



Gareth Owens LL.B Barrister/Bargyfreithiwr
Chief Officer (Governance)
Prif Swyddog (Llywodraethu)

To:

Councillors: Richard Dew, Brian Jones, Dafydd Meurig, Don Milne, Bob Parry, Sam Rowlands, Aaron Shotton, Carolyn Thomas, Julian Thompson-Hill and Gareth Wyn Griffith

CS/NG

19th July 2017

Nicola Gittins 01352 702345
nicola.gittins@flintshire.gov.uk

Dear Sir / Madam

The Meeting of the **NORTH WALES RESIDUAL WASTE JOINT COMMITTEE** will be held at **TOYOTA, DEESIDE INDUSTRIAL PARK, ZONE 3, DEESIDE, FLINTSHIRE CH5 2TW** on **THURSDAY 27TH JULY 2017** at **2.00PM** to consider the following items.

Arrangements prior to the commencement of the Joint Committee Meeting

- **11.30am: Joint Committee to visit Parc Adfer site**
- **12:45pm: Lunch at WTI's Parc Adfer's site office**
- **1:45pm: Joint Committee to arrive and sign-in at Toyota**
- **2.00pm: Meeting to commence**

Yours faithfully

Robert Robins
Democratic Services Manager

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The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

AGENDA

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST**
- 3 **ELECTION OF CHAIRMAN AND VICE CHAIRMAN TO THE JOINT COMMITTEE**
- 4 **APPROVAL OF PREVIOUS MINUTES**
- 5 **MATTERS ARISING FROM PREVIOUS MEETING**
- 6 **ANNUAL ACCOUNTS**
- 7 **PROJECT PROGRESS REPORT**
- 8 **WASTE TRANSFER STATION NETWORK AND HAULAGE CONTRACT (VERBAL)**
- 9 **CONTRACT MANAGEMENT REPORT**
- 10 **POTENTIAL OPPORTUNITIES REPORT**
- 11 **ANY OTHER BUSINESS**



NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

Thursday 24th November 2016 at 1.00pm
Conwy Business Centre, Llandudno Junction

PRESENT:

Councillor Eryl Williams (Chair)	Denbighshire County Council
Councillor Dave Cowans	Conwy County Borough Council
Councillor Kevin Jones	Flintshire County Council
Councillor John Wynn Jones	Gwynedd County Council
Councillor J.A. Roberts	Isle of Anglesey County Council
Councillor Aaron Shotton	Flintshire County Council
Councillor David Smith	Denbighshire County Council

ALSO PRESENT:

Flintshire County Council

Colin Everett (Lead Chief Executive), Lisa Brownbill (Interim Head of Internal Audit)

Denbighshire County Council

Tony Ward (Head of Highways and Environmental Services) and Jim Espley (Refuse and Recycling Manager)

Conwy County Borough Council

Andrew Wilkinson (Head of Neighbourhood Services)

Gwynedd Council

Medwyn Williams (Senior Manager – Waste Treatment)

Isle of Anglesey County Council

Meirion Edwards (Lead Technical Officer)

North Wales Residual Waste Treatment Project

Steffan Owen (Project Manager)

Local Partnerships UK

Huw Roberts (Advisor)

External Advisors

John Bruce (Pinsent Masons)
Saefer Reliman (GT Finance)
Frank Smith (Mulpha)

Prior to the start of the meeting, Colin Everett, Lead Chief Executive (Flintshire County Council) introduced Lisa Brownbill the Interim Head of Audit at Flintshire County Council to the meeting.



1. **APOLOGIES**

Apologies for absence were received from Councillor Richard Dew (Anglesey Council Council) and Mr. Dewi Williams (Isle of Anglesey County Council).

2. **DECLARATIONS OF INTEREST**

No declarations of interest were made.

3. **APPROVAL OF PREVIOUS MINUTES**

The minutes of the meeting of the North Wales Residual Waste Joint Committee held on the 27th June 2016 were submitted for approval.

Meirion Edwards (Isle of Anglesey County Council) referred to the attendance outlined on page 1 of the minutes and explained that his name had appeared under Denbighshire County Council incorrectly.

It was also reported that Steffan Jones had attended as a representative of Gwynedd Council.

RESOLVED: *that subject to the amendments above, the minutes of the meeting of the North Wales Residual Waste Joint Committee held on 27 June 2016 be approved as a correct record.*

4. **MATTERS ARISING FROM PREVIOUS MINUTES**

There were no matters arising.

5. **PROGRESS REPORT**

Steffan Owen, Project Manager, introduced a detailed progress report. The budget v expenditure for the financial year to date was due to be presented to the meeting but would now be presented to the next North Wales Residual Waste Board meeting.

Colin Everett (Lead Chief Executive) reported that the Project Board had met and discussed the contract management structure, and agreed a smaller leaner team of 2 posts. Job descriptions were being developed to be advertised in January, 2017.

RESOLVED: *That the progress report be noted.*

6. **CONTRACT MANAGEMENT UPDATE**

Steffan Owen, Project Manager, reported that this had been covered by Colin Everett in the previous item.

RESOLVED: *That the contract management update be noted.*



7. **EXEMPT ITEMS: LOCAL GOVERNMENT ACT 1972, SECTION 100A AND SCHEDULE 12A (ACCESS TO INFORMATION)**

RESOLVED that the Public and Press be excluded from the meeting under the provisions of Section 100A of the above Act during consideration of the following items as they involves the likely disclosure of exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act and that in all the relevant circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

8. **PROCUREMENT UPDATE**

[CONTENT REDACTED]

RESOLVED:

- (a) That the Joint Committee be asked to note the content of this procurement update report;
- (b) That the Lead Chief Executive be delegated authority to proceed to Financial Close and (as applicable) to finalise, to sign and to affix the Common Seal to, (i) the project agreement to be entered into between Flintshire County Council and Parc Adfer Limited (the "Project Agreement"); (ii) the direct agreement pursuant to the Project Agreement to be entered into between Flintshire County Council, Parc Adfer Limited and The Bank of Tokyo Mitsubishi UFJ, Ltd. (the "Direct Agreement"); and (iii) any other documentation ancillary to such documents, on behalf of other partner authorities;
- (c) In accordance with section 12.5 (Common Seal of the Council) of Flintshire County Council's Constitution, the Council Chair will also be required to sign the Project Agreement and the Direct Agreement, and by providing the delegated authority in (b) above, the Joint Committee authorise the Lead Chief Executive, along with the Council Chair, to attest the affixing of the Common Seal to, and to sign the Project Agreement and the Direct Agreement and any other documentation ancillary to such documents; and
- (d) That the signing of the second Inter Authority Agreement by the partner Authorities prior to the signing of the Project Agreement itself be approved.

9. **WASTE TRANSFER STATION NETWORK**

[CONTENT REDACTED]

10. **ANY OTHER BUSINESS**



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North Wales Residual Waste Treatment Project

Councillor Dave Cowans expressed his thanks to Colin Everett, Steffan Owen and the professional advisors for their excellent work on the project. He also thanked the Leadership of Flintshire County Council for their Council's contribution.

(The meeting ended at 3.00 pm)



NWRWTP

North Wales Residual Waste Treatment Project

AGENDA ITEM NO: 6

REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 27 JULY 2017

REPORT BY: CORPORATE FINANCE MANAGER (FCC)

SUBJECT: ANNUAL RETURN YEAR ENDED 31ST MARCH 2017

1.00 PURPOSE OF REPORT

1.01 To present to Members of the Joint Committee the Annual Return Year Ended 31st March 2017 for the North Wales Residual Waste Partnership (NWRWP).

2.00 BACKGROUND

2.01 The Joint Committee is classed as a smaller relevant body as its gross income and expenditure is less than £2.5m in the year of account. The type of accounts that a smaller body is required to produce is an Annual Return provided by the Wales Audit Office.

2.02 The Annual Return must be signed by the Responsible Finance Officer and approved by the Joint Committee before the deadline of 30th June. The audit commences after the Joint Committee has approved the Annual Return.

2.03 The audit must be completed and the Annual Return published by no later than 30th September. If no amendments are made to the Annual Return during the audit there will be no requirement for the Joint Committee to approve the amended Annual Return before publication.

3.00 CONSIDERATIONS

3.01 The Annual Return for 2016/17 is attached at Appendix A.

3.02 Following Local Government elections held in May, 2017 new elected Members had not been confirmed by the 30th June, thereby the Accounts could not be presented for approval at that time. A Notice to this effect was published on the NWRWTP website and forwarded to Wales Audit Office.

3.03 The earliest date available to allow for reasonable notice required to convene a meeting (papers need to be issued 5 working days before



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the date) incorporating confirmed elected representation is 27th July.

3.04 Wales Audit Office began their audit of the Accounts have completed their audit of the accounts.

4.00 RECOMMENDATIONS

4.01 Members are requested to approve the Annual Return for the year ended 31st March 2017.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None as a result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a result of this report.

12.00 APPENDICES

Appendix A – Annual Return

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Contact Officer: Dave Ledsham
Telephone: 01352 704503
Email: dave.ledsham@flintshire.gov.uk



NWRWTP

North Wales Residual Waste Treatment Project

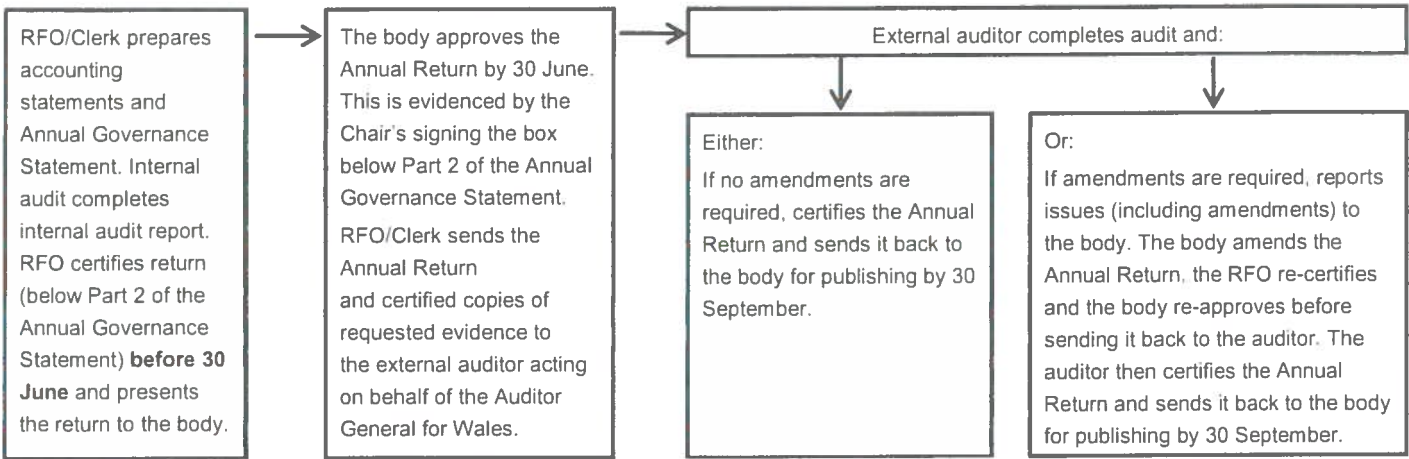


Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2017

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including both sections of the Annual Governance Statement.

Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. Unless requested, please **do not** send any original financial or other records to the external auditor. Audited and certified returns are sent back to the body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Completion checklist

'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2017?	<input type="radio"/>	<input type="radio"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input type="radio"/>	<input type="radio"/>
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	<input type="radio"/>	<input type="radio"/>
	Does the bank reconciliation as at 31 March 2017 agree to line 9?	<input type="radio"/>	<input type="radio"/>
All sections	Have all red boxes been completed and explanations provided where needed?	<input type="radio"/>	<input type="radio"/>
Supporting evidence	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	<input type="radio"/>	<input type="radio"/>

Annual Governance Statement (Part 1)

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect and to ask questions about the body's accounts.	6, 23	
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9	
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8	
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. 	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have registered as an employer with HM Revenue and Customs and properly operate Pay As You Earn as part of our payroll arrangements; or We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Has registered as an employer and properly operates PAYE unless all of the exemption criteria are met.	13
2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Has kept records of payments made to employees including taxable expenses or benefits and of payments made to HMRC.	13
3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the code.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The body and its members have adopted and agreed to abide by a Code of Conduct as required by law.	8

* Please delete as appropriate.

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017.	Approval by the Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:
RFO signature: 	Chair signature:
Name: GARY FERGUSON	Name:
Date: 18/7/17	Date:

Committee re-approval and re-certification (only required if the annual return has been amended at audit)

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017.	Approval by the Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:
RFO signature:	Chair signature:
Name:	Name:
Date:	Date:

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2017 of:

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2017.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage.

On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table.

Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	A review on P2P/AP has not been undertaken in 2016/17 given the level of assurance in the previous year. This was risk assessed and discussed with WAO
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	A review on AR has not been undertaken in 2016/17 given the level of assurance in the previous year. This was risk assessed and discussed with WAO
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
11. Trust funds (including charitable trusts). The Committee has met its responsibilities as a trustee.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

During 2016/17 NWRW did not have its own separate books of account, bank account etc. as they were all part of the Flintshire Accounts. As such they were subject to the Flintshire Financial Procedure Rules and the same level of control as the rest of the Flintshire financial systems.

During 2016/17 Internal Audit reviewed Payroll and General Ledger, however the Council's AP/P2P.AR and NWRW risk register was not covered. This Annual Internal Audit report is formed based on the overall work completed during 2016/17.

Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	LISA BROWNBILL
Signature of person who carried out the internal audit:	<i>Lisa Brownbill</i>
Date:	17/7/2017

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange (www.audit.wales/good-practice/finance/community-council-money) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed i.e. no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2016) equals the balance brought forward in the current year (line 1 of 2017). Explain any differences between the 2016 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**



NWRWTP

North Wales Residual Waste Treatment Project

AGENDA ITEM NO: 7

REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 27th JULY 2017

REPORT BY: CONTRACT MANAGER

SUBJECT: PROJECT UPDATE REPORT

1. PURPOSE OF REPORT

- 1.1. To update the Joint Committee on progress on the construction of Parc Adfer and other aspects of the North Wales Residual Waste Treatment Project (NWRWTP).

2. BACKGROUND

- 2.1. Financial Close on the NWRWTP procurement was reached in mid-December 2016 and the contract formally awarded to Wheelabrator Technologies Inc, with the contract now in place.
- 2.2. WTI's Engineering Procurement and Construction (EPC) contractor is CNIM, whose Civil Engineering sub-contractor is Clugston. Both CNIM and Clugston are highly experienced contractors in the Energy from Waste (EfW) market. Furthermore, they have a well-established relationship, with Parc Adfer being their 10th EfW construction project together.
- 2.3. A Liaison Procedure for reporting progress of the construction against the timetable is set out in the Project Agreement (PA). To comply with the with PA's requirements a formal Monthly Construction Progress Report is submitted to the authority by WTI. Monthly meetings (Contract Management Board) are held with WTI and their contractors to formally report on progress, issues on site and any potential known risks to the programme.
- 2.4. The NWRWTP are represented on the Contract Management Board (CMB) and all output and discussions of the CMB is to be reported to the Technical Officers Group and the Project Board.
- 2.5. As well as the above, the authority's Project Manager regularly visits the site..

3. CONSIDERATIONS

Construction Progress

- 3.1. Following Contract Award in mid-December, WTI and their contractors began mobilising and planning the commencement of construction. The first



NWRWTP

North Wales Residual Waste Treatment Project

tranche of bank funds was provided within two working days of Financial Close to allow swift progress.

- 3.2. WTI's contractors began site investigations (e.g. groundwater levels etc), and mobilisation in January 2017, with temporary access and construction office cabins established.
- 3.3. Groundworks then commenced, including working on site levels and ground stabilisation, which allowed the waste bunker pit to be excavated and stabilised.
- 3.4. The focus of works on site in this early works phase has been in the waste bunker. The waste bunker pit was excavated, followed by concrete piling of the whole bunker which allowed the concrete bunker floor to be put in place.
- 3.5. At the time of writing, the full site offices and fingerprint site access are in place, piling for the whole process building is nearing completion, and the bunker wall is now being constructed. The main site entrance has now been completed and is in use. Overall the build is reported by WTI as being over 15% complete.
- 3.6. Staffing levels on site have steadily increased from early levels of around 35 during groundworks to currently being around 100. It is anticipated that staffing levels on site at peak of the construction will be around 350. A site visit is being organised to coincide with the Joint Committee meeting, however for those unable to attend the site visit, some photos of the site have been provided to Members in a separate Member briefing on the project.

Risk to programme

- 3.7. WTI's assessment of the overall risk to the timetable is low.
- 3.8. One area which has been highlighted as low to medium is Industrial Relations. This is rated as low to medium as the Parc Adfer construction project is not under the National Agreement for the Engineering Construction Industry (NAECI) agreement.
- 3.9. NAECI it is a collective bargaining agreement used in the Engineering Construction Industry (back by the Unite and GMB Unions). It is a set of terms of employment negotiated between employer representatives and Trades Unions which is then normally expressly incorporated into the individual employee's contract.
- 3.10. NAECI normally applies to "Major Projects" such as significant energy projects whose planning determinations are not carried out locally (over 50MW) are subject to NAECI, but there is no requirement for it to apply below this level.



3.11. Flintshire County Council facilitated a meeting in late February between WTI and their subcontractors and union representatives. The outcome of that meeting was for WTI's subcontractors and the unions to hold further discussions. Such discussions relating to the NAECI agreement is common for construction projects of this type and are not specific to Parc Adfer. Indeed, NAECI and other union related industrial relations discussion points are a common feature nationally for this type of project.

3.12. Due to the fact the Parc Adfer has not adopted NAECI on site, it is viewed that this increases the risk of some form of industrial action on site, which has the potential to delay completion.

Reported key dates

3.13. WTI have reported the following key dates:-

Activity Key Date Achieved	
Financial Close / Effective Date	15th December 2016
Procurement of all long lead time items ¹ complete	27th March 2018
Commencement of Grid Connection Works by DNO2	11th April 2018
Design works complete	7th August 2019
Bunker excavation and concrete works complete	8th October 2018
Site hand-over from Clugston to CNIM complete	28th June 2019
Long lead time items all on site	27th September 2018
Long lead time items installed	31st December 2018
Boiler pressure test	2nd August 2018
Grid Connection G59 Test / Completion by SPEN	22nd August 2018
Commencement of O&M Contractor staff training	18th March 2019
Issue of Construction Completion Certificate	21st May 2019
Issue of Readiness Test Certificate	21st May 2019
Issue of Acceptance Test Certificate	14th October 2019

3.14. One key date from the table above is the "Issue of Readiness Test Certificate" which is noted as 21 May 2019. This is the start of the commissioning period when waste from the authorities will be going into the facility. The "Issue of Acceptance Test Certificate" is when the plant is independently certified as ready to commence operations, so full service commencement for the contract will begin on this date of 14th October 2017.

Community Liaison Group

3.15. A key part of WTI and the NWRWTP's community engagement going forward is the formation of a Community Liaison Group (CLG). This group was set up immediately after Financial Close was reached and is managed by WTI. A number of groups and individuals were invited to attend. Invitees included local community councils from close to the site, interested Flintshire County Councillors, interest groups and other groups with an interest in the project (e.g. Burton Residents Association) and key



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stakeholder groups such as Natural Resources Wales, Welsh Government and the planning authority. The NWRWTP partnership is represented on the group by the Contract Manager and the Lead Chief Executive. Also invited were interested members of the public who have shown an interest in attending the CLG meetings.

- 3.16. The intention is for the CLG to meet as regularly as is felt necessary, and to date the CLG has met twice with the intention of meeting again in September / October 2017.
- 3.17. The first meeting was held at Connah's Quay Town Council meeting and the agenda mainly centred around outlining a suggested terms of reference for the group, giving attendees a background to the project and an outline of the construction timetable.
- 3.18. The second CLG meeting was held at WTI's offices on the Parc Adfer site and was accompanied by a site visit. The terms of reference for the group were agreed, construction progress was reported on and WTI gave some outline details of their upcoming Construction Phase Community Grant. This is a fund of £50k that WTI are making available to non-profit organisations for environmentally beneficial projects close to Parc Adfer during the construction period. The site visit was enjoyed by all.
- 3.19. Thus far, the CLG has proved a positive way for WTI and the Partnership to engage with the local community. It is hoped that the next meeting of CLG will involve a site visit to another facility.

Other areas of progress

- 3.20. There are a number of other areas of activity related to the NWRWTP and Parc Adfer which are covered in detail in other areas of the agenda, however are outlined below:-
- 3.21. Contract Management – following a detailed interview, the former Project Manager during the procurement phase was appointed as Contract Manager in February 2017. The main areas of work of the Contract Manager are outlined in agenda item 9 along with contract management review and training that WG will be carrying out later this year.
- 3.22. Waste Transfer Stations and Haulage contract – the Technical Officer Group are now working towards developing a combined haulage contract to transport the waste from the authorities' to Parc Adfer. Further information on this and Conwy and Denbighshire's progress on their Waste Transfer Stations is reported in agenda item 8.
- 3.23. Other opportunities – the partner authorities have met to discuss where there are potential opportunities for further collaborative working within their waste management functions such as Household Waste Recycling Centres. Also, discussions have begun with various stakeholders into exploring in further details the potential to utilise the heat / steam from Parc Adfer. As



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has previously been reported to the Committee, being a Combined Heat and Power (CHP) facility by using the heat / steam locally could have significant environment benefits by increasing the efficiency of the facility as well as economic benefits to WTI and the Partnership. All the areas above are covered in more detail in agenda item 10.

Contract Management Budget for 2017/2018

3.24. In Appendix 1 below, a summary of the contract management budget for 2017/18, which has previously been approved by the Project Board.

4. RECOMMENDATIONS

The Joint Committee is asked to:-

- 4.1. Note the content of this report.
- 4.2. Approve the 2017/18 budget provided in the report.

5. FINANCIAL IMPLICATIONS

- 5.1. As outlined in this report, or other reports referred to.

6. ANTI-POVERTY IMPACT

- 6.1. Not applicable.

7. ENVIRONMENTAL IMPACT

- 7.1. The environmental implications of the contract have previously been through an approvals process within all partner authorities.

8. EQUALITIES IMPACT

- 8.1. Not applicable.

9. PERSONNEL IMPLICATIONS

- 9.1. Not applicable.

10. CONSULTATION REQUIRED

- 10.1. As set out within the report.

11. CONSULTATION UNDERTAKEN

- 11.1. Not applicable.

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NWRWTP

North Wales Residual Waste Treatment Project

Background Documents:

None

Contact Officer: Steffan Owen - NWRWTP Project Manager



NWRWTP

North Wales Residual Waste Treatment Project

Appendix 1 – Budget for 2017/18

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT		
Contract Management - draft budget for 2017-18		
	DRAFT BUDGET 2017-18	
EXPENDITURE HEADING		Notes
	£	
Contract Manager	70,000	Includes on costs, estimate based on 2016/17 costs plus 1%
Contract Manager Travel and other expenses	3,000	
Lead Authority internal administrative recharge	30,000	To cover costs for aspects such as governance, accounting, HR etc
IT/ Telephones	300	Estimate Based on 16/17 cost
Software		
Stationery/Printing/Subscriptions	50	
Translation	1,000	Based on 3 Joint Committees
Document Management System	7,500	System called "Affinitext"
Advertising	200	Statement of accounts advert
Venues	1,500	
Audit fees	900	
TOTAL CONTRACT MANAGEMENT COSTS	114,450	
On going advisor costs	49,000	Based on advice of £30k per annum, plus £19k for Grant Thornton authorities' financial model (£15k has been spent in 16/17, with an expected £19k in 17/18)
TOTAL ADVISOR COSTS	49,000	
Contingency	10,000	
TOTAL COSTS	173,450	
WAG Contribution		
Other Income		
TOTAL INCOME	0	
NET COST	173,450	
EQUAL PARTNERSHIP SHARES	34,690	



REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 27th JULY 2017

REPORT BY: CONTRACT MANAGER

SUBJECT: CONTRACT MANAGEMENT REPORT

1. PURPOSE OF REPORT

- 1.1. To inform the Joint Committee on progress and development related to Contract Management of the North Wales Residual Waste Treatment Project (NWRWTP) Contract Management such as appointment of Contract Manager, Contract Management in other similar authority contracts and Welsh Government (WG) contract management training.

2. BACKGROUND

- 2.1. The NWRWTP contract was signed and Financial Close was reached with Wheelabrator Technologies Inc (WTI) in December 2016. This report outlines the Contract Management arrangements that have been put in place since that time and also future developments in that area.

3. CONSIDERATIONS

Appointment of Contract Manager

- 3.1. In early 2017 Flintshire County Council, as lead authority, reviewed the best approach to appointing a Contract Manager based on internal experience, external advice and experiences from other similar local authority contracts.
- 3.2. Following consideration it was decided to offer an interview for the Contract Manager post to the Project Manager from the procurement phase of the NWRWTP. Following an extensive interview, he was appointed to the role in February 2017.

Contract Management Training

- 3.3. As part of their ongoing support for the NWRWTP, the Welsh Government (WG) are providing contract management training for all waste infrastructure contracts, and as such have offered the training to the NWRWTP.
- 3.4. The training is to be provided by Local Partnerships (LP) on behalf of WG, and they have already provided training to Prosiect Gwyrdd (South Wales).



- 3.5. The Contract Manager and the WG's Project Support (Huw Roberts) have been in discussions with LP regarding putting together a bespoke training programme for the NWRWTP with specific scenarios to run through and modules chosen specifically. Dates are now being sought in late September / early October for the training.
- 3.6. The training details (modules to be covered etc) are not yet finalised, however following feedback from the Contract Manager on specific areas where training would prove helpful, LP are currently working up the detail of the training. It is also worth noting that a Contract Management Review to be carried out by LP is being organised for early September in order to help tailor the training to the needs of the Partnership (see below). Below is an outline of what is being proposed thus far:-
- 3.7. Content of course
- Understanding the Payment Mechanism and Base Case financial model (focus on how the models are constructed with a view to potential future savings)
 - Managing Contract Relationships
 - Managing Contract Documentation and record keeping for Audit
 - Managing difficult conversations and negotiations
 - Risk Management
 - Effective monitoring of KPI's and application of the Performance Management Framework
 - Contractor/Authority Change and identifying savings
 - Knowledge Management
- 3.8. Contract Management Review – As noted above, a Contract Management Review to be carried out by LP is being organised to help tailor the training to the needs of the Partnership. The format of the review will be two LP Officers coming to North Wales and conducting a series of interviews with key officers (e.g. lead officers etc) and key elected Members if possible. The two days that are being put in the diary are 6th and 7th of September.
- 3.9. Attendance – It is strongly recommended that there is attendance from each authority, with attendance from all Technical Officers, the Lead Authority nominated Finance Officer, Lead Authority Audit, Lead Authority allotted Legal Officer, plus a second legal officer and second finance officer.

Financial training

- 3.10. As well as the above training, the partnership has now engaged the project's financial advisors, Grant Thornton, to create 2 financial models for the partner authorities which will help the authorities greatly with the monthly and annual flow of payments, which are complex and large on a monthly basis.
- 3.11. To accompany the financial models, Grant Thornton will be providing training on them and their use. The Contract Manager is now working with Grant Thornton and LP to ensure that the financial model training complements the LP / WG training. The intention is that by the end of the training all financial and technical



officers within the partner authorities understand the flow of payments, and crucially start planning their staffing accordingly to ensure that the appropriate staffing structure is in place to meet the payment deadlines on a monthly basis.

Contract Manual

3.12. For large and complex contracts such as Parc Adfer, a Contract Manual is viewed as a crucial contract management tool for the authorities. With this in mind, the Contract Manger is currently in the process of putting together a Contract Manual. This covers all the a essential elements of the contract and will comprise of the following elements:-

3.13. The work is being assisted by WG’s Project Support, and some key elements have been done with the assistance of the project’s legal advisors, Pinsent Masons.

- Full Contract Summary / Workbook,
- Outline of contract structure,
- Process flowcharts for contractual mechanisms,
- List of key documents,
- Register of obligations, linked to a calendar where necessary,
- Key Actions tracker.

4. RECOMMENDATIONS

4.1. That the Joint Committee note the content of the report

4.2. It is requested that key Members of the Joint Committee assist WG’s Contract Management Review by meeting Local Partnerships if necessary.

5. FINANCIAL IMPLICATIONS

5.1. WG are to fund the contract management training. All advisor costs have been allowed for in the budget for 2017/18.

6. ANTI-POVERTY IMPACT

N/A

7. ENVIRONMENTAL IMPACT

N/A

8. EQUALITIES IMPACT

N/A

9. PERSONNEL IMPLICATIONS

N/A

10. CONSULTATION REQUIRED

None.

11. CONSULTATION UNDERTAKEN



11.1. As outlined in the report.

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Background Documents:

None

Contact Officer: Steffan Owen
Contract Manager
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REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 27th JULY 2017

REPORT BY: CONTRACT MANAGER

SUBJECT: POTENTIAL OPPORTUNITIES REPORT

1. PURPOSE OF REPORT

- 1.1. To inform the Joint Committee on progress and development of potential opportunities related to the North Wales Residual Waste Treatment Project (NWRWTP) outside of the main contract.

2. BACKGROUND

- 2.1. The NWRWTP contract was signed and Financial Close was reached with Wheelabrator Technologies Inc (WTI) in December 2016. Outside of that contract, there are opportunities for further collaborative working as a partnership but also specifically related to Parc Adfer. This report highlights the progress made on those opportunities.

3. CONSIDERATIONS

Potential use of heat from Parc Adfer

- 3.1. Modern Energy from Waste facilities such as Parc Adfer are technically advanced plants that treat the waste as efficiently and cleanly as possible. Parc Adfer will generate over 16.5MW of electricity to be exported to the grid.
- 3.2. As well as electricity, one of the by-products of the Energy from Waste process at Parc Adfer is heat through hot water / steam. It is possible to utilise this heat at nearby businesses and even homes where the circumstances allow, and facilities which do this are known as Combined Heat and Power (CHP) plants. Parc Adfer is CHP “enabled”, meaning that it is possible to “connect” the heat to its EfW process to export the heat.
- 3.3. Exporting the heat for external use increases the efficiency of the plant, but also could provide additional income for WTI and the partnership. There are, however, a number of challenges in developing a heat network, some of which are summarised below:-
 - Geographical challenges – where are the heat users located? The further away from the plant the less efficient.
 - Technical challenges related to the pipework infrastructure and the heat users requirements (pressure, temperature etc),



- Commercial challenges – for the investment in the infrastructure to be returned, multiple heat users are usually needed, all of which will need to sign up to a long term energy / heat contract. This can prove difficult with multiple users
- 3.4. Whilst the above do represent challenges, there are some potential opportunities for the use of heat from Parc Adfer that the Partnership and WTI are now actively pursuing. WTI have been in discussions with various neighbouring businesses regarding the use of heat however those neighbouring business have noted that they have no requirement for the heat at the moment or the foreseeable future.
- 3.5. One area with some potential for the development of a heat network is the Northern Gateway / Airfields mixed use development in Deeside Industrial Park in Flintshire which comprises of a total of 235 hectares (ha) of land which lies either side of the A550 trunk road.
- 3.6. In order to fully understand the viability both technically and economically of using Parc Adfer's heat, a specialist feasibility study is required. In order to move this forward the Contract Manger has been working with WTI, the Welsh Government, other key officers at Flintshire County Council and other key organisations such as the Carbon Trust and the Heat Network Delivery Unit (HNDU) of the Department for Business, Energy and Industrial Strategy at Westminster.
- 3.7. The HNDU have a £320m capital grant programme to support the development of heat networks in England and Wales, and is also able to fund up to 67% of the costs of feasibility studies for projects. With accessing the above funds in mind, the Contract Manager is now working with Flintshire County Council colleagues who have previously accessed the funds for heat studies within Flintshire to commission a report for Parc Adfer.
- 3.8. In terms of costs of the study, it is unknown at this stage, but indications are that somewhere in the region of £30k - £40k would likely be sufficient for such a piece of specialist work. With the HNDU able to fund 67% of this, the remainder (33%, circa £10k-£13k) remains to be funded. Sources of funding for that element is now being pursued.
- 3.9. Progress on the heat network workstream will be regularly reported to the Project Board going forward.

Future Collaborative Working

- 3.10. The partner authorities have been keen to explore other areas of their waste management operations that they work collaboratively for the benefit of all the authorities.
- 3.11. With this in mind, a meeting was held with the Waste Managers of the authorities in May 2017 to explore if there were any areas they could work collaboratively. A range of areas were explored and discussed, which are listed below:-
- Banding / promotion
 - Education / outreach / community engagement / consultations



- Procurement
 - Vehicles
 - Containers
 - Other equipment / services
- Administrative / Finance / Staffing / Contract Management
- Consultation / Research etc

3.12. Despite a willingness and openness on all sides, it was felt that there were a number of areas where there was limited scope for further collaborative working as there was already a high degree of working in partnership with other authorities or other organisations. An example of this is branding and promotion. Significant work has already taken place by Waste Awareness Wales, Waste Resources Action Programme (WRAP) Wales and the Welsh Government on developing common branding and promotional materials available to all authorities. This material is widely used by the authorities. Promotional material is already readily shared between authorities to share best practice and experiences.

3.13. Another example of an area where work is already being done to maximise efficiencies within authorities is in procurement, where several framework agreements are in place for authorities to utilise when procuring. This gives limited scope for joint procurements on certain things.

3.14. Some areas were, however, identified as possible areas to explore working collaboratively. One such area was on the management and provision of Household Waste Recycling Centres (HWRC). Another example was on difficult / niche materials such as nappies etc. These will now be explored further between the authorities.

Hydrogen Powered Buses Pilot Scheme

3.15. A pilot scheme is in the initial stages of being investigated for a small fleet of hydrogen fuelled buses in North Wales to be run on hydrogen fuel produced in the area. A process called electrolysis is used to produce hydrogen where water is subjected to a direct electrical current. The process separates the hydrogen from the oxygen in the water. That hydrogen can then be used as fuel in hydrogen fuelled buses.

3.16. The NWRWTP were approached to see if Parc Adfer could be utilised as a source of the electricity and site for the fuelling of the buses. Following consideration, Wheelabrator Technologies Inc (WTI) showed an openness to exploring the possibility further.

3.17. Work is now ongoing to identify key information both from the electrolysis technology suppliers and a public transport perspective before discussing with WTI further. Sources of funding for a feasibility study and business case are also being identified.



4. RECOMMENDATIONS

4.1. That the Joint Committee note the content of the report

5. FINANCIAL IMPLICATIONS

5.1. Potential costs of a heat feasibility study are outlined in this report.

6. ANTI-POVERTY IMPACT

N/A

7. ENVIRONMENTAL IMPACT

N/A

8. EQUALITIES IMPACT

N/A

9. PERSONNEL IMPLICATIONS

N/A

10. CONSULTATION REQUIRED

None.

11. CONSULTATION UNDERTAKEN

11.1. As outlined in the report.

LOCAL GOVERNMENT ACCESS TO INFORMATION ACT 1985

Background Documents:

None

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