

EAST LONDON WASTE AUTHORITY

Monday, 4 February 2008
(1:10 - 2:30 pm)

Present: Councillor M E McKenzie (Chair), Councillor S Kelly (Deputy Chair), Councillor P R Goody, Councillor P Murphy, Councillor P Sheekey, Councillor B Tebbutt and Councillor A Weinberg

1540 Apologies for Absence

An apology for absence was received on behalf of Councillor Mrs P A Twomey.

1541 Minutes (26 November 2007)

We have confirmed as correct the minutes of our meeting held on 26 November 2007.

In relation to Minute 1539, we have received commentaries from the Executive Director and Managing Director on the latest position and have agreed that consideration of the Annual Budget & Service Delivery Plan 2008/09 be deferred until a future date.

1542 Revenue and Capital Estimates and Levy 2008/09

The Finance Director highlighted the main issues underpinning the preparation of the annual budget and drew Members' attention to the key issues of the report. He highlighted the budget issues, including reserves and their levels, various risks, pressures on the Authority and the necessity to balance strategy and prudence.

We have considered the report concerning the estimates and the levy for 2008/09 and the underlying cost increases, legal background, levy apportionment and the particular issues that apply. We have also considered the issues relating to contingencies and reserves, including the risk analysis.

We have considered the suggestion that ELWA was perhaps being over cautious in its approach and that the proposed levy increase did not reflect the grant increases received by the Constituent Councils.

Officers stated that they had not aimed to be over or under prudent and that the budget had been based on a range of indicators and prepared in conjunction with Borough Officers. ELWA Officers had taken a mid range view of risk and this budget was sound and would smooth out any difficulties that may arise and it was their recommendation that Members accept the position as set out in the report.

We have agreed:-

- (i) the revised estimates for 2007/08 totalling £38,755,000;
- (ii) and noted the utilisation of the 2007/08 contingency as set out in the report;

- (iii) revenue estimates for 2008/09 of £44,900,000 excluding contingency and contributions from reserves;
- (iv) the charges of £70 per tonne for 2008/09 disposal credits and recyclable commercial & industrial waste and £80 per tonne for other commercial and industrial waste;
- (v) for 2008/09 utilisation of the PFI Contract Reserve of £7,400,000;
- (vi) a Contingency Reserve of £550,000;
- (vii) a contribution from Revenue Reserves of £1,750,000;
- (viii) that ELWA determines its levy for 2008/09 at £36,300,000 on the basis of paragraphs 7.1 and 12.4 of the report;
- (ix) the policy on Reserves and associated criteria for use; and
- (x) the continuation of existing arrangements for the payment of the levy and funding of Constituent Councils in 2008/09.

Councillors Kelly and Tebbutt voted against.

1543 Treasury Management Strategy for 2008/09, and Prudential Code Indicators 2008/09 to 2010/11

We have received the Finance Director's report and appendices and discussed the interest rate levels applied to both borrowing and lending following questions raised by the Deputy Chair. We have asked the Finance Director to respond in writing direct.

We have agreed the Treasury Management Strategy, Prudential Indicators for Treasury Management, and Prudential Indicators for Capital Expenditure and Annual Investment Strategy as set out in the respective Appendices.

1544 Risk Strategy - Update for 2008/09

We have received the Executive Director's report and appendices detailing Officers' review of the Strategic and Operational Risk Registers in accordance with the Risk Management Strategy. We considered the Emergency Planning responsibilities of the Constituent Councils.

We have noted the Risk Strategy and Net Risk Matrix and approved the updated Strategic Risk Register and Operational Risks Register as set out in the appendices. We have approved an annual review.

1545 Rent Review - Reuse & Recycling Centre Sites

We have received the Contract Manager's report providing details of the District Valuer's 5-yearly revaluation of the market rental for the borough sites managed within the IWMS contract.

Noted that the review has resulted in payments to the boroughs increasing by 35%

since the last review (an average of 7% per annum). We have agreed the lease payments to the Boroughs.

1546 Contract Performance - April to December 2007

Received and noted the Assistant Executive Director's report and appendices. We have received commentary on Site operations, contract monitoring, recycling performance and diversion from landfill.

Issues to note were that overall waste levels were lower than projected, recycling and composting performance was down on the projected figure. Low recycling performance and recovery of lost ground emphasised the need for the recycling rate to get off to a good start early in the 2008/09 financial year. Diversion from landfill was better than projected at 45%.

We have actively considered the concerns raised by Members about the contractor's underperformance within the contract and discussed the proposed way forward.

1547 MBT Testing of Bio-Mrf Facilities-Update

Noted the Assistant Executive Director's report and commentary on the results of MBT testing of the Bio-Mrf facilities.

The results of testing suggest that the MBT saves ELWA considerable value in terms of avoided landfill tax and allows ELWA to avoid potential penalties if it had to landfill above the annual allowance. He reported also that the results were forming a pattern that would support a request to the Environment Agency for less frequent testing in the future.

1548 Department for Communities and Local Government Consultation Paper - Exemption of Posts from Political Restrictions

Received the Legal Advisor's report on the provisions affecting ELWA in the Consultation paper and the question about whether it is thought necessary for the Secretary of State to make Regulations to provide for Authorities not required to have Standards Committees to establish committees to undertake functions with regard to the exemption of certain posts from political restrictions, or whether affected Authorities make arrangements under Section 101 of the Local Government Act 1972 instead.

We have agreed the recommended response and authorised the Legal Advisor to respond to the Department for Communities and Local Government Waste Disposal Authorities.

1549 Appointment of Auditor

We have noted the Office Manager's report advising that PricewaterhouseCoopers had been appointed our external auditors for five years with effect from the 2008/09 audit. Noted that the Audit Commission will continue in office until finalisation of the 2007/08 accounts. One of the Members objected to the fee percentage to be applied for these services having compared it with the grant increases received by the Constituent Councils.

1550 Date of next meeting of the Authority

Pursuant to Minute 1541, we have agreed to meet, if required, at 1pm on 17 March 2008 for the purpose the settling the Annual Budget & Service Delivery Plan. Councillor Alan Weinberg declared a non-pecuniary interest in this item adding that he would need to be excused for this item.

Chair:

Dated: