

Notice of Meeting

EAST LONDON WASTE AUTHORITY

Monday, 8 October 2007 - Civic Centre, Dagenham, 1:00 pm

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

Declaration of Members' Interests: In accordance with the Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.

28.9.07

R. A. Whiteman
Managing Director

Contact Officer: Tony Jarvis
Tel: 020 8270 4965
Fax: 020 8270 4973
E-mail: tony.jarvis@lbbd.gov.uk

AGENDA

- 1. Apologies for Absence**
- 2. Minutes - To confirm as correct the minutes of the meeting held on 25 June 2007 (Pages 1 - 5)**
- 3. Annual Governance Report 2006/07 & External Audit Plan 2007/08 (Pages 7 - 50)**
- 4. GLA Bill (Pages 51 - 52)**
- 5. London Local Authorities Act 2007 (Pages 53 - 54)**
- 6. Closed Landfill Sites - Monitoring (Pages 55 - 56)**
- 7. Aveley Methane Ltd (Pages 57 - 75)**
- 8. Reuse & Recycling Centres Waste Protocol (Pages 77 - 86)**
- 9. Waste Electric & Electronic Equipment (WEEE) Directive - Update (Pages 87 - 88)**

10. **Operational Insurances (Pages 89 - 97)**
11. **Contract Performance for April to August 2007 (Pages 99 - 112)**
12. **Budgetary Control Report to 31 August 2007 (Pages 113 - 115)**
13. **Statement of Accounts 2006-07 (Page 117)**
14. **Treasury Management Outturn Report 2006-07 (Pages 119 - 121)**
15. **CIWM Conference 2008 (Pages 123 - 124)**
16. **Any other public items which the Chair decides are urgent**
17. **To consider whether it would be appropriate to pass a resolution pursuant to Section 100A(4) of the Local Government Act 1972**

Private Business

The public and press have a legal right to attend ELWA meetings except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended).

There are no such items at the time of preparing this agenda.

18. **Any other confidential or exempt items which the Chair decides are urgent**

EAST LONDON WASTE AUTHORITY

Monday 25 June 2007

(1:10 - 2.15 pm)

Present: Councillor M McKenzie (Chair), Councillor S Kelly (Deputy Chair), Councillor Mrs P A Twomey, Councillor P Murphy (Item 12 -Minute 1504 onwards), Councillor P Sheekey, Councillor B Tebbutt and Councillor A Weinberg

1492 Appointment of Chair

We have appointed Councillor McKenzie as Chair for the ensuing municipal year.

1493 Appointment of Deputy Chair

We have appointed Councillor Kelly as Deputy Chair for the ensuing municipal year.

1494 Apologies

An apology for absence was submitted on behalf of Councillor P Goody and an apology for delay was submitted on behalf of Councillor P Murphy.

1495 Minutes - To confirm as correct the minutes of the last meeting held on 02.04.07

We have confirmed as correct the minutes of our meeting held on 2nd April 2007.

1496 Membership

We have noted the appointments for the municipal year 2007/08.

1497 ELWA Limited Directorship 2007/08

Having considered a report from the Office Manager on issues relating to ELWA's directorship on ELWA Limited, we have:-

- (i) appointed Councillor Weinberg as ELWA's 'A' Director on the ELWA Limited Board for the 2007/8 municipal year;
- (ii) authorised the 'A' Director to act as ELWA's representative at the Annual General Meeting of ELWA Ltd;
- (iii) agreed that such appointment to take effect following prior consultation with the "B" shareholder.
- (iv) authorised the Chair to nominate an alternative 'A' Director should the need arise.

1498 Programme of Meetings 2007/08

We have noted the agreed programme of meetings for the municipal year 2007/08 and the requirements of the Constitution relating to attendance.

We have received Councillor Tebbutt's apologies for non-attendance at our meeting held 02.04.07.

1499 Best Value Performance Plan 2007/08

We have received and noted ELWA's draft Best Value Performance Plan 2007/8, which is required to be published by 30 June, and have authorised the Executive Director to approve the final version prior to publication.

1500 Contract Performance for the year 2007/08 (including LATS)

We have noted the General Manager's report and Appendices on Contract Performance for the period April 2006 to March 2007. We have received commentary on tonnage data and contract payments, satisfactory operations at the RRC sites, the development of Jenkins Lane Bio-Mrf, commissioning of Frog Island and difficulties experienced with regard to Opti-bags.

Noted that the contract recycling rate had failed to meet target, despite an increase on the previous year's figure, resulting in the Contractor suffering a loss in recycling supplements. Noted that, in accordance with Minute 1485, the Board had met with the Contractor and this would be discussed later during this meeting.

1501 External Audit – International Standard on Auditing UK & Ireland (ISA) Report 260

We have received the Finance Director's report on the External Auditor's Annual Governance Report for 2006/07 and agreed to the delegation that the Finance Director receives and considers this Report, in consultation with the Chair, by the 30th September 2007. Should the External Auditor raise any significant unexpected issues, the Chair would convene an urgent Special Meeting of the Authority before the 30th September. The Finance Director will report again at the October meeting.

1502 Final Outturn Report for 2006/07

We have received and noted the Finance Director's report on the final outturn for 2006/07. Members had received budgetary control reports throughout 2006/07 containing explanations of the major variations. The main variances related to higher than anticipated spending in the last quarter in respect of contract payments, the receipt of a Hazardous WEEE Grant and lower tonne mileage claims made by the Boroughs. The report included an analysis of the contingency and reserves. The Authority's Treasury Management and Capital activities for the year remained within the limits set.

1503 Draft Statement of Internal Control 2006/07

We have received the Finance Director's report setting out the basis upon which the Statement of Internal Control (SIC) was produced and note that the issues raised have been discussed at length by the Management Board. We have approved the Statement.

We have noted the improvements and changes achieved during the year namely contract monitoring, the Authority's self management and additional risk strategy work. No major areas of internal control weakness were drawn to our attention.

1504 Draft Statement of Accounts 2006/07

We have received the Finance Director's report advising on production and publication changes and note that the Accounts reflect the variances mentioned in the Outturn Report. We have approved the 2006/07 Draft Statement of Accounts.

1505 Contract Performance for April/May 2007

We have received the General Manager's report, together with tabled Appendices updated to include May figures, on Contract Monitoring. We have received commentary on tonnage data and contract payments on recycling and diversion from landfill and contract payments and site operations for the period April/May 2007. We have discussed the effects of the contingencies proposed to improve recyclates capture provided by the Contractor following their meeting with the Board in March. The Executive Director explained the penalties imposed by the contract and note that the Contractor continues to incur losses in financial supplements as a result of under achievement. Noted that the Contractor has been asked by the Board to provide a revised and detailed improvement plan. We have agreed to receive a report at our next meeting on the improvement plans proposed by the Contractor in respect of recycling and composting performance and on the arrangements for dealing with the disposal of electrical goods.

1506 Budgetary Control Report to 30th April 2007

We have noted the under spend of £118,000 against estimated budget for the month of April. The Finance Director drew our attention to the fact that the main variation related to the receipt of unbudgeted income in the form of a WEEE Grant.

1507 Internal Audit Progress Report 2006/07, Audit Plan 2007/08 and Planned Audit Coverage to March 2012

Received the Finance Director's report on the Authority's internal audit systems and procedures and his opinion that the overall systems are sound. We have

- noted the audit work for 2006-07 on Closed Landfill Sites and Performance Measures;
- agreed the planned internal audit coverage for the five years to 31 March 2012 as outlined;
- agreed the Internal Audit Strategy and Audit Charter as outlined;
- agreed the audit coverage as outlined for 2007/08

1508 Flood Contingency (Frog Island and Jenkins Lane)

In accordance with Minute 1485, we have received and discussed the General Manager's report on the contingency operations in place if the River Thames were to flood. The report sets out the arrangements within the contract, the Environment Agency's London Flood Response Strategic Plan (published March 2007) (LFRSP) and indicated that all Authorities would have to act in accordance with the LFRSP and take directions from the emergency services.

The General Manager advised that there would not be a contamination problem for Aveley Methane.

1509 Waste Strategy for England 2007

We have received the Executive Director's report and noted the government's publication and have:

- noted the Waste Strategy for England 2007 and provisional summary of the general implications for the Authority as being an increase in future recycling and recovery targets, increased focus on waste issues, Landfill Allowances Trading Schemes, commercial interest in solid recovered fuel, packaging and producer responsibility, increased landfill tax and conformity with the Mayor of London's waste strategy.
- agreed to receive a further report when government clarifies the new performance framework for Local Authorities in the Autumn;
- also agreed to review the Joint Waste Management Strategy (together with Constituent Councils) when waste management targets under the new performance framework are known, and when the Mayor of London has completed the review of the Regional (London) Waste Strategy.

1510 Joint Waste Development Plan Document (DPD)

We have received the Executive Director's report and consultation summary 'Building the Evidence Base and Identifying Issues and Options'. We have discussed and agreed the proposed response to the Consultation and noted the timetable for the development of a Joint Waste DPD. This Joint Waste DPD is another major pioneering step forward by east London that will influence the way in which east London is perceived.

1511 Employee Arrangements for ELWA - Restructure

We have received the Human Resources Manager's report and noted the position with regard to the successful TUPE staff transfers, employment contracts and policies both immediate and future.

1512 Code of Conduct *

In response to a question from one of the Havering members, the Executive Director confirmed that ELWA was not required to adopt a Code of Conduct for its Members as it was not included in the list of authorities required to do so by the Local Government Act 2000. He explained that the Members of the four constituent Councils who are appointed to serve as Members of ELWA, are bound by their respective Council Codes when acting in their official capacity on ELWA.

* This item has been considered as a matter of urgency with the consent of the Chair under the provisions of Section 100(B)(4)(b) of the Local Government Act 1972.

Chair:

Dated:

This page is intentionally left blank

*(Contact Officer: Tony Jarvis - Tel. 020 8270 4965)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****EXECUTIVE DIRECTOR'S REPORT**

ANNUAL GOVERNANCE REPORT 2006/07 & EXTERNAL AUDIT PLAN 2007/08	FOR INFORMATION
---	------------------------

1. Purpose

- 1.1 To report the Annual Governance Report 2006/07 and the External Auditor's Audit Plan for 2007/08.
- 1.2 To enable the Auditors to report any issues arising from the audit of the final accounts, to 'those charged with governance'.

2 Annual Governance Report 2006/07

- 2.1 The Auditors sent a draft copy of the Annual Governance Report in respect of 2006/07 to Members in September to provide Members with an opportunity to comment before the Auditors issued their final opinion on the accounts.
- 2.2 The final Annual Governance Report is attached at Appendix A, after the inclusion of officer responses to recommendations and any other comments.

3 The Audit Plan 2007/08

- 3.1 The External Auditor's Audit Plan is attached at Appendix B. It explains how the Audit Commission will review and audit the Authority in respect of the year 2007/08. The Plan has been agreed with the Managing Director and Finance Director.
- 3.2 The cost is £36,200 (2006/07 £34,650).

4 Recommendations

- 4.1 Members are asked to:-
 - i) note the Annual Governance Report 2006/07 and Audit Plan 2007/08,
 - ii) receive a report from the Auditors if any significant issues have been identified in the course of the audit of ELWA accounts.

Tony Jarvis
EXECUTIVE DIRECTOR

Appendices

- A Annual Governance Report
- B Audit Plan

Background Papers

None

This page is intentionally left blank

Annual Governance Report

East London Waste Authority

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2007

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Purpose of this document	4
Key messages	5
Audit status	6
Accounts and Statement on Internal Control	7
Unadjusted misstatements	7
Adjustments to the financial statements	7
Accounting practices	7
Systems of internal control	8
Use of resources	9
Work performed	9
Data quality work	10
Best value performance plan	10
Audit fee update	11
Appendix 1 – Action plan	12
Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity	13
Appendix 3 – Audit reports issued	14
Appendix 4 – Proposed auditor’s report	15
Independent auditor’s report to the Members of East London Waste Authority	15
Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources	17
Appendix 5 – Management representation letter	19
Appendix 6 – Value for money conclusion	22

Purpose of this document

- 1 In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance (in this case, the Authority) at the time they are considering the financial statements.
- 2 In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged with Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
 - where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.
- 3 We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 4 This report has been prepared for circulation to the Authority prior to the issuing of our opinion. Members are invited to:
 - consider the matters raised in the report before the financial statements are approved;
 - approve the representation letter on behalf of the Authority and those charged with governance before we issue our opinion; and
 - note the recommendations for improvement in the action plan.
- 5 Our work during the year was performed in line with the plan that was circulated to you on 24 July 2007. Reports issued during the year are listed in Appendix 3.

Key messages

- 6 Our work on the financial statements is now complete. We propose issuing an unqualified audit opinion on 26 September 2007 (a draft report is attached at Appendix 4).
- 7 In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit.
- 8 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We propose issuing an unqualified conclusion on the use of resources on 26 September 2007 (a draft report is attached at Appendix 4).

Audit status

- 9 At the date of issue of this report our detailed audit is complete.
- 10 The Authority has taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for the Authority's assistance and co-operation.

Accounts and Statement on Internal Control

- 11 Our work on the financial statements is now complete.
- 12 Auditors are required to obtain written confirmation of certain representations from management and those charged with governance before an audit report is issued, such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.
- 13 The auditor should also obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- 14 The proposed letter of representation, which we have discussed with the Finance Director, has been attached as Appendix 5.

Unadjusted misstatements

- 15 We are required to report to you all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial. There are no unadjusted misstatements for us to bring to the attention of Members.

Adjustments to the financial statements

- 16 We are also required to bring to your attention misstatements that have already been corrected by management where we consider them relevant to your wider governance responsibilities. There were no adjustments to the financial statements that require reporting to Members.

Accounting practices

- 17 We are also required to report to you our view on the qualitative aspects of the Authority's accounting practices and financial reporting. We have no issues to bring to Members' attention.

Systems of internal control

- 18 As part of our audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified. We have not identified any material weaknesses during the course of our work.
- 19 During the year, we completed our triennial review of Internal Audit. Internal audit services are provided by the London Borough of Redbridge. We found that the service complies with CIPFA standards. From 1 June 2007, the Authority employed its own staff. Payroll services are to be provided by the London Borough of Barking and Dagenham (LBBD) and the payroll system will be subject to regular review by the Borough's own internal auditors. Arrangements will need to be put in place to inform the Authority of the outcome of such reviews, where relevant to ELWA staff, to support Members' consideration internal control.

Recommendation
<i>R1 Ensure that the findings of internal audit reviews of the LB Barking and Dagenham payroll system are communicated to the Authority where they are relevant to ELWA staff.</i>

- 20 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.
- 21 We have also reviewed whether the SIC has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no matters arising.

Use of resources

Work performed

- 22 The Code requires us to reach a conclusion on whether we are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money conclusion. In meeting this responsibility, we review evidence that is relevant to the Authority's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission. Our work to support our conclusion comprised the following elements:
- a review of the Authority's arrangements in respect of the value for money criteria specified by the Audit Commission;
 - data quality work; and
 - the best value performance plan.
- 23 Details of our conclusion for each of the criteria specified by the Audit Commission are set out in Appendix 6. While our work has not identified any significant weaknesses that would result in a qualification of individual criteria, we have identified areas where arrangements could be strengthened and these are set out below.

Risk management arrangements

- 24 During the year, the Authority has continued to develop its approach to risk management. Responsibility for identified risks is now allocated to a named officer. The risk register has been updated and a risk matrix has been produced to support the prioritisation of risks. To support further the embedding of risk management, reports to Members to support key strategic and policy decisions, such as the Service Delivery Plans, should include a risk assessment. This should summarise the key risks considered in formulating the plans, the risks inherent in the plan and the risks associated with taking no action.

Recommendation

R2 Reports to Members on key strategic and policy decisions should include a risk assessment.

Data quality work

- 25 We are currently completing our data quality review and will report our findings to the relevant officers. This work covers our audit of the Authority's published best value performance indicators (BVPIs). To date, there are no issues to report to Members.

Best value performance plan

- 26 Our work in respect of the Authority's 2006/07 best value performance plan (BVPP) was reported in the 2006 Annual Audit Letter. No recommendations were made to the Audit Commission or the Secretary of State.

Audit fee update

- 27 We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan.

Table 1

	Plan 2006/07	Actual 2006/07
Financial statements and Statement on Internal Control	£16,700	£16,700
Use of Resources	£16,200	£16,200
Total Audit Fees	£32,900	£32,900
WGA	£1,900	£1,750

- 28 The analysis above shows that our audit fee has been contained within the totals you have already agreed.

Appendix 1 – Action plan

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Ensure that the findings of internal audit reviews of the LB Barking and Dagenham payroll system are communicated to the Authority where they are relevant to ELWA staff.	1	Finance Director	Yes	Internal Audit to co-ordinate. The ELWA internal audit service is provided by the London Borough of Redbridge who is already liaising over relevant issues with their colleagues at the London Borough of Barking and Dagenham. Regular dialogue will be maintained.	October 2007
10	R2 Reports to Members on key strategic and policy decisions should include a risk assessment.	2	Authors of reports	Yes	To be phased in during 2007/08 to allow for familiarisation and feedback.	Implemented fully in 2008/09

Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required to communicate the following matters to those charged with governance:
 - the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.

Appendix 3 – Audit reports issued

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit plan	May 2006	May 2006	Authority
Opinion audit plan	July 2007	July 2007	Management
BVPP report	December 2006	December 2006	Authority
Annual governance report	September 2007	September 2007	Authority
Opinion on financial statements	September 2007	September 2007	Authority
Use of resources conclusion	September 2007	September 2007	Authority
Annual audit letter	November 2007		Authority

Appendix 4 – Proposed auditor’s report

Independent auditor’s report to the Members of East London Waste Authority

Opinion on the financial statements

I have audited the financial statements of East London Waste Authority for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of Movement in General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to East London Waste Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Finance Director and auditor

The Finance Director’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA’s guidance ‘The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003’ issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.

Jon Hayes
District Auditor

Audit Commission
1st Floor
Millbank Tower
Millbank
London, SW1P 4HQ
26 September 2007

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006. I am satisfied that, in all significant respects, East London Waste Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best value performance plan

I issued my statutory report on the audit of the Authority’s best value performance plan for the financial year 2006/07 on 19 December 2006. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Jon Hayes
District Auditor

Audit Commission
1st Floor
Millbank Tower
Millbank
London, SW1P 4HQ
26 September 2007

Appendix 5 – Management representation letter

To: Jon Hayes, District Auditor
Audit Commission
1st Floor
Millbank Tower
Millbank
London,
SW1P 4HQ

East London Waste Authority - Audit for the year ended 31 March 2007

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other [*insert relevant details e.g.; directors, officials, officers*] of East London Waste Authority, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2007.

I acknowledge my responsibilities under the relevant statutory authorities to prepare the Authority's financial statements in accordance with proper practices as defined in relevant legislation or guidance and for making accurate representations to you.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided regarding the identification of related parties. The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

The body has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Irregularities involving Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Authority, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Signed on behalf of East London Waste Authority

Signed

Name

Position: Chair, Authority

Finance Director

Date:

Appendix 6 – Value for money conclusion

The Audit Commission has published, in accordance with the Code of Audit Practice, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body’s arrangements for economy, efficiency and effectiveness in its use of resources.

Code criteria	Description	VFM conclusion
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	Criteria met
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	Criteria met
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	Criteria met
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	Criteria met
5	The body has put in place arrangements to maintain a sound system of internal control.	Criteria met
6	The body has put in place arrangements to manage its significant business risks.	Criteria met

Code criteria	Description	VFM conclusion
7	The body has put in place arrangements to manage and improve value for money.	Criteria met
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	Criteria met
9	The body has put in place arrangements to ensure that its spending matches its available resources.	Criteria met
10	The body has put in place arrangements for managing performance against budgets.	Criteria met
11	The body has put in place arrangements for the management of its asset base.	Criteria met
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	Criteria met

This page is intentionally left blank

Audit Plan

May 2007

Audit Plan

East London Waste Authority

Audit 2007/2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

© Audit Commission 2007

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Introduction	4
Responsibilities	4
Work under the Code of Audit Practice	5
Financial statements	5
Use of resources - Value for money conclusion	5
Best value performance plan	5
Assessing risks	6
Work specified by the Audit Commission	7
Whole of government accounts (WGA)	7
Data quality	7
Voluntary improvement work	8
Certification of claims and returns	9
The audit fee	10
Other information	11
The audit team	11
Independence and objectivity	11
Quality of service	11
Planned outputs	12
Appendix 1 – Initial risk assessment – use of resources	13
Appendix 2 – Audit fee	14
Specific audit risk factors	15
Assumptions	15
Specific actions the Authority could take to reduce its audit fees	16
Process for agreeing any changes in audit fees	16
Appendix 3 – Independence and objectivity	17

Introduction

- 1 This plan sets out the work your audit team proposes to undertake in relation to East London Waste Authority's (the Authority) 2007/08 accounts and value for money conclusion. The plan is based on the Audit Commission's risk-based approach to audit planning which assesses:
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2 As we have not yet completed our audit for 2006/07, the audit planning process for 2007/08, including the risk assessment will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 3 The Audit Commission's *Statement of Responsibilities of Auditors and of Audited Bodies* sets out the respective responsibilities of the auditor and the Authority. The Audit Commission has issued a copy of the Statement to every audited body.
- 4 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our work is undertaken in the context of these responsibilities.
- 5 We comply with the statutory requirements governing our audit work, in particular:
 - the Audit Commission Act 1998; and
 - the Code of Audit Practice (the Code).
- 6 The Code defines auditors' responsibilities in relation to:
 - the financial statements (including the Statement on Internal Control (SIC)); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Work under the Code of Audit Practice

Financial statements

- 7 We will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 8 We are required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice (SORP) on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year.
- 9 We are also required to review whether the SIC has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the SIC is misleading or inconsistent with our knowledge of the Authority.

Use of resources - Value for money conclusion

- 10 The Code requires us to issue a conclusion on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires auditors to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at their conclusion.
- 11 In meeting this responsibility, we will review evidence that is relevant to the Authority's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators we will normally place reliance on their reported results to inform our work.
- 12 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

Best value performance plan

- 13 We are required to carry out an audit of your Best Value Performance Plan (BVPP) and report on whether it has been prepared and published in accordance with legislation and statutory guidance.

Assessing risks

- 14 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities, and reflecting this in the audit fees. It also means making sure that our work is co-ordinated with the work of other regulators, and that our work helps you to improve.
- 15 Our risk assessment process starts with the identification of the significant financial and operational risks applying at the Authority with reference to:
 - our cumulative knowledge of the Authority;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Authority officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.
- 16 We have not included a risk assessment for our audit of the financial statements as many of the specific risks may not become apparent until after we have completed our 2006/07 audit. We will issue a separate opinion audit plan for our audit of the financial statements in November 2007. At this stage we are aware of the following risks that are likely to impact on our audit of the financial statements:
 - the Authority will employ its own staff from 1 April 2007, the Accounts will need to recognise the pension liability in respect of these staff and comply with Financial Reporting Standard (FRS) 17 retirement benefits;
 - there will be changes to the SORP 2007 with which the Authority must comply; and
 - the payroll service is likely to be outsourced to an external provider.
- 17 For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Authority to mitigate the risk, and plan our work accordingly.
- 18 Our initial risk assessment for use of resources work is provided in Appendix 1. This will be updated through our continuous planning process as the year progresses.

Work specified by the Audit Commission

Whole of government accounts (WGA)

- 19 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

Data quality

- 20 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
- stage 1 - management arrangements;
 - stage 2 - completeness check; and
 - stage 3 - risk-based data quality spot checks of a sample of performance indicators.
- 21 The work at stage 1 will link to our review of the Authority's arrangements to secure data quality as required for our value for money conclusion and, together with the results of stage 2, will inform the risk assessment for the detailed spot check work to be undertaken at stage 3.

Voluntary improvement work

- 22 We are not proposing to undertake any voluntary improvement work at the Authority during 2007/08.

Certification of claims and returns

23 Should the Authority prepare any grant claims or returns that require the certificate of an auditor appointed by the Audit Commission, we will certify them on the following basis:

- claims below £100,000 will not be subject to certification;
- claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
- claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

The audit fee

- 24 The details of the structure of scale fees are set out in the Audit Commission's *Work Programme and Fee Scales 2007/08*. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 25 The total indicative fee for the audit work included in this audit plan for 2007/08 is £36,200 which compares with the planned fee of £34,650 for 2006/07.
- 26 Further details are provided in Appendix 2 which includes a breakdown of the fee; specific audit risk factors; the assumptions made when determining the audit fee, for example, the timeliness and quality of draft accounts presented for audit and the supporting working papers; specific actions the Authority could take to reduce its audit fees; and the process for agreeing any changes to the fee. The audit fee includes all work identified in this plan unless specifically excluded.
- 27 As indicated in paragraphs 2 and 18, the audit planning process will continue as the year progresses and it is likely that there will be some changes to our planned work and hence to the indicative fee quoted in paragraph 25 above. Any changes to the fee will be agreed with you.

Other information

The audit team

- 28 The key members of the audit team for the 2007/08 audit are shown in the table below.

Table 1

Name	Contact details	Responsibilities
Jon Hayes District Auditor	j-hayes@audit-commission.gov.uk 020 7166 2877	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Executive Director and Authority.
Sharon Martin Audit Manager	s-martin@audit-commission.gov.uk 07812 344672	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Finance Director.

Independence and objectivity

- 29 We are not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 30 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised at Appendix 3.

Quality of service

- 31 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact the District Auditor in the first instance. Alternatively you may wish to contact the London Region Head of Operations, Les Kidner.

- 32 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet *Something to Complain About* which is available from the Commission’s website or on request.

Planned outputs

- 33 Our reports will be discussed and agreed with the appropriate officers before being issued to the Authority.

Table 2

Planned output	Indicative date
Audit Plan 2007/08	April 2007
BVPP Report	December 2007
Opinion Audit Plan	November 2007
Annual Governance Report	September 2008
Opinion On The Financial Statements and Value For Money Conclusion	September 2008
WGA Audit Report	October 2008
Annual Audit Letter	November 2008

Appendix 1 – Initial risk assessment – use of resources

Table 3

Audit risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditors responsibilities
As an employing organisation, the Authority will be required to publish a number of best value performance indicators (BVPIs) that were not previously applicable.	The small number of staff employed should facilitate the compilation and verification of these BVPIs.	Not all required BVPIs are produced and they have not been compiled in accordance with the definitions.	We will review the Authority's arrangements for preparing the BVPIs.	VFM conclusion criterion 4 – the body has put in place arrangements to monitor the quality of its published performance information. Data quality mandated work.
The Authority needs to comply with the Gender Equality Duty and the Disability Equality Duty.	Legal advice is provided by London Borough of Barking and Dagenham.	The Authority has not taken steps to comply with these duties.	We will review how the Authority has ensured it complies with these duties.	VFM conclusion criterion 5 - the body has put in place arrangements to maintain a sound system of internal control.
The Authority will need to adopt its own governance procedures for directly employed staff.	Good practice arrangements at the constituent councils can be adapted for and applied to the Authority.	The arrangements are not implemented.	We will consider the Authority's governance arrangements for directly employed staff.	VFM conclusion criterion 12 - the body has appropriate arrangements to ensure probity and propriety.

Appendix 2 – Audit fee

- 1 Table 4 provides details of the planned audit fee for 2007/08 with a comparison to the planned fee for 2006/07.

Table 4

Audit area	Planned fee 2007/08 £	Planned fee 2006/07 £
Financial Statements	19,000	16,700
Use of Resources (including BVPP)	15,700	16,200
Whole of government accounts	1,500	1,750
Total audit fee	36,200	34,650
Certification of grant claims and returns	0	0

- 2 The Audit Commission scale fee for the Authority is £32,315. The fee proposed for 2007/08 is +11 per cent compared to the scale fee and is within the normal level of variation specified by the Commission.
- 3 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 4 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the authority. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 5 The Audit Commission inflationary fee increase for 2007/08 is 2.75 per cent. The fee for the financial statements has also increased as further audit work is required to review compliance with the changes to the SORP and to verify compliance with FRS 17 Retirement Benefits. There is a reduction in the use of resources fee as we plan to build on the knowledge base gained in the previous two years to support our value for money conclusion.

- 6 The fee (plus VAT) will be charged in 12 equal instalments from April 2007 to March 2008.

Specific audit risk factors

- 7 In setting the audit fee we have taken into account the following specific risk factor:
- there are a number of implications relevant to our audit responsibilities as a result the Authority employing staff directly.

Assumptions

- 8 In setting the fee, we have assumed that:
- the level of risk in relation to the audit of the financial statements is higher than that identified for 2006/07 due to the requirement to comply with FRS17, retirement benefits, and the likely outsourcing of payroll;
 - you will inform us of significant developments impacting on our audit;
 - internal audit meets the appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the financial statements by the date agreed locally;
 - requested information will be provided within agreed timescales; and
 - prompt responses will be provided to draft reports.
- 9 Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.
- 10 Changes to the plan will be agreed with you. These may be required if:
- new residual audit risks emerge;
 - additional work is required of us by the Audit Commission or other regulators; and
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Specific actions the Authority could take to reduce its audit fees

- 11 The Audit Commission requires its auditors to inform an authority of specific actions it could take to reduce its audit fees. We have identified the following actions the Authority could take:
- provide prompt and complete responses to audit queries on the financial statements; and
 - ensure key developments relating to the Authority directly employing staff are communicated to us as they occur.

Process for agreeing any changes in audit fees

- 12 If we need to make any significant amendments to the audit fee during the course of this plan, we will firstly discuss this with the Finance Director. We will then report to the Authority the revised fee and the reasons for the change.

Appendix 3 – Independence and objectivity

- 1 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 2 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 3 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 4 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Authority. The auditor reserves the right to communicate directly with the Authority on matters which are considered to be of sufficient importance.
- 5 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

6 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:

- appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee;
- auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission;
- the District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years;
- the District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body; and
- the District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Contact Officer: Tony Jarvis- Tel. 020 8270 4965)

EAST LONDON WASTE AUTHORITY

08 OCTOBER 2007

EXECUTIVE DIRECTOR'S REPORT

GREATER LONDON AUTHORITY (GLA) BILL	FOR INFORMATION
-------------------------------------	-----------------

1 Purpose

- 1.1 The purpose of the report is to give an overview of the provision in the GLA Bill in respect of waste related matters.
- 1.2 Likely to receive Royal Assent in October or November.
- 1.3 The Bill has provisions on – general functions (officers, budgets), transport, allowances re the London Development Agency, health issues, the operation of London Fire and Civil Defence Authority, the London Housing Strategy, development control, planning, waste, climate change, museum of London, culture strategy and common provision for services.
- 1.4 This report relates only to planning development control and waste provisions in the Bill.

2. Planning and Development Control

- 2.1 Local Development Schemes must be submitted to the Mayor. The Mayor may give directions to a London Borough (subject to the Secretary of State).
- 2.2 The Mayor may direct that he is the local planning authority for the purpose of determining applications of potential strategic importance (to be set out in an Order). In this case the Mayor receives the benefits of any S.106 agreements.

3 Waste Collection and Disposal Authorities (WCAs and WDAs)

- 3.1 WCAs and WDAs must 'be in general conformity with' the Mayor's Municipal Waste Strategy (the Mayor is about to review his strategy). But compliance with this requirement is subject to not imposing excessive additional costs on the authority.
- 3.2 The Secretary of State may issue guidance on 'general conformity' and 'excessive cost'.

4 London Waste and Recycling Board

- 4.1 A Board shall be set up to encourage the production of less waste, an increase in the proportion reused or recycled, environmentally beneficial methods of collection, treatment and disposal.
- 4.2 This Board may provide financial assistance to any person.
- 4.3 This Board must act in general conformity with the Mayor's municipal waste management strategy and spatial development strategy.

4.4 The Secretary of State may issue guidance, and make provision for the payment of allowances and expenses to its members (between 7 and 13), and make payments to the Board by way of grant.

5 Waste Contracts

5.1 Authorities must give the Mayor 108 days prior to the issue of any notices under public procurement regulations in respect of waste contracts.

6 General Power of GLA

6.1 The GLA will have the duty 'to have regard to' climate change and the consequences of climate change, and this extends to strategies, policies and proposals.

6.2 The Mayor shall prepare a 'London Climate Change Mitigation and Energy Strategy'. This extends into advanced energy technologies, emissions and households in fuel poverty.

7 Preliminary view about implications for ELWA

7.1 Strategy - In due course ELWA will have to review whether its Joint Waste Management Strategy (approved in 2006) will be in general conformity with the Mayor's Waste Strategy when the latter is published (probably in 2008).

7.2 Contracts - ELWA has let a comprehensive long term Contract covering most of its waste activities and will therefore not be subject to GLA scrutiny re: conformity of contract provisions (with the GLA strategy) until any major changes are made to the existing contract or any new contracts procured.

7.3 Planning - For managing its own waste ELWA (and the Boroughs) have most planning permissions in place, and therefore the Mayor's new powers are not particularly relevant. However, the new provision could mean that planning applications within the ELWA area in respect of the rest of London's waste could, if he so desires, be decided by the Mayor. The development of an East London Waste Development Plan Document is therefore an important mechanism to ensure the ELWA Boroughs have some control over the consideration of planning applications for waste facilities within ELWA in the future.

7.4 The new London Waste and Recycling Board will have control over about £20m p.a. (previously paid directly to the Boroughs). The decisions of that body in respect of 2008/09 onwards on the future distribution of these sums will clearly be important to ELWA and its Constituent Boroughs.

8 Recommendation

8.1 Members are asked to note the contents of this report.

Tony Jarvis
EXECUTIVE DIRECTOR

Appendices

None

Background Papers

Greater London Authority Bill (as drafted August 2007)

*(Contact Officer: Tony Jarvis- Tel. 020 8270 4965)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****EXECUTIVE DIRECTOR'S REPORT**

LONDON LOCAL AUTHORITIES ACT 2007	FOR INFORMATION
--	------------------------

1 Purpose

- 1.1 The purpose of this report is to summarise relevant aspects of the London Local Authorities Act 2007.
- 1.2 The Bill received Royal Assent on 19th July 2007, with most of the provisions coming into force in September 2007.
- 1.3 The Act contains provisions on advertising hoardings, graffiti, waste and litter, abandoned and nuisance vehicles, enforcement action, licensing, street trading, penalty charges and fixed penalties, miscellaneous.
- 1.4 This report deals with the waste related aspects of the Act.
- 1.5 Appendix A refers briefly to two of the provisions – receptacles for waste and civic amenity sites.

2. Waste and Litter

- 2.1 New provisions are made in respect of the use and placing of waste for collection, and the use of receptacles.
- 2.2 The Act allows councils to make more detailed regulations requiring occupiers to place household waste for collection in receptacles of a certain kind and number. Some requirements already exist in Environment Protection Act 1990. This Act adds the requirement that receptacles must avoid nuisance or detriment to the amenity of the area, and this also applies to commercial and industrial waste. Some related enforcement provisions are also included in the Act.
- 2.3 New provisions are made in respect of Civic Amenity Sites such that councils can require proof of residency (with an offence committed if the proof is false) and can refuse acceptance of business waste.
- 2.4 Shanks currently operate a protocol for the reception of waste at ELWA's Reuse & Recycling Centres. This protocol has been the subject to a continuing review over the last few years because it can be the source of difficulties (and aggression) at the sites and can have implications for fly tipping etc. The current protocol (approved by the Authority on 16th October 2006) is being phased in and attempts to particularly monitor the waste within vans arriving at the sites. There is a separate report on the agenda updating the protocol.
- 2.5 There are provisions about removing abandoned vehicles and detailed conditions for an owner before the release of the vehicle, once removed.

2.6 Councils can, with the approval of the Secretary of State, designate areas of land needing enhanced environmental crime enforcement.

3 Implications for ELWA

3.1 Most of the provision of this new Act apply to Waste Collection Authorities and not directly to Waste Disposal Authorities.

3.2 Collection authorities may find helpful the improvement/clarification of powers, in respect of the placing of waste for collection including the ability to detail the number and type of containers. This could support future initiatives on recycling collections.

3.3 The provisions about Civic Amenity Sites needs careful consideration, given the high volume of cross boundary movements at the Borough sites. A further review of the protocol, in the light of the new provisions in the 2007 Act, will be appropriate in due course, when London-wide and neighbouring councils' attitudes to these new provisions have been clarified.

3.4 The new powers in respect of advertisement hoardings, if applied outside London, may have some application to ELWA closed landfill sites (in Thurrock).

4 London Councils

4.1 A circular from London Councils draws attention to the requirement that (interestingly) London Councils are to produce the following guidance documents in respect of the implementation of some parts of the Act:-

- a new Code of Practice on dealing with unauthorised advertising.
- a new Code of Practice re the notices for the removal of waste.
- the level of bonds for releasing abandoned vehicles.
- a scheme of penalty charges and appeals.

4.2 The expanding remit of London Councils suggests involvement in the workings of this organisation could be helpful.

5 Recommendation

5.1 Members are asked to note the contents of this report.

Tony Jarvis
EXECUTIVE DIRECTOR

Appendices

None

Background Papers

Explanatory Memorandum – Circular 16/07 from London Councils

*(Contact Officer: John Wilson- Tel. 020 8270 4997)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

CLOSED LANDFILL SITES - MONITORING	FOR INFORMATION
---	------------------------

1 Purpose

1.1 To report on the monitoring of the four ELWA closed landfill sites.

2. Report

2.1 ELWA owns four old landfill sites which they inherited from the Greater London Council upon its abolition in April 1986. The sites are Aveley No1, Hall Farm, Gerpins Lane landfill site, and Wennington Farm.

2.2 In 1987 all the sites were investigated for landfill gas and for possible gas migration as part of the Technical Director's brief. These tests showed that although the sites were still gassing with the exception of Aveley no urgent action was required but a phased restoration programme could be applied.

2.3 Wennington was being actively farmed and Hall Farm and Gerpins Lane were remote sites lying fallow. Aveley however was the focus of our attention. Tipping had just ceased and restoration was about to begin when in 1987 considerable migration was discovered. Being very close to housing urgent attention was required to reduce the risk profile.

2.4 Accordingly action plans were produced and much urgent civil engineering was undertaken at Aveley to reduce these risks. These works are well documented in the ELWA files as the Authority was regularly updated. The problems at Aveley were two fold, one of leachate control to allow the gas to be extracted and the other the effectiveness of the gas extraction per se. In order to enable confidence in our controls a series of monitoring boreholes were installed around the perimeter close to the site boundaries. Regular frequent testing was undertaken at that time to see if the problems were being addressed.

2.5 It should be borne in mind that in the 80's this problem was new, the testing procedures were installed before the guidance papers were produced by the Government Agencies. Indeed the Aveley testing was used in formulating and developing some of these guidance procedures.

2.6 In 2006 as part of ELWA's overall risk strategy Enviro Consulting Ltd were employed to survey the four landfill sites and report. Accordingly all the sites had new trial pits excavated and boreholes drilled within the body of the sites and were tested for landfill gas, leachate, and contaminants. The outcome of these surveys have been reported to the Authority and showed that, albeit the sites were in some cases over 40 years old, there were still pockets of gas found. In Aveley's case gas is still being generated in sufficient quantity to make gas extraction financially viable.

However this is now marginal but extraction will need to continue for environmental control. (See AML report on agenda).

- 2.7 Over the years, with careful husbandry, and as the Aveley site has settled down, the frequency of monitoring has decreased from weekly to monthly and then quarterly to once every 6 months in conformity to the now published and updated EA Monitoring Guidelines. However in order to improve standardisation of testing and the presentation of our testing data external support has been sought.
- 2.8 Accordingly a contract was advertised for external consultants to monitor the four sites three times per year both from within the site and around the perimeter.
- 2.9 Golder Associates (UK) Ltd were retained from June 2007 for one year, at an approximate cost of £2500 per annum to monitor all four sites three times this financial year.
- 2.10 The first testing period took place on 4th July and the results are available on request.

3 Conclusion

- 3.1 The reports indicate that, although the sites are still producing landfill gas in low or moderate proportions, migration is not occurring.

4 Recommendation

- 4.1 Members are asked to:-
- a. note this report.

John Wilson
ASSISTANT EXECUTIVE DIRECTOR

Appendices

None

Background Papers

19/07/2004	Report & Minute 1307	Closed Landfill Sites http://modgov/ieListDocuments.asp?CId=282&MId=2186&Ver=4&J=19
18/07/2005	Report & Minute 1368	Closed Landfill Sites - Investigations http://modgov/ieListDocuments.asp?CId=282&MId=2461&Ver=4&J=22
19/06/2006	Report & Minute 1445	Closed Landfill Sites Visit http://modgov/ieListDocuments.asp?CId=282&MId=2924&Ver=4&J=25

*(Contact Officer: Tony Jarvis- Tel. 020 8270 4965)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****EXECUTIVE DIRECTOR'S REPORT**

AVELEY METHANE LTD	FOR INFORMATION
---------------------------	------------------------

1 Purpose

- 1.1 To report on the current operational and financial position of Aveley Methane Ltd (AML).

2. Background

- 2.1 AML is a joint venture company between ELWA and Novera Energy Ltd for the extraction of landfill gas and its conversion to electricity.
- 2.2 When AML was initially formed landfill gas at Aveley I was abundant and its extraction and conversion made sound commercial and environmental sense. However, from initially land-filling the waste to present day, the decay characteristics of the waste has meant that the levels of landfill gas have got progressively less. The medium term commercial viability of AML is, therefore, in doubt, although, the same environmental conditions prevail.

3. Operational Position

- 3.1 The operation at AML is based upon electricity generation from a stand alone engine powered by landfill gas. The Aveley I site is moving towards the end of active creation of significant amounts of Methane. Therefore a smaller engine was installed in July 2006 to replace the previous engine which ran inefficiently because of its (over) size and its age. Electricity generation has now settled at a more consistent level but such is the deterioration in gas yields from the site, a slightly smaller engine is likely to be installed in the Autumn of 2007. This should again reduce running costs and increase efficiency.
- 3.2 The Authority continues to maintain the water pumps and infrastructure on the Aveley I site to facilitate the extraction of gas by AML. The extraction of gas is an essential part of ELWA's environmental maintenance of the site.

4. Financial Position

- 4.1 The Annual Report and financial statements for the period ended 31.12.06 are attached at Appendix A. They show a loss of £36k in the year and reserves falling to £59k. The turnover was approximately £100k and the main reason for the loss was the installation costs incurred for the new type of stand alone engine unit (referred to in paragraph 3.1).
- 4.2 The budgetary control report for the period to June 2007 shows a further loss of £11k. The main reason for the loss was lower income from the sale of electricity partly caused by interruptions to operations arising from emergency works to switchboard and ancillary equipment.

5 Other Matters

- 5.1 Following previous consideration by the Authority of AML's position (Minute xxx) internal changes were made to avoid any conflicts of interest arising as future viability falls and gas yields continue to deteriorate. ELWA's three directors on AML are now the Technical Director, Executive Director and Assistant Executive Director which allows independent consideration of the issues by the Managing Director and Finance Director.
- 5.2 The personnel within Novera Energy responsible for AML have also changed significantly over the last few years.

6 Conclusions

- 6.1 AML continues to provide an important function for ELWA by managing gas emissions from the Aveley I site. The viability of the company is reducing but at this time the company has sufficient reserves to meet its likely ongoing liabilities.
- 6.2 While the company is making losses the Authority has agreed not to charge rent for the AML site, although the stand alone engine now utilities quite a small area, the previous buildings having been vacated.

7 Recommendations

- 7.1 It is recommended that the Authority:-
- (i) Notes the operational and financial position of AML;
 - (ii) Reviews the financial position of AML on an annual basis.

Tony Jarvis
EXECUTIVE DIRECTOR

Appendices

- A Aveley Methane Limited – Annual Report and Financial Statements for the period ended 31 December 2006

Background Papers

None

Registered Number 1602678

Aveley Methane Limited
Annual report and financial statements
for the period ended 31 December 2006

Aveley Methane Limited
Annual report
for the period ended 31 December 2006

Contents

Directors and advisors.....	1
Directors' report.....	2
Independent auditors' report	4
Profit and loss account	6
Balance sheet.....	7
Statement of accounting policies.....	8
Notes to the financial statements.....	9

Aveley Methane Limited

Directors and advisors

Directors

J Hewson

GJ Pearce

S Holdroyd

A Robinson

Company Secretary

E Oldroyd

Registered office

2nd Floor, The Malt Building

Wilderspool Park

Greenalls Avenue

Warrington

Cheshire

WA4 6HL

Registered auditors

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Bankers

Barclays Bank plc

Level 25

One Churchill Place

London

E14 5HP

Aveley Methane Limited

Directors' report for the period ended 31 December 2006

The directors present their annual report and audited financial statements of the company for the 9 month period ended 31 December 2006.

Principal activities

The company's principal activity is the generation of electricity from gas extracted from a landfill site.

Review of business and future developments

During the period the company continued to generate electricity from gas extracted from a landfill site. No change in activities is anticipated in the future.

During the period the company changed its accounting reference date from 31 March to 31 December.

Results and dividends

The operating loss for the period amounted to £43,617 (12 months ended 31 March 2006: £2,592 loss). The directors do not recommend the payment of a dividend (12 months ended 31 March 2006: £nil). The loss for the financial period of £36,387 (12 months ended 31 March 2006: £4,198 profit) will be transferred from reserves.

Directors

The directors of the company during the period were as follows:

D Fitzsimmons	(appointed 22 January 2007, resigned 4 th April 2007)
M Miller	(resigned 22 January 2007)
J Hewson	(appointed 4 April 2007)
GJ Pearce	
S Holdroyd	
A Robinson	

Financial instruments

The directors consider that credit risk is relevant in assessing the assets, liabilities, financial position and profits and losses of the company.

The majority of the company's sales are made under fixed price and term contracts so the costs of managing exposure to the commodity price risk associated with electricity sales exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Aveley Methane Limited

Directors' report for the period ended 31 December 2006 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the 9 months to 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. The director's have taken all the steps, such as making enquiries of other directors and the auditors, and any other steps required by the director's duty to exercise due care, skill and diligence, that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

J Hewson

Director

24th July 2007

Aveley Methane Limited

Independent auditors' report to the members of Aveley Methane Limited

We have audited the financial statements of Aveley Methane Limited for the period ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Aveley Methane Limited

Independent auditors' report (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the nine month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

24th July 2007

Aveley Methane Limited

Profit and loss account for the period ended 31 December 2006

	Note	9 months to 31 December 2006 £	Year ended 31 March 2006 £
Turnover	1	101,669	121,310
Operating expenses	2	(145,286)	(123,902)
Operating loss		(43,617)	(2,592)
Net interest receivable	5	4,063	5,430
(Loss)/profit on ordinary activities before taxation	6	(39,554)	2,838
Taxation credit on profit on ordinary activities	7	3,167	1,360
(Loss)/retained profit for the financial period	13	(36,387)	4,198

The company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented.

In the current and prior year the results relate to continuing activities.

Aveley Methane Limited

Balance sheet as at 31 December 2006

	Note	31 December 2006 £	31 March 2006 £
Fixed assets			
Tangible assets	8	100,849	117,514
Current assets			
Debtors	9	53,228	66,976
Cash at bank and in hand		163,454	160,083
		216,682	227,059
Creditors: amounts falling due within one year	10	(258,042)	(245,599)
Net current liabilities		(41,360)	(18,540)
Total assets less current liabilities		59,489	98,974
Provisions for liabilities and charges	11	-	(3,098)
Net assets		59,489	95,876
Capital and reserves			
Called up share capital	12	5,000	5,000
Profit and loss account	13	54,489	90,876
Total shareholders' funds	14	59,489	95,876

The financial statements on pages 6 to 15 were approved by the board of directors on 24th July 2007 and were signed on its behalf by:

J Hewson
Director
24th July 2007

Aveley Methane Limited

Statement of accounting policies

Principal accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover, which is wholly derived in the UK, is recognised on generation of electricity at invoiced prices (exclusive of VAT).

The directors are not able to make a reliable estimate of triad income until notified of the company's entitlement. Accordingly, triad income is recognised in the year in which the company is notified of its entitlement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on tangible fixed assets so as to write off the cost, less estimated residual value, of those assets on a straight line basis over their estimated useful economic lives.

Plant and machinery is written off over 8 years. Assets in the course of construction are not depreciated until they are commissioned.

Exemption from the obligation to prepare a cash flow statement

The company qualifies as a small company under Section 249 of the Companies Act 1985 and has taken advantage of the exemption not to prepare a cash flow statement.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The company operates a Friends Provident stakeholder pension scheme to which the company makes contributions. The contributions are charged to the profit and loss account as incurred.

Aveley Methane Limited

Notes to the financial statements for the period ended 31 December 2006

1 Turnover

Turnover consists entirely from sales made within the United Kingdom.

2 Operating expenses

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
Other operating charges	109,250	65,759
Staff costs (note 4)	19,371	35,924
Depreciation	16,665	22,219
	145,286	123,902

3 Directors' emoluments

The directors who held office during the period are remunerated by the Novera Energy Generation No. 1 Limited and East London Waste Authority groups, the groups which equally control Aveley Methane Limited.

Aveley Methane Limited

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	9 months ended 31 December 2006 Number	12 months ended 31 March 2006 Number
Directors	4	5
Production	1	1
	5	6
	2006	2006
	£	£

Staff costs (for the above persons):

Wages and salaries	19,371	30,874
Social security costs	-	3,235
Pension costs	-	1,815
Staff costs	19,371	35,924

5 Net interest receivable

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
Bank interest receivable	4,094	5,430
Bank overdraft interest payable	(31)	-
	4,063	5,430

Aveley Methane Limited

6 Loss on ordinary activities before taxation

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
<hr/>		
The loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- Audit of the company's financial statements	4,000	4,000
- Non-audit services (tax compliance)	1,800	1,800
<hr/>		

7 Taxation

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
<hr/>		
UK corporation tax at 19% (2006: 19%)	-	-
Deferred tax credit	3,167	1,360
<hr/>		
	3,167	1,360
<hr/>		

Aveley Methane Limited

7 Taxation (continued)

The tax assessed for the period is different from the standard rate of corporation tax for small companies in the UK (19%). The differences are explained below:

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
(Loss)/profit on ordinary activities before taxation	(39,554)	2,838
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax for small companies in the UK of 19% (March 2006: 19%)	(7,515)	539
Effects of:		
Non taxable income	(772)	(1,899)
Relief/(utilisation) of losses	5,121	(2,189)
Accelerated capital allowances\other timing differences	3,166	3,549
Current tax	-	-

8 Tangible assets

	Plant and machinery £
Cost	
As at 1 April 2006	4,584,477
Disposals	-
As at 31 December 2006	4,584,477
Depreciation	
As at 1 April 2006	4,466,963
Charge for the period	16,665
As at 31 December 2006	4,483,628
Net book value	
As at 31 December 2006	100,849
As at 31 March 2006	117,514

Aveley Methane Limited

9 Debtors

	31 December 2006 £	31 March 2006 £
Trade debtors	17,748	-
Amounts owed by group undertakings	-	1,500
Prepayments and accrued income	35,411	65,476
Deferred tax asset (note 11)	69	-
	53,228	66,976

10 Creditors – amounts falling due within one year

	31 December 2006 £	31 March 2006 £
Trade creditors	15,870	312
Amounts owed to group undertakings	196,510	207,941
Other creditors including taxation and social security	2,260	430
Accruals and deferred income	43,402	36,916
	258,042	245,599

11 Deferred tax asset/(provisions for liabilities and charges)

	31 December 2006 £	31 March 2006 £
Deferred taxation provision		
As at 1 April 2006	(3,098)	(4,458)
Deferred tax credit	3,167	1,360
As at 31 December 2006	69	(3,098)

Aveley Methane Limited

11 Provisions for liabilities and charges (continued)

Analysis of deferred taxation provision	31 December 2006 £	31 March 2006 £
Accelerated capital allowances	69	(3,098)

In addition to the above the company has an unrecognised deferred tax asset arising from losses of £361 (31 March 2006: £nil)

12 Called up share capital

	Authorised		Allotted, called up and fully paid	
	As at 31 December 2006 Number	As at 31 March 2006 Number	As at 31 December 2006 £	As at 31 March 2006 £
'A' ordinary shares at £1	1,500,000	1,500,000	1,500	1,500
'B' ordinary shares at £1	1,500,000	1,500,000	1,500	1,500
'C' ordinary shares at £1	2,000	2,000	2,000	2,000
	3,002,000	3,002,000	5,000	5,000

Novera Energy Generation No. 1 Limited owns 100% of the ordinary 'A' shares, and East London Waste Authority owns 100% of the ordinary 'B' shares. The 'A' and 'B' shares, which are part paid (0.1p per share) rank pari passu, in particular in respect of rights to receive dividends and distribution of assets on winding-up. The 'C' shares, which are fully paid, carry no dividend rights, have restricted voting rights, and shall share in a distribution of assets on a winding-up only up to the nominal value thereof.

13 Profit and loss account

	£
As at 1 April 2006	90,876
Loss for the financial period	(36,387)
As at 31 December 2006	54,489

Aveley Methane Limited

14 Reconciliation of movements in equity shareholders' funds

	9 months ended 31 December 2006 £	12 months ended 31 March 2006 £
(Loss)/retained profit for the financial period	(36,387)	4,198
Opening equity shareholders' funds	95,876	91,678
Closing equity shareholders' funds	59,489	95,876

15 Related party disclosures

The company is jointly owned by Novera Energy Generation No. 1 Limited and East London Waste Authority, each having equal control. Consequently these companies and their groups are related parties to Aveley Methane Limited. The transactions which took place during the period, together with the balance outstanding at 31 December 2006 are detailed below. These were undertaken on normal commercial terms.

	Value of transactions period ended		Receivable/ (payable)	
	31 December 2006 £	31 March 2006 £	As at 31 December 2006 £	As at 31 March 2006 £
Novera Energy Generation No. 1 Limited	-	-	(93,000)	(102,398)
Novera Energy Generation No. 2 Limited	-	-	-	1,500
Novera Energy Operating Services Limited	4,091	3,368	-	(2,011)
Gengas Limited	46,321	82,238	(10,510)	(10,532)
East London Waste Authority	-	-	(93,000)	(93,000)
	50,412	85,606	196,510	(206,441)

Transactions with Gengas Limited relate to management fees of £23,301 (year to 31 March 2006: £31,068), engine maintenance fees of £3,649 (year to 31 March 2006: £15,246) and employee costs recharged of £19,371 (year to 31 March 2006: £35,924).

Transactions with Novera Energy Operating Services Limited relate to insurance fees.

There were no transactions with East London Waste Authority during the period. The transactions in the year ended 31 March 2006 consisted of landfill site rental charges waived by East London Waste Authority.

This page is intentionally left blank

*(Contact Officer – John Wilson – 020 8270 4997)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

REUSE & RECYCLING CENTRES WASTE PROTOCOL	FOR APPROVAL
---	---------------------

1. Introduction

- 1.1 At the Authority meeting of 16 October 2006 Members approved a report regarding a Waste Protocol for wastes delivered in vans to be operated by Shanks east London at the Reuse and Recycling Centres (RRC's), and asked for a further report in 12 months. (Minute 1453).

2. Background

- 2.1 Under the Environmental Protection Act householders can deliver Household Waste free of charge to a Civic Amenity Site (now renamed Reuse and Recycling Centres). Also the Refuse Disposal Amenity Act 1978 (which has not yet been repealed), allows refuse other than generated in the course of a business to be deposited by residents. Under either Act waste arising from commercial activities is not considered to be Household Waste and Local Authorities are allowed to make a reasonable charge for the disposal of that waste.
- 2.2 Chigwell Road RRC, in Redbridge, is not licensed to receive commercial waste but the three other RRC sites in ELWA at Frizlands Lane, Gerpins Lane and Jenkins Lane can and do accept commercial waste, although Frizlands Lane does not accept trade at weekends.
- 2.3 These four sites are collectively handling in excess of 80K tonnes per year and are extremely busy sites particularly at weekends when the throughput of cars can exceed 280 per hour. On average 35% of all RRC waste is recycled.
- 2.4 Shanks east London manages these four RRCs, and also manages the commercial waste element of the waste deposited. This waste is outside of the IWMS contract. ELWA does not pay Shanks for disposing of commercial waste. Shanks retain the income that arises and meets all the disposal costs.
- 2.5 A copy of the document which members agreed is attached (Appendix A) and which highlighted how this Protocol was to be applied. Subsequent to members approval it was decided that rather than go for full implementation at all the sites at the same time, a trial be undertaken at the Chigwell Road site to understand the implications. From these trials improvements have been identified mainly in order to remove the subjectivity which would otherwise fall to the site operatives. Shanks and the ELWA Project Team have agreed a guidance document (Appendix B) which explains what wastes can and cannot be delivered by the public and how wastes in excess of that identified can be justified and allowed to be deposited.

- 2.6 The purpose of these guidance notes and the protocol, is not to penalise genuine householders doing DIY or home improvements but to deter the 'jobbers' from depositing under the guise of Household Waste their Commercial wastes.

3. The waste protocol of Reuse and Recycling Centres

- 3.1 Since the Integrated Waste Management Strategy (IWMS) Contract in December 2002 began, emphasis has been placed on controlling non-household wastes into the RRC sites. The attached Protocol was agreed on that basis.
- 3.2 The format of the attached document (Appendix B) has been agreed by officers of ELWA, the Boroughs and Shanks and is felt that this is the most balanced way of allowing genuine residents to deposit their household waste, but restricting the input of commercial waste by reasonable control processes thereby removing the subjectivity of the site operative, and hopefully conflict.
- 3.3 Should a dispute arise Shanks will apply the protocol, which includes reference to Borough Officers for advice.
- 3.4 The example leaflet shown at Appendix A is specific to Chigwell Road but which conveys the general message and which will be modified, specific to each of the three other sites.
- 3.5 The trials to date have indicated that as expected, few (2) complaints did occur, but these have generally been when residents arrive at a RRC site in a van and are questioned about what appears to be construction wastes. On closer inspection of these complaints appear to have been at best dubious or misplaced and the very examples of what we are trying to minimise. Genuine householders once they understand the policy for the checks and the mechanism for delivering future loads, if necessary, appear comfortable with these protocols.

4. Related Matters

- 4.1 Achievement of higher recycling targets requires more control over how waste is accepted, deposited and how recyclates are separated.
- 4.2 The new WEEE collections systems are now in place with others (e.g.batteries) to follow,
- 4.3 The potential changes in law to be considered in due course (see other item on agenda).

5. Conclusion

- 5.1 ELWA, Shanks and the Boroughs wish to circulate the relevant guidance leaflets in the four boroughs, this will enable :-
- a) Shanks' operatives to have a clear procedure for assessing whether waste being deposited at RRC sites is chargeable (commercial) or free (household).
 - b) ELWA and the Borough officers to monitor site controls for Commercial waste inputs according to an agreed procedure.

- c) Borough officers to become aware of any complaints at an early stage and to check whether the waste being deposited by the resident is from local households and is to be treated as Household Waste.

6. Recommendation

6.1 It is recommended that;

- i) Members approve the guidance leaflet attached at Appendix B its subsequent circulation.
- ii) Members receive a further report in 12 months time regarding the progress of this initiative.

John Wilson
ASSISTANT EXECUTIVE DIRECTOR

Appendices

A Reuse and Recycling Centres Waste Protocol

B Guidance Leaflet

Background Papers

(16/10/06) Report & Reuse & Recycling Centres (RRC) Waste Protocol
Minute 1453)

Environmental Protection Act 1990

http://www.opsi.gov.uk/acts/acts1990/Ukpga_19900043_en_1.htm

This page is intentionally left blank

RRC Waste Protocol (update September 2007)

This protocol applies to all vehicles which are unable to comply with the entrance restrictions placed at all Reuse and Recycle Centres.

Definitions

“**non-Contract Waste**” – as defined in the Contract.

“**Vehicle(s)**” – All vehicles unable to access the site due to Restrictions deemed necessary to manage and control Contract and Non-Contract Waste which includes transits, small light vans, tippers, Luton vehicles and any vehicle towing a trailer.

“**Restrictions**” – Height, width or any other barrier designed to limit Vehicle(s) access to interface sites and to enable the inspection of waste contained on or attached to the Vehicle(s).

Safety

To ensure the safety of both the public and employees the following protocol will apply:

- Customers exhibiting threatening, abusive or violent behaviour will be denied use of the Interface Site even if they have a legitimate claim for free tipping. Such customers will be placed on a stop list and prevented from tipping in the future. Their details will be forwarded to the relevant Constituent Borough, Authorised Officer and the Authority Representative. If this behaviour persists the Police will be informed and if necessary called out as an emergency.
- In the interests of safety, Staff may judge it to be prudent to allow those who should be rejected to tip. However registration and vehicle details of these customers will be taken and the Police may be informed. This will be recorded via the TIM system as a sub-category of non-Contract Waste. No weighing will be made but an estimated weight will be entered.

Protocol

Not all persons who visit the site in a Vehicle will be delivering non contract waste. To deter those who are and especially those who wish to avoid payment or who are not registered carriers, the following steps **must** be completed. This will provide protection to those who have a legitimate right to tip.

All Vehicles that are prevented from accessing the public area of the Interface Site due to Restrictions must report to the Site Weighbridge. This access will be the only point of entry to the Interface Sites.

Once stopped at the Site Weighbridge, the driver shall be questioned about the origin of the material in or attached to the Vehicle. At this point an assessment is made by the Site Weighbridge operator as to the likelihood of the waste being non-Contract Waste based on the following factors:-

Experience – The Site Weighbridge operator will check whether the relevant vehicle has been to any of the Interface Sites operated under this contract by using the weighbridge database (TIM). The Site Weighbridge operator will also take note of the history of the dates of the Vehicle making these visits, especially the most recent. A new entry will be made regarding this visit.

Identification – The Site Weighbridge operator will ask the driver for proof of residency in the ELWA area and enquire whether this is the address from which the waste has emanated. SWS will endeavour to procure a list of Constituent Borough streets and postcodes. This will allow the Site Weighbridge operator to check that this matches the address given. The details of the address provided must be entered onto the weighbridge database. If this is the first time the vehicle has visited the Interface Site the driver would be asked for some identification that links to the address given.

The Site Weighbridge operator shall check if he knows of the driver or if the Vehicle appears on a stop list (where in operation).

Type, appearance and occupants of the vehicle – The Site Weighbridge operator shall consider among other things the following: Is the Vehicle hired? Does the Vehicle have trade advertising? What trade is carried out by the owner of the Vehicle? Does it have tools or invoices in the front? Is it sign written? Is the driver wearing site books or high visibility clothing etc?

Waste type – The driver should be asked to describe the load. The Site Weighbridge operator shall, if in any doubt, ask to see the waste to confirm it as described. If there is any discrepancy in the actual waste and that described by the driver, the Site Weighbridge operator should be alerted to a possible trader. Also Site Weighbridge staff should be aware of the nature of the material, and consider whether the material appears to have come from a domestic property. For example: Is it rubble, spoil in builders bags or are there large number of similar item – i.e. three sinks? (Is it garden waste? Is there a variety of types of green waste – i.e. cut down shrubs, small trees and or other plants?)

TIM will provide an essential tool in the assessment as to whether the visitor should be charged or not. It will allow the history of the Vehicle to be stored on the database and especially the addresses used to support their claim that access without charge should be made. It will also enable effective monitoring to take place and the resolution of any subsequent complaint or claim.

Upon completion of this assessment the Site Weighbridge operator shall take either of the options below.

Option 1 The Vehicle is assessed to hold Household Waste or is making a repeat visit, or is carrying Household Waste for which a charge can be made.

If the Site Weighbridge operator is completely satisfied that the Vehicle contains Household Waste they can be allowed to tip the contents of the Vehicle. The Vehicle shall be weighed and the driver shall be instructed where to tip the waste. No charge will be made and the transaction will be recorded as Household Waste. If they have no ID but the Site Weighbridge operator is satisfied that the driver is genuinely carrying Household Waste, the driver will be allowed to tip.

Where appropriate in order to maintain the efficiency of the traffic flows estimates will be made for the tare weights of empty vehicles based on an agreed list plus 80kg per person in the vehicle, this will negate the need for vehicles to weigh out (since ELWA pays on the total amount of CA waste weighed out, it is not absolutely necessary to weigh all public vehicles accurately). No ticket will be issued unless the driver specifically requests one.

Should the Vehicle appear to contain household waste but that the type, nature of the waste allows for a charge to be made, i.e. waste that is generally produced by a householder from Do It Yourself or home improvement activities, then if this is the first time the Vehicle has visited the site the persons name, address and vehicle registration will be recorded and the driver allowed to tip without charge. A leaflet will be given to them informing them that future loads will be chargeable unless they receive permission from the Borough in which they reside. If they are only tipping one load then no further action is required.

In addition weekly data from the TIM will be analysed by Shanks. Shanks will note any vehicles that are using the site frequently. Drivers of these vehicles (regardless of the waste type) will be given a leaflet and Shanks will inform the Borough that these vehicles will be placed on stop at all sites. If satisfied that tipping can continue the Borough will confirm this in writing to Shanks, the Borough will limit the number of loads and type of wastes that can be delivered. If the Borough decides it is not contract waste Shanks will be informed and the vehicle can be placed on the stop list at all sites. If this vehicle returns the driver will be informed of our actions and offered trade waste tipping (see below) or asked to leave without depositing waste.

Option 2 The Vehicle appears to hold Non Contract (commercial) Waste

The Site Weighbridge operator will inform the driver of the result of their assessment and that a charge will be made for the depositing of the waste. If they do not accept the price they will be advised of other local facilities licensed for non-Contract Waste and redirected to them. They should also be informed that a record of their visit to the site has been recorded and this will be available to other Interface Sites covered by this contract.

If the driver accepts a non-Contract Waste charge the vehicle will be weighed in and directed to the trade waste tipping area where they can discharge their load. On returning to the Site weighbridge they are weighed out, a cash charge made and a ticket will be issued.

In order to fulfil duty of care obligations, the details of all non-Contract Waste Vehicles will be passed to the Environment Agency unless a valid waste carriers certificate is produced. The Site Weighbridge ticket will act as the duty of care transfer note.

At all Interface Sites except Chigwell Road Site, the non-Contract Waste price per tonne will be clearly displayed at the Site Weighbridge. At the Chigwell Road Site the driver will be asked to leave and be recommended to use a nearby site, either one of the Interface Sites covered by this contract or a third party site. They should be informed that there may be a charge for the disposal of their waste.

This page is intentionally left blank

what is household waste?

There are three categories of waste:

-  **Household Waste**
-  **Restricted Household Waste**
-  **Trade Waste**



Household Waste

The following materials are accepted at Chigwell RRC in reasonable amounts.

- Glass bottles and jars
- Wood
- Cardboard
- Paper
- Garden waste
- Textiles and shoes
- Scrap metal
- White goods
- Fridges and freezers
- Food and drinks cans
- Engine oil
- Car batteries
- Plastic bottles
- Aluminium foil

Page 85

Restricted Household waste



Waste that has been generated from building, renovation or DIY work is classed as construction and demolition waste rather than household waste and is restricted at the RRC. Examples of restricted waste include:

- Bath tub
- Toilet pan
- Cistern
- Wash basin
- Water tank
- Door
- Kitchen worktop
- Kitchen unit
- Window frame
- Fence panel and post
- Soil or rubble
- Central heating components
- Garden shed
- Roofing materials
- Concrete
- Pond and other excavations
- Plasterboard
- Structural wood

You will be permitted to deposit your restricted waste today providing you have not been advised previously about the Restricted Waste Rules. You will then need to contact Redbridge Council to receive authorisation to visit the site again with restricted waste items.

Trade Waste

Any waste that has been generated from a trade, business, industry, commercial venture, utility or service activity, whether or not for profit.

You will not be permitted to enter the site.

further information

For further information please contact the site management:



Shanks East London

Frog Island Waste Management Facility
Creek Way
Rainham
Essex
RM13 8EN
t: 0800 3899918
e: frog.island@shanks.co.uk
w: www.shanks.co.uk/eastlondon

To seek authorisation from the council please contact:



Recycling Department
London Borough of Redbridge
Ley Street Depot
Ley Street
Ilford
Essex
IG2 7QZ
t: 020 8554 5000
e: recycling@redbridge.gov.uk
w: www.redbridge.gov.uk

For more information on recycling visit
www.recyclenow.com or
www.recycleforlondon.com

chigwell road reuse and recycling centre



Chigwell Road, Woodford Bridge,
Essex, IG8 8PQ
Monday-Friday 07:30-16:30
Saturday-Sunday 08:00-16:00



introduction

Any resident living in the London Borough of Barking and Dagenham, Havering, Newham or Redbridge is entitled to use the Chigwell Road Reuse and Recycling Centre operated by Shanks East London free of charge providing they are depositing only household waste.

A new system has been introduced to ensure that only household waste enters the site. This leaflet explains the new system and defines exactly what is and isn't classified as household waste.

Before your visit

Please read this leaflet carefully before visiting. Pre-sort your waste to enable it to be recycled and make sure you bring proof of address with you. If you have hired a van please also bring your rental agreement.

If you have previously visited the site with restricted waste and were advised to contact the Council for authorisation, please do so before travelling to the site.

Offensive Behaviour

Our staff are here to help you. Any resident exhibiting threatening, abusive or violent behaviour will be permanently denied use of all Reuse and Recycling Centres operated by Shanks East London. Details will be passed on to the constituent borough and if the behaviour persists, the Police will be informed.

Disposing of restricted or trade waste?

If you have been denied access to the RRC you can do either of the following:

- Seek permission from Redbridge Council to tip free of charge.
- Take it to either of the following Reuse and Recycling Centres operated by Shanks east London. There will be a charge for this service.
 - Frizlands Lane
 - Gerpins Lane
 - Jenkins Lane
- Hire a skip. Please refer to your local telephone directory.
- Take your waste to a private waste disposal or recycling facility. Please refer to your local telephone directory.

the new household waste system

What waste do you wish to bring to the Chigwell Road RRC?

Household waste
(Non-restricted)

Restricted
Household Waste

Trade Waste

Have you brought restricted waste to the site since the introduction of these waste rules?

YES

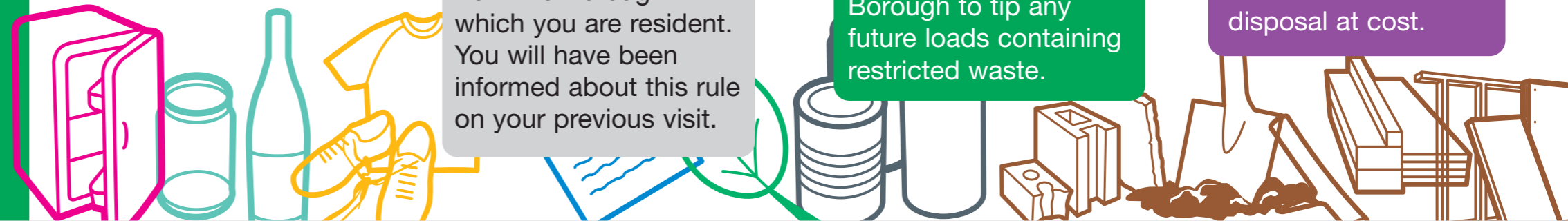
No

You will be allowed to deposit your non-restricted for free.

You will not be permitted to tip your load until you have received authorisation from the Borough in which you are resident. You will have been informed about this rule on your previous visit.

You will be permitted to tip your restricted waste today but you will need to seek permission from the Borough to tip any future loads containing restricted waste.

You will be directed to use alternative disposal facilities that accept trade waste for disposal at cost.



*(Contact Officer: John Wilson- Tel. 020 8270 4997)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

WASTE ELECTRIC AND ELECTRONIC EQUIPMENT (WEEE) DIRECTIVE - UPDATE	FOR INFORMATION
--	------------------------

1 Purpose

- 1.1 To update members on the implementation of the Waste Electric and Electronic Equipment (WEEE) Directive.

2. Report

- 2.1 At the last meeting (Minute 1505) Members requested an update regarding the implementation of the WEEE Directive. The WEEE Directive relates to the disposal of electric and electronic equipment. The Scope of the 'Directive' covers the following:

- all equipment dependent on electrical currents or electromagnetic fields;
- 10 indicative categories: large household, small household, IT and telecommunications, consumer equipment, lighting equipment, electrical and electronic tools, toys, leisure & sports, medical devices, monitoring and automatic dispensers.

- 2.2 On the 1st July 2007 the WEEE Directive Regulations came into force in the UK. This meant that the cost of disposing of this type of equipment (see above) became a producer responsibility and systems had to be in place for them to discharge this duty.

- 2.3 Many producers joined Producer Compliance Schemes (PCS) which, in effect, meant that they could buy into an organisation that would collect and recycle these materials on their behalf. At 1st July there were 37 such schemes available.

- 2.4 These Producer Compliance Schemes are required to contract with Authorities (Boroughs or Waste Disposal Authorities) to collect and treat WEEE delivered to their Recycling or Civic Amenity sites, which will now be categorised as Designated Collection Facilities (DCF's), for the purpose of this legislation.

- 2.5 In ELWA's case this will not make any difference to its Reuse & Recycling Centre (RRC) operations. There will continue to be clearly defined areas but with possibly new containers for the public to deposit their WEEE. Because ELWA had perceived that large WEEE recycling was good waste management practice, it had already been collecting and recycling these materials, in conjunction with Shanks under the IVMS contract, with the exception of the small WEEE. i.e. electric toys, electronic games etc. From 1st July additional containers have been put in place at each of the RRC sites to also collect this small WEEE.

- 2.6 Shanks have been in negotiations with the various PCSs and have selected DHL as their PCS contractor. The advantage of Shanks contracting with DHL is that DHL are happy to run with the existing collection set up in ELWA on the basis that this was already a well oiled system so that, in effect, the users of the RRC sites would not notice any change, other than improved signage and new containers.
- 2.7 In 2000 when the IWMS Contract was being negotiated, it was understood that this legislation was foreseeable but the details at that time were obscure. Therefore, it was agreed that in the interim these items would attract an additional disposal supplement, payable to Shanks, would be benchmarked each year until the Directive came into effect and expected to be in 2005. Due to the slippage in bringing in these Regulations, ELWA has received a grant from the DTI to cover most of these additional costs.
- 2.8 The implications for ELWA is that under the IWMS Contract the Authority will still be required to pay Shanks the cost per tonne for the materials collected. However from 1st July the additional supplements highlighted above will cease. This saving was projected in the 2007/8 ABSDP agreed last November.

3. Conclusion

- 3.1 The implementation of the WEEE Directive within the ELWA area had much 'behind the scenes' work but at the RRC sites the change has appeared seamless.
- 3.2 All electronic and electrical goods that can be separated for recycling are now separated at all the ELWA sites and Shanks has arrangements in place to recycle/dispose of these items within a Producer Compliance Scheme.
- 3.3 The financial impact on ELWA is neutral because, although the costs of disposal have now reduced, the DTI grant has also ceased.

4. Recommendation

Members are asked to:-

- a. note this report.

John Wilson
ASSISTANT EXECUTIVE DIRECTOR

Appendices

None

Background Papers

05/02/2003	Report & Minute 1142	WEEE & ROHS Directives
17/10/2005	Report & Minute 1381	New Legislation and Consultation - WEEE Regulations http://modgov/ieListDocuments.asp?CId=282&MId=2469&Ver=4&J=5
16/10/2006	Report & Minute 1454	Waste Electrical & Electronic Equipment (WEEE) Consultation http://modgov/ieListDocuments.asp?CId=282&MId=2925&Ver=4&J=2
02/01/2007	Regulations	Waste Electrical & Electronic Equipment Regulations 2006 http://www.berr.gov.uk/files/file35992.pdf
27/11/2006	Report & Minute 1467	IWMS Contract - Annual Budget and Service Delivery Plan 2007-08

*(Contact Officer: Tony Jarvis - Tel. 020 8270 4965)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****EXECUTIVE DIRECTOR'S REPORT**

OPERATIONAL INSURANCES	FOR APPROVAL
-------------------------------	---------------------

1 Purpose

- 1.1 To note the outcome of the second benchmarking review of the cost of operational insurances. The review related to 2007 insurance premiums.

2 Background

- 2.1 ELWA's Integrated Waste Management (IWMS) Contract included relatively innovative provisions for the benchmarking of operational insurance premiums. In simple terms, if premiums for the specified insurance cover exceeded (or fell below) the Contractor's estimates, ELWA would meet (or benefit from) 80% of the difference.
- 2.2 HM Treasury subsequently adopted a similar approach in its guidance for subsequent PFI Contracts.

3 The Insurance Benchmarking Exercise

- 3.1 ELWA Ltd is required to produce an Insurance Benchmarking Report at the Insurance Renewal Date in December. The first drafts were produced by Marsh & McLennan for ELWA Ltd and discussed with ELWA in December, leading to the final report in April 2007 and an addendum in July. ELWA Officers were supported by Legal Advisers (Wragge & Co) and Insurance Advisers (Jardine Lloyd Thompson) in this review.
- 3.2 The Benchmarking Report produced by Marsh & McLennan reviewed on behalf of ELWA Ltd:-
- The overall insurance arrangements;
 - Market overview;
 - Property risks, machinery breakdown and associated business interruption;
 - Liability;
 - Environmental impairment liability;
 - Compulsory insurances;
 - Unavailability of insurance and retained risks;
 - Insurance modelled cost;
 - Insurance estimated costs.

4 Outcome of the Insurance Benchmarking Report

- 4.1 The main outcome was that the cost of external premiums in 2007 will be very similar to the figure estimated and provided in the IWMS Contract.

- 4.2 Premiums for Property, Business Interruption and Machinery Breakdown increase by almost £120k in 2007/08 because of the risks associated with the new facilities at Frog Island and Jenkins Lane becoming fully operational. However, the provision in the ELWA Ltd Financial Model in 2007/08 also increases and provides most of the necessary resource to fund the increase in premiums.
- 4.3 However, there are some other variations to the insurance cover available, compared to that originally required under the IWMS Contract, arising from changes in the general insurance market. These variations have been accepted by each of the parties and the ones that have a bearing on ELWA's risk management profile are set out in Appendix B(i)
- 4.4 In addition the parties and their advisers have agreed a risk sharing mechanism in respect of the higher than anticipated levels of deductibles under some insurance policies. The insurance market has moved since the signing of the IWMS Contract and the level of some deductibles required under the Contract cannot now be obtained. The two main policies affected by this are Machinery Breakdown and Machinery Breakdown Business Interruption. See Appendix B(ii). It has been agreed that the parties will deal with any uninsured losses in respect of actual events as they crystallise. Such uninsured losses would be funded 80% by the Authority and 20% by Shanks.
- 4.5 This arrangement ensures that ELWA Ltd continues to be responsible for managing operational risks and ensures that ELWA Ltd will have the funds to meet the cost of an insurance event. Both parties share the financial implications of such an event in the same proportions as the original Insurance Benchmarking arrangements.
- 4.6 A similar arrangement exists between the parties in respect of potential uninsured losses under the Construction Insurances (Minute 1344).
- 4.7 The benchmarking provisions in the IWMS Contract anticipated a 3 year review but it was necessary to restrict the first review to one year because of the continuing uncertainty in the insurance market, particularly concerning the new technology being introduced by Shanks. Therefore this second review is also in respect of one year (2007) only.

5 Financial Implications

- 5.1 The cost of external advisers will be less than £1,000 for which provision has been made.
- 5.2 The overall sum provided within the ELWA Ltd Financial Model for 2007/08 is £550k. A summary of premium costs for 2007/8 is set out in Appendix A and amounts to £552k. ELWA is required to meet 80% of the difference between the operational insurance premiums (£552k) and the provision in the financial model (£550k) i.e. approximately £2k.
- 5.3 In respect to paragraphs 4.3 and 4.4 above it would be prudent to earmark £250,000 of the Authority's reserves in respect to potential uninsured losses.

6 Recommendations

6.1 Members are recommended to:-

- i) note that there has been an independent review of ELWA Ltd Operational Insurances carried out by a specialist insurance adviser, on behalf of ELWA Ltd, under the terms of the IWMS Contract. This review has confirmed that value is being achieved from the premiums and from the arrangements in place. This conclusion has been supported by ELWA Advisers;
- ii) approve £2k to meet the cost of premiums for the required insurances relating to this project in 2007/08 under the terms of the Contract;
- iii) earmark £250,000 of the Authority's reserves against the possibility of uninsured losses incurring, arising from machinery breakdown;
- iv) note there will be a further review in December 2007 when the 2008 insurance premiums will be assessed.

Tony Jarvis
EXECUTIVE DIRECTOR

Appendices

- A Summary of operational insurance premiums for 2007
- B(i) Variations to Insurances that have a bearing on ELWA's risk management –
Asbestos
- B(ii) Variations to Insurances that have a bearing on ELWA's risk management –
Machinery Breakdown

Background Papers

- | | | | |
|---|--|-----------------------|---|
| A | Insurance
Review Report
& Addendum | Contract
year 2007 | Marsh & McLennan Companies |
| B | Minute 1344 | 07/02/05 | ELWA Ltd Insurance during the construction period |

This page is intentionally left blank

ELWA Ltd**Insurance Estimated Cost 2007 – Operational Insurances**

ELWA Ltd	External Premiums
Description	Insurance Year 24/12/06 to 23/12/07
Property All Risks & Business Interruption Including Terrorism	266,541
Machinery Breakdown & Business Interruption	108,107
Third Party Liability Primary	68,662
Third Party Liability XS – Note 3	24,168
Environmental Impairment Liability – Note 4	73,500
Base Premium	540,978
Retained Risk Premium (general allowance) - Note 5	8,316
Retained Risk Premium (specific allowance - EIL bring sites) - Note 6	3,150
Retained Risk Premium (specific allowance - MB BI deductible) - Note 7	Nil
TOTAL	552,444

Modelled Cost	549,807
Difference	2,637
Authority Contribution (80%)	2,110

Notes:

- 1 All premium indications include IPT and brokers fees.
- 2 Premium is based on anticipated asset and exposure levels for the period 24/12/06 to 23/12/07.
- 3 Current premium XSTPL for the period 27/05/04 to 31/08/07 has been annualised.
- 4 Current premium EIL for the period 24/12/02 to 23/12/07 has been annualised.
- 5 An allowance of 5% of relevant Base Premiums has been included to allow for the self insurance of risks retained by Shanks ELWA Ltd.
- 6 An allowance of 10% of the additional premium quoted by XL has been included to allow for the self insurance of the bring sites by Shanks ELWA Ltd.
- 7 An allowance was previously included for the self insurance of the difference in deductible on MB for the Eco Deco facilities (£50k as opposed to £10k) & MB BI (30 days as opposed to £10k) retained by Shanks ELWA Ltd. However this matter is now being dealt with separately.

This page is intentionally left blank

OPERATIONAL PHASE INSURANCES

Insurance Description	Project Agreement Requirement	Credit Agreement Requirement	Actual Insurance Placed	Recommendations	Responsibility	Status	Notes
Third Party Liability							
Exclusions	Not specified	Not specified	Asbestos Exclusion	This is now a standard market exclusion for a project of this nature.	Authority	Concluded	Market position agreed by Authority. Authority to retain risk.
Environmental Impairment Liability							
Principal Exclusions	Not specified	Not specified	Asbestos Exclusion	This is now standard market exclusion for a project of this nature. Cover is provided for clean up costs resulting from asbestos pollution.	Authority	Concluded	Market position agreed by Authority. Authority to retain risk.

This page is intentionally left blank

OPERATIONAL PHASE INSURANCES

Insurance Description	Project Agreement Requirement	Credit Agreement Requirement	Actual Insurance Placed	Recommendations	Responsibility	Status	Notes
Machinery Breakdown							
Deductible	Not exceeding £10k any one occurrence.	Not specified	£50k each and every loss in respect of the Eco Deco facilities	This is now a standard market deductible for a project of this nature.	ELWA / Shanks	Position to be reviewed at next renewal.	RSA have confirmed the deductible is £50k each and every loss in respect of the Eco Deco facilities.
Machinery Breakdown Business Interruption							
Deductible	Not exceeding £10k any one occurrence.	Not specified	30 days each and every loss	This is now a standard market deductible for a project of this nature.	ELWA / Shanks	Position to be reviewed at next renewal.	RSA have confirmed the deductible is 30 days each and every loss.

This page is intentionally left blank

*(Contact Officer: John Wilson- Tel. 020 8270 4997)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

CONTRACT PERFORMANCE FOR APRIL TO AUGUST 2007	FOR INFORMATION
--	------------------------

1 Purpose

- 1.1 To report on the performance of the Integrated Waste Management Strategy (IWMS) Contract for the period April to August 2007.

2 Tonnage Data and Contract Payments

- 2.1 As can be seen from Appendix A the tonnage for this period was 218.7K tonnes, approximately 6.5K tonnes less than anticipated in the Annual Budget & Service Delivery Plan, producing a saving against budget of £357K.

2.2 Site Operations

- 2.3 The major change in operational facilities to August was the opening of the Jenkins Lane Bio Mrf for receipt of all Newham's co-mingled collections in July while performance testing of the plant was still ongoing. Although the performance test results are not fully finalised the mechanical performance of this plant appeared to be much better than Frog Island at a similar stage. No major impediments to the equipment became apparent and only minor adjustments were necessary.

- 2.4 Deposits of the separately collected Orange bags in the Temporary Transfer Station decreased as anticipated, as Newham's collection rounds began to absorb them in their normal collections. The overspill of orange bags from the start up of the plant in June had to be delivered to Frog Island for sorting in the RRC Mrf prior to delivery to the recycling processors. This diversion and extra sorting was necessary due to the heavy contamination of these bags which were being rejected by the third party receiving MRF's. From visual observation of the Opti sorting lines in the Jenkins Lane plant it was apparent that there was a mixture of the thin recycling bags and survival bags in the loads, which reduced recyclate capture due to bags splitting. This however was not unexpected as this also happened at Frog Island when Barking & Dagenham changed to co mingled collections, and residents used up stocks of the original (thinner) orange bags which depressed the recycling rate.

3 Contract Monitoring

- 3.1 In addition to monitoring by ELWA and Borough staff, London Remade has been appointed to conduct a formal quarterly review of all sites for contract compliance. The first quarter's review has now been received.
- 3.2 Appendix D contains the Executive Summary from the London Remade report on Contract Monitoring. This independent review indicated that there were no issues to report from the major facilities. The largest number of defects as expected came from the 204 bring sites monitored. Of the 77 sites found to be non compliant at the time of

inspection 71 were rectified within the timescales allowed under the contract. Penalties were applied for the remaining 6.

4 Recycling Performance

- 4.1 The revised Service Delivery Plan, agreed by the Board in March 2007, anticipated that to achieve a year-end percentage of 22% for 2007/08, recycling and composting performance would need to rise from approximately 18.4% in April 2007 to over 25% in March 2008. The recycling performance to August as shown in Appendix B, was 16.90 % which is lower than the 19.5% average that was projected. This makes the increased recycling needed in the winter months even more difficult as not only will Shanks' have to increase according to their projection but also need to recover the lost ground from these early months.
- 4.2 Despite Shanks introducing increased staffing levels at the RRC sites and the 'dry' recyclates increasing by 11% compared to last year, the green waste collected decreased by 11% negating this initiative. Green waste arisings are of course dictated by weather conditions and the amount of garden waste materials reflected the poor conditions.
- 4.3 The lower than expected recycling/composting performance reflects the dependence of the performance programme to 'back end' processes from the refining section of the Bio Mrfs, which consists of recycling a glass fraction, and composting a 'fine' fraction (less than 6mm in size). Loss of this 'back end' recycling has significant impact (approx 6%) on overall performance because markets for these materials have yet to be found. Shanks are optimistic markets will be found but it is a matter of time to produce and test these materials before they can be recycled and reflect in their performance.
- 4.4 The Environment Agency approval for composting the Bio Mrf 'fine' material at one specific location was only partially concluded, in that permission was only granted for trial loads. Meanwhile Shanks' have sourced alternate locations. Trial loads commenced delivery w/c 2nd July but an immediate improvement cannot be assumed because these 'fines' will take approximately 12 weeks to mature and then to be evaluated which takes us into October/ November. The acceptability of this material for a suitable end use will be critical.
- 4.5 Thus the successful achievement of the recycling targets for 2007/8 is still in the balance and will depend upon the success of the 'back end' recycling. Although Shanks' are actively looking for markets and outlets, and however confident they may seem, ultimately success will depend upon external agencies accepting these materials. Shanks have been informed in a letter of our concern over their poor recycling performance to date and have been asked what contingencies they have should the above fail and importantly their timing for making such decisions. Their reply was that other than trying to secure these markets no other contingencies were envisaged for this year.

4.6 Appendix B shows the recycling and composting performance for April to August, compared to the previously agreed plan for 2007/08. This illustrates the under performance described in paragraph 4.1

5 Diversion from Landfill

5.1 The contractual target for diversion from landfill increased from 25% in 2006 to 40% in 2007/8. This target is being exceeded with a diversion of 43% which offers the Authority a LATS benefit.

5.2 The performance against LATS allowances for 2007/8 is shown at Appendix C. This shows a surplus of 23628 allowances for the above period i.e. a greater diversion of biodegradable waste from landfill than was necessary to meet the government target.

5.3 Unfortunately the market for the sale of surplus LAT's is flat, with the majority of the WDA's have sufficient for this year and are potential sellers not buyers. ELWA currently have 82993 allowances banked.

6 Conclusion

6.1 Overall waste levels are lower than expected.

6.2 Recycling and composting performance averaged 17% compared to the 19% recycling performance projected for the period to August. Close monitoring is continuing with particular reference to any further improvement plans to be put forward by the Contractor and to how the various trials and initiatives to find markets for the glass and 'fines' are progressing. Although the Contractor continues to suffer a loss in financial supplements arising from the lower than required recycling performance this saving is of less significance to ELWA than contract compliance.

6.3 The 43% diversion from landfill is better than projected which reflects the success Shanks are having in securing markets for the Secondary Recovered Fuel (SRF).

7 Recommendation

Members are asked to note this report.

John Wilson
ASSISTANT EXECUTIVE DIRECTOR

Appendices

- A Contract Performance
- B Contract recycling performance compared to ABSDP 2007/08
- C Performance against LATS target
- D Executive Summary (London Remade) – supplementary Contract Monitoring

Background Papers

None

This page is intentionally left blank

Contract Performance

	Contract Tonnages						Contract Sums £K		
	ABSDP		Actual Tonnage		RRC Tonnage		2006/7	2007/8	
	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	Actual	ABSDP	Actual
April	45511	41984	40573	42736	8178	9895	£2,658	£2,865	£2,885
May	43378	47106	45523	43237	8484	8205	£2,869	£3,124	£3,019
June	47851	49818	48144	43209	9533	8517	£2,954	£3,198	£2,956
July	42148	42726	41277	44372	6913	8572	£2,695	£3,759	£3,730
August	42771	43578	42113	45192	6963	10103	£2,732	£3,797	£3,796
September	45056	44385	42869		7617		£2,758	£3,774	
October	40311	40948	41114		6113		£2,705	£3,680	
November	40915	41738	40719		5533		£2,667	£3,656	
December	38838	38351	35895		4418		£2,471	£3,564	
January	38244	39116	40802		4772		£2,722	£3,599	
February	35448	35823	35087		5064		£2,444	£3,274	
March	40960	40872	41999		7472			£3,677	
Total	501431	506445	496115	218746	81060.52	45292	£29,675	£41,965	£16,386

This page is intentionally left blank

Contract Waste Recycling Performance

Month	Recycling				Composting				Total Recycling				
	Tonnages		Percentage		Tonnages		Percentage		Tonnages		Percentage		
	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8 Actual	Revised ABSDP target
April	4256	5,352	10.5%	12.5%	1596	2,115	3.9%	4.9%	5852	7,467	14.4%	17.5%	18.4%
May	4249	5,561	9.3%	12.86%	2658	1,881	5.8%	4.35%	6907	7,442	15.2%	17.21%	18.55%
June	4130	5,016	8.6%	11.61%	2822	2,191	5.9%	5.07%	6952	7,207	14.4%	16.68%	18.73%
July	4129	5,330	10.0%	12.01%	1843	2,130	4.5%	4.80%	5972	7,460	14.5%	16.81%	20.43%
August	4526	5,540	10.7%	12.26%	1572	1,849	3.7%	4.09%	6098	7,389	14.5%	16.35%	21.63%
September	5152		12.0%		1942		4.5%		7094		16.5%		22.30%
October	4145		10.1%		1600		3.9%		5745		14.0%		22.65%
November	4370		10.7%		1356		3.3%		5726		14.1%		23.35%
December	4097		11.4%		1002		2.8%		5099		14.2%		24.06%
January	5285		13.0%		793		1.9%		6078		14.9%		24.53%
February	4304		12.3%		883		2.5%		5187		14.8%		25.66%
March	5236		12.5%		1264		3.0%		6500		15.5%		25.72%
Accumulative Total	53879	26799	10.9%	12.25%	19331	10166	3.9%	4.65%	73210	36965	14.8%	16.90%	22.00%

This page is intentionally left blank

Performance against LAT'S Target

Month	Contract Waste		LANDFILL		LATS Target		Landfilled
	Tonnage	Biodegradable	Tonnage	Biodegradable	Tonnage	Difference	
April	42,736	29,915	25,975	18,183	22,097	3,915	60.8%
May	43,237	30,266	24,815	17,371	22,097	4,727	57.4%
June	43,209	30,246	25,952	18,166	22,097	3,931	60.1%
July	44,372	31,060	24,047	16,833	22,097	5,264	54.2%
August	45,192	31,3650	23,293	16,305	22,097	5,792	51.5%
September		0		0	22,097		
October		0		0	22,097		
November		0		0	22,097		
December		0		0	22,097		
January		0		0	22,097		
February		0		0	22,097		
March		0		0	22,097		
Accumulative Total	218,746	153,122	124,081	86,857	265,164	23,628	56.8%

This page is intentionally left blank



LONDON REMADE

The business of recycling

East London Waste Authority

Supplementary contract monitoring

First quarter report

August 2007

Prepared by: Beth Simpson

Confidential

Copyright London Remade



LONDON REMADE

The business of recycling

Executive summary

The East London Waste Authority (ELWA) needs a formal, regular and scheduled record of its existing contract monitoring arrangements with Shanks East London (SEL).

In April 2007 ELWA and London Remade Solutions entered an agreement whereby London Remade Solutions would undertake quarterly monitoring activities of the authority's waste facilities. These include bring sites, Reuse and Recycling Centres and the Bio-MRF at Frog Island¹.

This report summarises the activities undertaken during the first quarter and will be followed by three other reports which will be available at the end of each of the remaining quarters.

The database containing the outcome of the monitoring for each facility visited during the first quarter, together with photographic evidence, is sent separate to this summary report.

Bring sites

- 204 brings sites were visited. Table 1 shows the break down of bring sites monitored by authority.

Table 1: bring sites monitored per authority

Authority	Number of bring sites monitored
Barking and Dagenham	57
Havering	32
Newham	60
Redbridge	55

¹ The Bio-MRF at Jenkins Lane is not yet in operation and will be monitored when it comes on line.

Prepared by: Beth Simpson

Confidential

Copyright London Remade



LONDON REMADE

The business of recycling

- Instances of non-compliance were observed at 101 bring sites. Table 2 shows the break down of responsibility for the instances identified.

Table 2: responsibility for instances of non-compliance

Responsibility for instances of non-compliance	Number of sites*
SEL	77
Boroughs	31
ELWA - Textile and shoe banks	3

* The total number of non-compliance instances is greater than 101, as more than one party responsibility was identified at 10 sites.

- Of the 77 bring sites where instances of non-compliance needed to be rectified by SEL, 71 were rectified within the required time scale and in six cases was the issue still present which resulted in penalties being applied by ELWA..

Prepared by: Beth Simpson

Confidential

Copyright London Remade



Waste facilities

- The four Reuse and Recycling Centres, the Ilford Recycling Centre and the Bio-MRF and the dirty MRF at Frog Island were visited. No issues were observed at any of the facilities. Table 3 provides a record of the dates when the facilities were visited.

Table 3: schedule of visits to the waste facilities

Facility	First visit	Second visit
Chigwell RRC	09/06/2007 (am)	18/06/2007 (pm)
Gerpins Lane RRC	09/06/2007(pm)	19/08/2007 (am/pm)
Fritzlands RRC	16/06/2007 (pm)	22/06/2007 (pm)
Jenkins Lane RRC	16/06/2007 (am)	22/06/2007 (am)
Ilford RC	22/06/2007 (pm)	N/A
Frog Island	14/06/2007 (am)	18/06/2007 (am)

*(Contact Officers: Jay Gohil: 020 8708 5086)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****FINANCE DIRECTOR'S REPORT**

BUDGETARY CONTROL REPORT TO 31st AUGUST 2007	FOR INFORMATION
---	------------------------

1 Introduction

- 1.1 This budgetary control report compares ELWA's actual expenditure for the five months ended 31st August 2007 with the original revenue estimates approved in February 2007 and is based on information supplied by Shanks.east london and the four Councils.
- 1.2 Budgetary control reports are presented for monitoring and control purposes.

2 Revenue Estimates

- 2.1 Based on the profiled budget of £15,835,000 and the actual net expenditure on services of £15,220,000, the underspend for the period is £615,000 (see Appendix A). At this stage in the year an underspend for 2007/08 is projected. However, recent experience has highlighted uncertainties, for example, in respect of waste tonnages which can significantly alter such forecasts. Further work on the projected outturn and trends will be undertaken and reported to Members as part of the Three Year Financial Plan at your next scheduled meeting in November.
- 2.2 The main variation relates to the payment to Shanks.east london which is lower than that anticipated in the Annual Budget & Service Delivery Plan by £357,000 as a result of nearly 6,500 less tonnes requiring disposal during the period April to August 2007 than previously forecast (see Assistant Executive's separate report elsewhere on the agenda on Contract Performance for further details).
- 2.3 Also, there is the generation of additional bank interest receipts of approximately £83,000 as a result of stronger cash flows and increased interest rates and as reported to your last meeting ELWA received unbudgeted income in respect of the WEEE Grant for 2007/08 of £104,000.
- 2.4 Due to market conditions there have been no sale of surplus LATS allowances to date. Officers will continue to review the situation.
- 2.5 ELWA's original Contingency sum for 2007/08 is £600,000 and comprises of a general provision of £100,000 for unforeseen circumstances, £150,000 for IWMS Contract negotiations including insurance benchmarking, £200,000 for Waste Regulation including testing the biodegradability of waste and £150,000 for closed landfill sites costs including insurance. The agreed utilisation to date is approximately £50,000 costs for biodegradability testing.
- 2.6 Any revenue under-spend and unutilised contingency for the year will be added back to Revenue Reserves at the end of the year.

3 Prudential Indicators

- 3.1 The Prudential Indicators for 2007/08, previously agreed by the Authority, covering borrowing, lending and capital expenditure limits are monitored by the Finance Director on a monthly basis. The Authority's Treasury Management and Capital activities for the five months to August 2007 remain within the limits set.

4 Recommendation

- 4.1 Members are asked to note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendices

- A Budget Monitoring Statement to 31st August 2007

Background Papers

None

EAST LONDON WASTE AUTHORITY
BUDGET MONITORING STATEMENT TO 31st AUGUST 2007

<u>EXPENDITURE</u>	<u>Original Budget 2007/08 £'000</u>	<u>Profiled Budget to 31.8.07 £'000</u>	<u>Total Actual to 31.8.07 £'000</u>	<u>Variance to 31.8.07 £'000</u>
<u>Employees</u>	412	172	149	-23
<u>Premises Related Expenditure</u>	147	61	38	-23
<u>Transport Related Expenditure</u>	14	6	1	-5
<u>Supplies and Services</u>				
Payments to Shanks.east London	41,970	16,743	16,386	-357
Other (inc cost of Support Services)	499	208	188	-20
<u>Third Party Payments</u>				
Disposal Credits	320	133	133	-
Recycling Initiatives	200	83	83	-
Tonne Mileage	600	250	250	-
Rent payable - property leases	210	88	88	-
<u>Capital Financing Costs</u>	285	119	119	-
TOTAL GROSS EXPENDITURE	44,657	17,863	17,435	-428
<u>Income</u>				
Commercial Waste Charges	-3,547	-1,478	-1,478	-
Interest on Balances	-1,300	-542	-625	-83
WEEE Grant	-	-	-104	-104
Other Income	-20	-8	-8	-
TOTAL INCOME	-4,867	-2,028	-2,215	-187
NET EXPENDITURE ON SERVICES	39,790	15,835	15,220	-615
PFI Grant Receivable	-4,537	-1,890	-1,890	0
Transfer to PFI Contract Reserve	4,537	1,890	1,890	0
Transfer from PFI Contract Reserve	-5,500	-2,292	-2,292	0
Levy Receivable	-32,990	-13,001	-13,001	0
Contingency Allocated	600	50	50	0
Contribution from Reserves	-1,900	-792	-792	0
REVENUE SURPLUS FOR PERIOD	0	-200	-815	-615

This page is intentionally left blank

(Contact Officers: Jay Gohil - Tel. 020 8708 5086)

EAST LONDON WASTE AUTHORITY

08 OCTOBER 2007

FINANCE DIRECTOR'S REPORT

STATEMENT OF ACCOUNTS 2006/07	FOR INFORMATION
--------------------------------------	------------------------

1. Introduction

- 1.1 At the ELWA meeting in June 2007, Members approved the Authority's draft Statements of Accounts for the year ended 31 March 2007. The External Auditor, from the Audit Commission, has now completed his review and audit of the Accounts and has given an unqualified opinion and certificate without any significant issues being raised.
- 1.2 A copy of the signed Accounts will be available at the meeting.

2. Recommendation

Members are asked to note this report

Geoff Pearce
FINANCE DIRECTOR

Appendices

None

Background Papers

None

This page is intentionally left blank

*(Contact Officers: Jay Gohil: 020 8708 5086)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****FINANCE DIRECTOR'S REPORT**

TREASURY MANAGEMENT OUTTURN 2006/07	FOR INFORMATION
--	------------------------

1 Introduction

- 1.1 By ELWA's Standing Orders, the Finance Director is responsible for all of the Authority's banking, borrowing and investment activities. Under the Authority's existing service level arrangements, the London Borough of Redbridge administers the treasury management function on behalf of ELWA.
- 1.2 Redbridge's Treasury Management function encompasses the administration and management of ELWA's loans and investments and is undertaken in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice in Treasury Management.
- 1.3 Members approved ELWA's Treasury Management Strategy and Prudential Indicators for 2006/07 in February 2006. This report set out the Authority's estimated funding requirements, debt portfolio management and investment of cash balances.
- 1.4 The main points to note for 2006/07 are:
- Return on short-term investments (i.e. less than one year) of 5.06% outperformed the benchmark by 0.26%
 - Return on long-term investments of 5.91% outperformed the benchmark 0.7%.
 - ELWA did not take out any new external borrowing and repaid £129,000 during 2006/07. Its long-term debt portfolio was £2,144,000 as at 31st March 2007. All the loans are from the Public Works Loan Board (PWLB), on a fixed rate basis and the average rate of interest ranged from 8.6% to 10.5%. ELWA did not exceed its approved borrowing limits during 2006/07.
 - Cash balances have been actively managed and have outperformed their benchmark by 0.35%. Returns on the investments portfolio was comparably to other London Boroughs and the debt portfolio outperformed the London average by 72 basis points. These results are from the 2005/06 Treasury Management and Capital Finance Statistics published by CIPFA.

2 Prudential Indicators 2006/07

- 2.1 In February 2006, the Authority set Prudential Indicators for limits on external debt and upper limits on fixed rate and variable rate interest rate exposures for 2006/07. These have not been exceeded during the year and the outturn figures are shown in Appendix A.

3 Recommendation

- 3.1 Members are asked to note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendices

A Treasury Management Prudential Indicators 2006/07

Background Papers

None

TREASURY MANAGEMENT PRUDENTIAL INDICATORS

Authorised Limit for External Debt	2006/07 Limit £'000	31.03.07 Actual £'000
Borrowing	3,144	2,144
Other Long Term Liabilities	-	-
TOTAL	3,144	2,144

Operational Boundary for External Debt	2006/07 Boundary £'000	31.03.07 Actual £'000
Borrowing	2,394	2,144
Other Long Term Liabilities	-	-
TOTAL	2,394	2,144

Upper Limits on Interest Rate Exposures	2006/07 Limit %	31.03.07 Actual %
Fixed Rate	100	100
Variable Rate	25	-

Projected borrowing at fixed rates maturing in each period as a percentage of total projected borrowing at fixed rates		
	Limit Range	31.3.07
Under 12 months	0% to 10%	5%
12 Months and within 24 months	0% to 20%	20%
24 Months and within 5 years	0% to 40%	31%
5 Years and within 10 Years	0% to 60%	42%
10 Years and above	0% to 100%	100%

Upper Limit for Total Principal sums invested for more than 364 days	2006/07 Limit £m	31.3.07 Actual £m
Total	15	2

This page is intentionally left blank

*(Contact Officer: Shirley-Ann Gray - Tel. 020 8270 4964)***EAST LONDON WASTE AUTHORITY****08 OCTOBER 2007****OFFICE MANAGER'S REPORT**

CIWM CONFERENCE 2008	FOR APPROVAL
-----------------------------	---------------------

1 Purpose

- 1.1. To consider ELWA's attendance at the 2008 Chartered Institute of Wastes Management (CIWM) Conference and Exhibition taking place between Tuesday 9th and Thursday 13th June, in Paignton, Torbay.

2 Background

- 2.1 For several years now attendance at the CIWM Conference has been open to all ELWA Members, together with the ELWA General Manager and the ELWA Contract Manager.
- 2.2 Both Members and Officers alike have reported that they have found attendance at the Conference to be a worthwhile and informative experience in that they have gained a valuable understanding of the latest issues and developments affecting the waste management industry.
- 2.3 This is a very popular event and hotels are often booked a year ahead, Experience has shown that any delay on our part in making provisional reservations has resulted in Members being located at unfavourable hotels. In order to avoid repetition, provisional reservations will need to be made as soon as possible.

3 Financial Implications

- 3.1 In relation to conferences, the Constitution states that if the total cost is likely to exceed £3,000 the event must be approved by the Authority in advance where possible.
- 3.2 It is anticipated that the maximum cost per person attending this event will be £1,115. This covers 5 day attendance at the conference and the hotel accommodation only. It does not include any expenses (eg subsistence and travel) as these are reclaimed directly by Members from their respective Councils.
- 3.3 The Finance Director has confirmed that, if approved, budget provision will be made in the 2008/09 revenue estimates to cover the cost of attendance at the 2008 event.

4 Recommendation

4.1 Members are asked to:-

- a) Confirm ELWA's attendance at the 2008 CIWM Conference and authorise officers to make provisional bookings;
- b) indicate to officers which Members would like to attend. The programme of events will be circulated to Members considering attendance as soon as it becomes available.

Shirley-Ann Gray
OFFICE MANAGER

Appendices

None

Background papers

A Constitution