

NORTH LONDON WASTE AUTHORITY**REPORT TITLE**

NLWA Resources and Governance

REPORT OF

Clerk to the North London Waste Authority

FOR SUBMISSION TO

North London Waste Authority

DATE10th December 2008**SUMMARY OF REPORT**

NLWA Advisers consider that within the current arrangements for providing support, there is insufficient management capacity to deliver on NLWA objectives.

The report sets out recommendations to address this capacity shortfall.

Contact Officer:

Moira Gibb

Clerk

North London Waste Authority

Telephone : 020 7974 5901

RECOMMENDATIONS

The NLWA is recommended to:

1. To approve the recruitment of a Managing Director as set out in paragraphs 2.1 – 3.2, delegating to the Clerk authority to set the exact level of remuneration and other employment terms and conditions.
2. That an appointment panel be established as detailed in paragraphs 4.1 and 4.2 with the Clerk being given delegated authority to establish the panel who will thereafter make the appointment.
3. To agree the inclusion of a budget of £0.500m in 2009/10 and a provision of £0.075m for costs that arise in 2008/9.

SIGNED BY

Moira Gibb

Clerk to the NLWA

NLWA Resources and Governance

1. Background

1.1 The North London Waste Authority (NLWA) was established in 1986 as a statutory waste disposal authority after the abolition of the Greater London Council. The Authority's prime function is to arrange for the disposal of waste collected by its seven constituent London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest.

1.2 The Authority does not employ any staff directly, but makes the following cross-borough arrangements for support services:

London Borough of Camden

- Clerk
- Deputy Clerk
- Financial Adviser
- Procurement Director (seconded from DEFRA)
- Finance Officer
- Legal Adviser
- Legal Officer
- Communications support

London Borough of Haringey

- Technical Adviser
- Valuation Adviser
- Strategy and Contracts Team (13 full time staff)

London Borough of Waltham Forest

- Planning Adviser

1.3 What has become apparent in the light of the major procurement exercise, the rebuilding of waste infrastructure that this will lead to, and the need for North London to achieve challenging targets for waste disposal, is that the intensity of managerial activity has increased dramatically. In addition the need for constant and active engagement with the constituent boroughs has increased significantly. It is also clear that, in the context of this more challenging agenda, that continuing to operate on the basis of teams and other resources being managed disparately in the absence of an overall management lead is unlikely to be sustainable in the medium to longer term.

1.4 The NLWA has been proactive in dealing with these challenges. In 2004, the Strategy and Contracts team was given additional capacity, and the commissioning of the 2005 Review by PricewaterhouseCoopers, although not acted upon immediately, signalled that the workload of the organisation would increase and established the need to reconfigure the support structure before, during, and after the anticipated major procurement. After developing a

procurement strategy in 2006, the NLWA took action in 2007 to provide resources to support the procurement project.

- 1.5 What is now apparent, and supported by a review recently carried out, is that the current management structure lacks cohesion. The Advisers are pressured to provide support for the procurement project and leadership to the Authority's mainstream activity, and the management of relationships with boroughs is a further critical activity which could very usefully be increased. It is clear that the level of support which the NLWA enjoys is significantly less than comparable authorities. Indeed, in all other five statutory joint waste disposal authorities there is a chief officer level appointment at the top of the organisation.
- 1.6 The Advisers recommend that a single focus of management is required, and that the NLWA should approve the appointment of a Managing Director who would report, through the Clerk, to the Authority. This new post would provide more senior full time leadership of the Authority's activities and resources as well as supporting Authority members in developing longer term strategic thinking and objectives.

2. Role of the Managing Director

- 2.1 At a minimum, it would be expected that a Managing Director would take management responsibility for the strategy and contracts arm of the organisation, the procurement team and the finance officer, as well as any other support staff. The Managing Director would be expected to strengthen arrangements around planning and performance management. A further role would be to examine the current arrangements for managing partnership relations with the Boroughs. This will require reviewing the "lead borough" arrangements with Camden and Haringey, and developing appropriate new management structures.
- 2.2 Furthermore, the Managing Director would be specifically tasked to review the current Authority arrangements with a view to modernisation where possible. In the short-term, the Managing Director would be expected to look at opportunities for modernisation within the current model.

3. Remuneration

- 3.1 Any appointment would, at this stage, be as an employee of the London Borough of Camden although this arrangement would be subject to further review in the future with consideration being given in particular to whether the NLWA should become the employing authority in its own right. In any event, any changes would be subject to consultation with existing employees.

- 3.2 The remuneration, terms and conditions of employment would be set by the Clerk in consultation with the Chair on the basis of professional HR advice, looking at comparable roles in the Director of Environment field. Research suggests salary is likely to be at a level above £110,000 with an additional element of performance related pay. With allowances for overheads, this would result in the need for a budget provision in the region of £200,000 per annum in 2009/10, plus further provision for the appointment of a personal assistant and other office support costs in the region of £50,000 per annum.

4. Appointment

- 4.1 If Members are minded to approve the recommendation it is suggested that the appointment process is as follows:
1. Officer stage of shortlisting and preliminary interview
 2. Members' appointment panel
- 4.2 It is suggested that the appointment panel is formed of six Members (two from each group) to be chaired by the Chair of the Authority (who will have the casting vote) to be given the delegated authority to make an appointment.
- 4.3 The Clerk would retain the responsibility to make interim arrangements if necessary to cover the period whilst a permanent appointment is made.
- 4.4 If Members are minded to support the proposal, it is envisaged the costs of recruitment and possible interim arrangements would have some financial impact on 2008/9 and therefore, subject to a more detailed review of the likely spend, an amount of £75,000 has been allowed for in the 2008/9 third budget review.

5. Governance

- 5.1 As is indicated in the OBC Review paper elsewhere on the agenda, 4ps recently carried out a Gateway Review for the Stage 2, Business Case Review and readiness to proceed to the next stage of the procurement. A clear message from the review was that the series of projects which form part of the procurement, which include the possibility of two separate procurements, a contract for HWRC works, and site transfer, together with an interim procurement for the period after 2014, should be viewed as a programme of projects. This will result in the need to further review the resources available for the procurement programme as well as the need to strengthen project governance arrangements and partnership working with the boroughs.
- 5.2 Consideration is still being given to detailed proposals to take forward the recommendations arising from the Gateway Review. Clearly, these proposals will need to be worked up and costed. However, for the

purpose of recognising that there is a potential further cost the 2009/10 budget forecast found elsewhere on this agenda allows for further provision of £250,000.

6. Comments of the Legal Adviser

6.1 These have been incorporated within the report.

7. Comments of the Financial Adviser

7.1 The comments of the Financial Adviser have been included in the body of this report but would add that in summary the budget report elsewhere on this agenda has made an allowance of £0.075m for potential costs in 2008/9 and £0.500m in 2009/10.