

**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:**

**Carl Touhig, Monmouthshire County Council**

**Emma Reed, Vale of Glamorgan Council**

**Sian Humphries, Cardiff Council**

**Andrew Williamson, Prosiect Gwyrdd**

**Patrick McGrath, Cardiff Council**

**Marc Falconer, Cardiff Council**

**Rob Hartshorn, Caerphilly County Borough Council**

**Andrea Redmond, Cardiff Council**

**Silvia Gonzalez Lopez, Newport County Council**

No	Item	Action
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No	Item
1	<b>Joint Committee Membership and Terms of Reference</b> Noted.
2	<b>Apologies for Absence</b> Apologies for absence were received from Councillor John Thomas (Vale of Glamorgan) and Councillor Phil Murphy (Monmouth).
3	<b>Declarations of Interest</b> None received.
4	<b>Minutes</b> The minutes of the meeting held on 7 December 2017 were agreed as a correct record and signed by the Chairperson.
5	<b>Matters Arising</b> None.
6	<b>Update Report</b> Members clarified that Risca RFC was in Caerphilly and not Newport.  RESOLVED: to note the report.
7	<p><b>Unaudited Annual Financial Return for year Ended 31 March 2018</b> 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.</p> <p>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 &amp; 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.</p> <p>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.</p> <p>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 publication will be 28<sup>th</sup> September.</p>

No	Item	Action
	<p>The draft, unaudited Prosiect Gwyrdd Annual Return for 2017/18 was attached to the report as Appendix A. Prior to the commencement of the external audit the Annual Return will be made available for public inspection as required by the Public Audit (Wales) Act 2004 and by the Accounts and Audit (Wales) Regulations 2014.</p> <p>The format of the Annual Return for 2017/18 is broadly unchanged and it includes the following sections:</p> <ol style="list-style-type: none"> <li>a. Section 1 (page 2) holds the financial information including a comparison with the equivalent 2016/17 figures.</li> <li>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.</li> <li>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.</li> <li>d. This is followed by the Auditor General for Wales' Audit Certificate and report on page 5.</li> <li>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.</li> </ol> <p>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.</p> <p>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.</p>	

No	Item	Action		
<b><u>Table 1: 2017/18 Summary Monitoring Position</u></b>				
		<b>2017/18 Budget £</b>	<b>2017/18 Outturn £</b>	<b>2017/18 Variance £</b>
	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
	<b>Gross Expenditure</b>	<b>249,410</b>	<b>145,018</b>	<b>-104,392</b>
	Partner Contributions	<b>-185,000</b>	<b>-160,000</b>	<b>25,000</b>
	<b>Net Expenditure</b>	<b>64,410</b>	<b>-14,982</b>	<b>-79,392</b>
	<b>Appropriations (from) / to Joint Committee Reserve A/c</b>	<b>-64,410</b>	<b>14,982</b>	<b>79,392</b>
	<b>Balance of the Joint Committee Reserve A/c as at 31.03.2018</b>		<b>344,082</b>	
	RESOLVED:			
	<ul style="list-style-type: none"> <li>i. That the Joint Committee notes the outturn position for the financial year ended 31<sup>st</sup> March 2018.</li> <li>ii. Subject to the approval by the Joint Committee of the Annual Return, the Joint Committee consequently authorises the Chairman to sign the Annual Return on behalf of the Joint Committee, and its subsequent submission to WAO to commence the 2017/18 audit.</li> </ul>			
<b>8</b>	<p><b>Contractor Change and Increased Capacity Changes</b></p> <p>Members were advised that this report was to inform and seek authorisation from the Joint Committee for the Partnership to enter into the necessary documentation in relation to the contractor change regarding the increased capacity at the Trident Park Energy Recovery Facility.</p> <p>In July 2016, Viridor submitted a scoping request to Cardiff Council in relation to a potential planning application to increase the capacity of the Trident Park ERF from 350,000 tonnes per annum to 425,000 tonnes per annum. Subsequent to this, an application to vary the planning permission and to 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.</p>			

No	Item	Action
	<p>In spring 2017 Viridor's applications were successful and variation to the Planning Permission and Environmental Permit were granted.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 necessary documentation.</p> <p>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.</p>	

No	Item	Action
	<p>Full review of the documentation associated with the change is required by WG as a term of the funding criteria.</p> <p><b><i>The meeting went into closed session as Members discussed information from Appendices A, B, C and D (1&amp;2) which were exempt from publications as they contain information pursuant to paragraphs 14 and 21 of schedule 12A Local Government Act 1972.</i></b></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> <li>1. That the Joint Committee considers the final proposal regarding the Contractor change is acceptable;</li> <li>2. Subject to recommendation 1 above, 4 below and Welsh Government approval the Joint Committee authorise Cardiff Council to enter into a Deed of Variation in respect of the PG contract (as detailed in the report).</li> <li>3. Subject to recommendation 1 above, 4 below and Welsh Government approval, the Joint Committee to authorise the partner authorities to enter into the Deed of Variation regarding the JWA2 (as detailed in the report)</li> <li>4. The Joint Committee to authorise the Contract Management Team in consultation with the Senior Responsible Officer to make any amendments to the documentation in recommendations 2 and 3 in order to:               <ol style="list-style-type: none"> <li>a. complete/update those areas to correct any typographical or formatting errors;</li> <li>b. reflect advice received.</li> </ol> </li> </ol> <p>Provided it does not materially alter the substance of the drafts set out in the report.</p>	
9	<p><b>Date of next meeting</b> Andrea Redmond to set up a meeting in late November/early December.</p>	