

## **THE LONDON BOROUGH OF CAMDEN**

At a meeting of the **NORTH LONDON WASTE AUTHORITY AUDIT AND GOVERNANCE COMMITTEE** held on **THURSDAY, 12TH FEBRUARY, 2026** at 1.00 pm in Council Chamber, Town Hall, Judd Street, London WC1H 9JE

### **MEMBERS OF THE COMMITTEE PRESENT**

Councillors Arjun Mittra (Chair), Camron Aref-Adib, Dana Carlin, Robert Chapman, Paul Douglas and Flora Williamson

### **MEMBERS OF THE COMMITTEE ABSENT**

Councillors Sinan Boztas

**The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the North London Waste Authority Audit and Governance Committee and any corrections approved at that meeting will be recorded in those minutes.**

## **MINUTES**

### **1. ELECTION OF VICE-CHAIR**

#### **RESOLVED –**

THAT Councillor Robert Chapman be appointed Vice-Chair of the Committee for the 2025/26 municipal year.

### **2. TERMS OF REFERENCE**

#### **RESOLVED –**

THAT the terms of reference of the committee be noted.

### **3. APOLOGIES**

There were no apologies for absence.

### **4. DECLARATIONS BY MEMBER OF ANY PECUNIARY OR NON-PECUNIARY INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA**

There were no declarations of interest.

**5. ANNOUNCEMENTS (IF ANY)**

**Webcasting of the meeting**

The Chair announced that the meeting was being broadcast live by Camden Council to the Internet and a recording would be made available after the meeting. Those who were addressing the meeting were deemed to be consenting to having their contributions recorded and broadcast.

**6. DEPUTATIONS (IF ANY)**

There were no deputations.

**7. MINUTES**

**RESOLVED –**

THAT the minutes of the meeting held on 13<sup>th</sup> February 2025 be approved and signed as a correct record.

**8. NOTIFICATIONS OF ANY ITEMS OF BUSINESS THAT THE CHAIR  
CONSIDERS URGENT**

There were no items of urgent business.

**9. 2024/25 STATEMENT OF ACCOUNTS**

Consideration was given to the report of the Financial Adviser.

Suresh Patel, external auditor with Forvis Mazars, acknowledged and apologised for the late escalation of issues, particularly concerning the Wembley lease arrangements. It was explained that these lease costs had been audited in 2021/22 and 2022/23, with no work undertaken in 2023-24, having issued a disclaimed audit opinion. The increased scrutiny on management judgments, influenced by the new IFRS 16 leasing standard, was highlighted. The external auditor maintained the view that management's judgement to capitalise costs associated with the Wembley lease as directly attributable to the new asset was too broad and did not meet the criteria for capitalisation. The Director of Corporate Services, Nikesh Shah, mentioned that further consideration was required following a discussion that morning with the auditors. The audit implication was that while the opinion would be disclaimed, a paragraph would be included in the audit report noting uncertainty around this item, which would then roll into 2025/26 for resolution and not have immediate impact to the 2026/27 budget proposal. Regarding the disclaimed opinion, it was confirmed this was part of a national position across local government. While rebuilding assurance was hoped for in 2024/25, it was not possible as the firm's methodology for this had only recently been agreed, with little rebuilding assurance undertaken

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across their local government portfolio. A meeting with NLWA officers was scheduled for March to discuss the methodology and timeline for transitioning from a disclaimed to an unqualified opinion.

The Chair expressed significant disappointment with the auditors regarding the late notification of critical audit issues, stating it undermined trust and the relationship between the Authority and its auditors. Serious reassurance that this would not recur in the future was requested with apologies given to the officers whose work was impacted by the late escalation.

Other Members echoed concerns about lateness and requested specific details on procedural changes the external auditor would implement to provide earlier notice of issues, highlighting the difficulty this created for planning and public finance management. Clarity was sought on the timeline for resolving the disclaimed opinion with assurances requested that it would not become a permanent feature.

The external auditor offered apologies and thanks to the finance team and acknowledged the disappointment and politeness of the Committee. It was stated that moving from a disclaimed to an unqualified opinion was a sector-wide challenge, estimated to take two to three years, but confirmed an unqualified opinion would eventually be achieved. Changes included adapting to earlier national deadlines (moving to end of January next year and end of November the year after), increased use of technology such as a data ingestion tool to scrape data directly from ledgers while meeting data protection requirements, and a need for collaborative work with the Authority, particularly on valuations, to make the process more efficient and quicker.

In response to a question about the outcome of the morning's meeting between NLWA officers and auditors regarding the Wembley lease, the Director of Corporate Services, Nikesh Shah, explained that NLWA had previously capitalised part of the Wembley lease due to its necessity for EcoPark South facilities, a position supported by independent advice from EY. However, the external auditor maintained its original argument. NLWA officers were considering the implications and further actions. The reclassification would shift costs from capital to revenue, creating short-term funding impact rather than long-term impact in alignment with the NLWA's Minimum Revenue Provision (MRP) Policy. For 2024/25, the disclaimed opinion would include a note on this unresolved issue due to a difference of opinion, to be resolved in 2025/26.

A Member raised concerns about the financial impact of reclassifying the Wembley costs from capital to revenue, particularly given that boroughs' budgets for 2026-27 had already been passed and it was not feasible to absorb this additional cost. Clarification was sought on how this cost would be managed for the 2026-27 financial year. The Director of Corporate Services confirmed that if NLWA agreed with the auditors' view, the cost would likely need to be met from a usable reserve in the next financial year, and the budgets for 2026-27 would remain as presented.

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Officers were still considering the position following the morning's discussion with the auditors.

The Independent Member, Conrad Hall, sought categorical assurance on the external auditor's capacity and resources for the next year's audit, beyond technological improvements, to ensure timely completion. The external auditor stated the intention was to complete the audit in full next year, and the firm currently had the capacity to do so.

The sufficiency of NLWA's reserves to cover potential revenue costs and whether a specific contingency reserve was being built was questioned, given that reserves were typically for the unexpected. The Director of Corporate Services responded that the Authority was currently re-assessing what a prudent level of reserves looked like in light of the Energy Recovery Facility (ERF) delays, considering various pressures including the need to maintain the existing plant for longer than planned. A report on reserves was suggested for consideration at the full Authority meeting.

**ACTION: Director of Corporate Services**

The Chair concluded by thanking all NLWA staff for their hard work and dedication, particularly in managing late-stage challenges.

**RESOLVED –**

- (a) THAT the external auditor's draft Audit Completion Report be noted;
- (b) THAT an oral update from the Authority's auditors be received;
- (c) THAT the Director of Corporate Services be authorised to sign the 2024/25 letter of management representation as drafted at the end of Appendix A;
- (d) THAT the Authority's 2024/25 Annual Governance Statement, part of Appendix B, be approved, and the Audit and Governance Committee Chair and Clerk be authorised to sign it;
- (e) THAT the Authority's 2024/25 Statement of Accounts in Appendix B be approved and the Director of Corporate Services be authorised, following consultation with the Chair of the Audit and Governance Committee, to agree any remaining amendments to the Statement of Accounts as the auditors complete any final outstanding matters.

**10. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

There was no urgent business.

The meeting ended at 1.30 pm.

**CHAIR**

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**MINUTES END**