

# **EAST LONDON WASTE AUTHORITY**

Monday, 24 November 2008  
(1:15 - 3:38 pm)

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

## **1615 Apologies for Absence**

An apology for absence was received on behalf of Councillor M Aaron.

Officers: Rob Whiteman, Cynthia Griffin and Shirley Clark.

## **1616 Welcome and Introductions**

Councillor McKenzie welcomed attendees to the meeting.

## **1617 Minutes (29 September 2008)**

We have agreed the Minutes of our meeting held on 29 September 2008.

## **1618 Annual Audit Letter 2007/08 and Notice of Certification of Completion of Audit**

Noted.

## **1619 Programme of Meetings 2009/10**

We have approved the following programme of meetings for the forthcoming municipal year, all to be held at the Civic Centre, Dagenham, starting at 1.00 pm.

Monday, 22 June 2009	(Annual General Meeting) Approval of draft Statement of Accounts
Tuesday, 29 September 2009	Approval of Annual Governance Report (required by 30.09.09)
Monday, 23 November 2009	Approval of IWMS Contract Annual Budget & Service Delivery Plan (required by 30/11/09)
Monday, 01 February 2010	Approval of annual Levy (required by 15/02/10)
Monday, 12 April 2010	

and noted the wording of the Constitution relating to attendance.

## **1620 ELWA Limited Board**

We have received the Executive Director's report and appendices, together with commentary on the meeting of 15 October and on the Accounts. We have noted the main points discussed at that meeting as being related to the nuisance of flies,

recycling and composting outturn figures, poor performance and rejection of orange bag recyclates by third party Mrfs. Additionally, input came from ELWA Officers on how the results of a recent Members' workshop would feed into future service planning, the significance of current collection trials on future service planning and concerns related to refinancing.

We have discussed the possible need to have a better understanding of the products' end values and contamination.

### **1621 Budgetary Control and Treasury Management Report to October 2008**

The Finance Director presented his report and explained that there was an under spend on budget of £550,000 mainly caused by lower than expected payments to the Contractor, interest receipts exceeding budget, unutilised contingency sums, together with some other minor variances.

We have received a tabled copy of the Investment Portfolio as at 20 November 2008 and have been reminded by the Finance Director that we agreed the investment strategy in 2008 and that the policies had been adhered to. He told us that in November 2007 a loan of £1m had been made for 364 days to a British bank that was ultimately owned in Iceland. This bank was now in administration. He confirmed that a claim had been registered.

The Finance Director advised that the Managing Director and Chair had been briefed immediately, Directors had been briefed at the Board or by email. Members asked that in future notification should be sent as early as possible direct to all Members.

### **1622 Financial Projection and Budget Strategy 2009/10 to 2011/12**

We have considered the report from the Finance Director on ELWA's Financial Projection and Budget Strategy for 2009/10 to 2011/12 that contained particular detail in respect of the forthcoming financial year and have noted the Strategy as submitted.

The Finance Director reported that he had spoken with all four Borough Treasurers and had received the same message that the Levy that should be prudent and stable. He confirmed that the information in this Strategy will be conveyed to Constituent Councils' Finance Directors to assist in their budget preparations for next year and beyond.

Our attention was drawn to three key elements of the three year plan. These were the reduced level of levy increase from a projected 11.9% to 7% for 2009/10 and from 10.9% to 7% for 2010/11 for the reasons set out in the report.

Following a discussion about the level of resources and the other issues, we have agreed the recommendations and noted that the final proposals in respect of the ELWA levy for 2009/10 will be presented to our next meeting in February.

### **1623 Waste Management - September 2008**

We have received the Assistant Executive Director's report and Appendix together with commentary on the performance of Joint Waste Management Strategy and

development of waste and recycling improvement initiatives and trials related to it for the period to September 2008.

He reported that recycling performance for September fell short of ABSDP projections but diversion from landfill continued to be good and LATS allowances continued to be banked.

We have received specific commentary that Newham Council were performing in line with expectations in respect of NI 191, Havering were marginally above expectations, although tonnage was on a downward trend and expected to perform in line at year end and ELWA was continuing to perform well against NI193.

There were short to medium term legislation changes or consultations that may impact on ELWA operations for example he warned of the possible impact of the Defra/Environmental Agency consultation outcomes on the Aveley composting operation in respect of revised waste exemptions from environmental permitting and possible future cost. Officers will continue to monitor this and advise us accordingly.

His report and commentary covered clinical waste, schools' and hospitals' household waste and changes in the UK and overseas markets regarding the value and acceptance criteria of recyclable materials.

We have agreed to:

- (i) note the performances against the new National Indicator targets as set out in Appendix A;
- (ii) note the revisions outlined regarding the waste framework directive;
- (iii) note the potential impacts of the consultation on licence exemptions and the potential impact on Aveley 1 operations;
- (iv) note the current position with regards to the orange bags that are being issued by the health authorities to households for clinical waste and the position of household hospital waste;
- (v) note that there are other reports on the Agenda concerning the volatile market situation regarding recyclates;
- (vi) note the commissioning and cumulative stocks at Jenkins Lane will contribute to a low contract recycling performance in October;
- (vii) note the continued trials and initiatives to increase recycling performance.

#### **1624 IWMS Contract – Annual Budget and Service Delivery Plan (ABSDP) 2009/10**

We have received the Executive Director's report, together with the appendices entitled Background to the Service Delivery Plans and the Works Delivery Plan, Operational Summary, Waste Flow Summary - First Draft, Best Value Performance Indicators/National Indicator Performance chart, Estimated Recycling Performance figures, and Summary of ABSDP 2009 – Financial Information.

We have received the explanation that 2009/10 is the last year of the current 5 year Service Delivery Plan and been given details of the contractual timetable for approval of the ABSDP by the Authority. The Executive Director highlighted the headlines for 2009/10 as being estimated tonnage levels would be less than 2008/09, there would be higher levels of diversion from landfill and 22% recycling

is forecast. The unavoidable extra costs to ELWA and the Boroughs were an £8 increase per tonne in landfill tax and extra inflation cost. Savings would be made from the reduction in overall tonnages. No new requirements had arisen from the Government's review of the National Waste Strategy. He reported that closer consultation had taken place with the Constituent Councils to identify their objectives.

Following discussion over the areas of risk identified in the report and the possibility of replacing the penalty system with a reward scheme, we have agreed the following:

- (i) to note the main risks and uncertainties concerning the 2009/10 ABSDP;
- (ii) to approve the 2009/10 ABSDP in principle but delay final approval until February, by which time the level of uncertainty concerning waste growth and some new operations should have been reduced; and
- (iii) to approve an interim increase for 2009/10 in the supplement payable to the Contractor for recycling and composting performance in excess of the contractual target of 22%.

(Part of this item was considered after the resolution had been passed to exclude the public and press from the remainder of the meeting as the information included the detailed financial proposals of Shanks.east London in respect of the IWMS Contract.)

### **1625 IWMS Contract – Service Delivery Plan 2010/11 to 2014/15 (5 Year)**

We have received and discussed at length the Executive Director's report requesting policy direction on the preparation of the 5 year Service Delivery Plan and about requesting waste plans from the Constituent Councils for the 5 year period, starting 1st April 2010.

In commentary the Executive Director referred us to the fundamental policy issues set out in the report which reflected the outcomes of the recent Borough Workshop and to the reasons behind the need to change from the original assumption in 2002.

In response to a comment from one of our Members, we have asked the Executive Director to check whether Councils could limit the amount of residual waste collected from householders and also to specify the container in which it is collected.

We have considered at length the impact of the proposals on each of the Constituent Councils and have decided not to adopt Policy 1 but provide guidance on the issue of waste minimisation.

We have agreed, however, to adopt Policy 2 that the co-mingled collection of dry recyclates and residual waste from the doorstep should cease in the period April 2010 to March 2015. The preferred collection service would be the separate collection of recyclable materials together with a system of quality control to reduce the contamination within the material collection.

We have authorised Officers to prepare a letter to the Boroughs in order to seek

their co-operation in the preparation of medium term waste plans and to state that the Authority is specifically recommending to them that the co-mingled collection of recyclates and residual waste comes to an end during the period of the new plans.

We have also agreed that Officers would, in conjunction with the Contractor, review overall waste volumes again in December 2008.

#### **1626 Government Grants**

The Vice Chair commented that he would like to see some further information on the possibility of applying for financial support from the London Waste and Recycling Fund.

#### **1627 Private Business**

We have resolved to exclude the public and press from the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

#### **1628 Contract Monitoring to October 2008**

We have received the Assistant Executive Director's report and appendices providing us with details on the monitoring, outcomes and actions taken with regards to the management of the IWMS contract for the period of September 2008.

We have noted the results of the ongoing monitoring set out in the report and appendices, that all parties are engaged in trials and initiatives to increase recycling performance and the impact of the global economic situation on recycle markets.

We have discussed the format of the report and possibility of showing cumulative penalties for the contractor not meeting recycling targets and agreed to receive the report in this amended format by e-mail on a monthly basis.

There being no other business, the Chair wished everyone a very happy Christmas and prosperous and healthy New Year.

Chair:  
Dated: