make an amendments to the documentation in recommendations 2 a order to:</li> </ol>	ny			
	a. complete/update those areas to correct any typograp Page 7 of 8	ohical or			













No	Item	Action
	formatting errors;	
	b. reflect advice received.	
	Provided it does not materially alter the substance of in the report.	of the drafts set out
9	Date of next meeting	
	Andrea Redmond to set up a meeting in late November/ea	rly December.

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