

# **EAST LONDON WASTE AUTHORITY**

Monday, 5 February 2007  
(1:05 - 1:50 pm)

**Present:** Councillor S Kelly (Deputy Chair in the Chair), Councillor P R Goody, BSc BA, Councillor B Tebbutt and Councillor Mrs P A Twomey

## **1474 Apologies for Absence**

An apology for absence was received on behalf of Councillor M E McKenzie Councillor P Murphy, Councillor P Sheekey and Councillor A Weinberg.

## **1475 Minutes - To confirm as correct the minutes of the last meeting held on 27.11.06**

We have confirmed as correct the minutes of our meeting held on 27 November 2006.

Further to Minute 1470 the Executive Director advised that the Press Release matter raised by Councillor Murphy had been rectified in a subsequent Press Release that provided more information relating to east London.

## **1476 Risk Strategy - Development**

We have received the Executive Director's report and commentary explaining ELWA's Risk Strategy and the development of the Appendices since approval. We confirm that we have noted the Strategy and have approved the updated Strategic Risk Register and Operational Risks Registers. In addition, we have agreed to review the position of risk annually.

## **1477 Consultation Strategy - Draft**

We have received the Executive Director's report and Appendices and noted the significance of producing a Consultation Strategy as recommended by External Auditors in their Annual Governance Report.

We have considered the proposed Consultation Strategy and approved it as a provisional broad scoping document, subject to amendment when best practice examples are available, and have recommended that the in-depth consultation process take place every five years.

#### **1478 Testing of Biodegradable Waste**

We have received the General Manager's report and explanation of the Environment Agency's requirements for testing the biodegradability waste output from Bio-MRFs at Frog Island and Jenkins Lane and we have approved the withdrawal of up to £100,000 from the contingency to meet the cost of testing in the year 2007/08.

We have agreed to receive a further report when the results of testing are available.

#### **1479 Contract Performance 2006/07 - April 2006 to December 2006**

We have noted the General Manager's report and Appendices on Contract Performance for the period April to December 2006. We have received commentary on tonnage data and contract payments, LATs performance, site operations at Frog Island over the Xmas period and orange bag losses due to the commissioning of the Optibag. Noted that an action programme had been agreed to remedy the Optibag operation.

#### **1480 Revenue and Capital Estimates and Levy 2007/08**

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

Issues of particular mention:-

- an increase in the ELWA levy of 8.3 having applied a revenue under-spend and unutilised contingency to support the 2007/08 levy;
- key financial pressures e.g. significant increases in IWMS contract costs to meet government recycling and diversion from landfill targets, rising waste volumes, increased landfill taxation and the need to hold a reasonable level of reserves because ELWA could not set a supplementary budget during the year;
- the 2007/08 Revenue Reserves, as outlined, were considered by Directors to be robust and adequate to secure a good platform in the next few years, together with the PFI Reserve and;
- a 29.6% increase in revenue estimate;
- reduced Contingency Reserve of £600,000 for 2007/08.

We have considered the report concerning the estimates and the levy for 2007/08 and the underlying cost increases, legal background and levy apportionment, together with the particular issues that apply. We have also considered the issues relating to contingencies and reserves, including the risk analysis.

We have agreed:

- i) the revised estimates for 2005/06, totalling £30,130,000;
- ii) the utilisation of the 2006/07 contingency as reported;
- iii) the draft detailed revenue estimates for 2007/08, totalling £30,790,000 (excluding contingency and contributions from reserves);
- iv) the adoption of new rates for commercial and industrial waste and disposal credits for abandoned vehicles for 2007/08 as follows:-

Disposal Credits – Abandoned Vehicles	£63.00 per tonne
Disposal Credits - other	£64.50 per tonne
Commercial and Industrial Waste - recyclable	£64.00 per tonne
Commercial and Industrial Waste - other	£69.00 per tonne
- v) the utilisation of the PFI Contract Reserve of £5,500,000 for 2007/08;
- vi) a Contingency Reserve of £600,000 for 2007/08;
- vii) a contribution from Revenue Reserves of £1,900,000;
- viii) the levy basis for 2007/08 in the sum of £32,990,000;
- ix) the policy on Reserves and associated criteria for use in accordance with paragraphs 11 to 13 of the report;
- x) continuance of existing arrangements for the payment of the levy and funding of Constituent Councils in 2007/08;
- xi) a review of the disposal credit for abandoned vehicles is undertaken during 2007/08.

The Chair thanked Officers for the clearly presented and simple to read report which gave something back to the Boroughs.

Havering Members offered their thanks to the Finance Director, Executive Director and Finance Manager for the helpful presentation given to them recently.

#### **1481 Treasury Management Strategy 2007/08 and Prudential Code Indicators for 2007/08 to 2009/10**

We have received and noted the above report and have agreed:-

- i) the Treasury Management Strategy and Policy Statement;
- ii) the Prudential Indicators for Treasury;
- iii) the Annual Investment Strategy;
- iv) the Prudential Indicators for capital expenditure.

**1482 Any other public items which the Chair decides are urgent**

**Frog Island Opening Ceremony, 19<sup>th</sup> April 2007**

Noted that a draft guest list will be circulated for consideration.

Chair: .....

Dated: .....