

EAST LONDON WASTE AUTHORITY

Monday, 21 June 2010
(9:35 - 11:20 am)

Present: Councillor S Kelly (Chair), Councillor G M Vincent (Deputy Chair),
Councillor G Letchford and Councillor V Tewari

1 Apologies for Absence

Councillors I Corbett, R Crawford, M Dunn and B Tebbutt.

2 Appointment of Chairman and Vice Chairman

We have received the Monitoring Officer's report and have appointed Councillor S Kelly as Chairman and Councillor G Vincent as Vice Chairman for the ensuing municipal year.

3 Declaration of Members' Interests

There were no declarations of Members' Interests.

4 Membership and Induction of New Members 2010/11 and July Workshop

The Chair welcomed the new Members to the Authority and, following introductions, we extended our thanks to those Members that have left the Authority. We have confirmed with the Office Manager that all new Members had been sent their Induction Pack. We have authorised Officers to prepare letters of thanks and appreciation to the outgoing Members.

The Executive Director outlined the draft programme for Members' Induction and Workshop to be held on 19 and 20 July. He offered the opportunity to visit the key facility at Frog Island as well as the Closed Landfill Sites and another Waste Disposal Authority. We have also received a draft copy of the Annual Report entitled "What happens to East London's waste and how you can help" and agreed to provide Officers with any comments we may have. We have authorised the Executive Director to approve the final version prior to publication.

5 Minutes

We have confirmed as correct the minutes of the Authority meeting on 12 April and the Appointment Panel on 18 May 2010.

6 Appointment of ELWA Limited "A" Director

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

- (i) appointed Councillor Ian Corbett as ELWA's 'A' Director on the ELWA Limited Board for the 2010/11 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; and
- (iv) authorised the Chairman to nominate an alternative 'A' Director should the need arise.

7 Programme of Meetings 2010/11

We have noted the agreed programme of meetings for the municipal year 2010/11 and attendance record of the Board. The Chairman has advised that the attendance record is no longer required. We have previously discussed the issues of sites visits and workshop in Minute 4 above.

8 Nominations under Section 41 of the Local Government Act 1985

In accordance with Section 41 of the Local Government Act 1985 and the Monitoring Officer's report, we have nominated and agreed the following Lead Members (Portfolio Holders) to answer questions in respect of the Authority's functions for the year 2010/11 put by other members of their constituent councils during their council's proceedings. They are:

- Councillor Barry Tebbutt, London Borough of Havering
- Councillor Michelle Dunn, London Borough of Redbridge
- Councillor Gerald Vincent, London Borough of Barking & Dagenham
- Councillor Ian Corbett, London Borough of Newham (to be confirmed).

9 The Constitution - Consequent Amendments

We have received the Executive Director's report on consequent amendments, made necessary by the Governance Review, to the Constitution. We have noted that further amendments are proposed to Parts A, B, C and G (previously reviewed) and that Part D had now been rewritten and Parts E, F & G were being reviewed in accordance with best practice. We have been offered options for reviewing the Constitution amendments with a view to final approval of the document at our September meeting. We have opted for one Member from each borough to volunteer to review the amendments at the end of the Workshop in July. The Finance Director and Monitoring Officer will talk us through the Rules at the Workshop.

10 Final Financial Outturn Report for 2009/10

We have discussed and noted the report containing an analysis of expenditure, income, contingency and reserves. The Finance Director reported that the final outturn for the year was broadly in line with revised estimates and that variances were set out in the Appendix.

He reported that there was an under spend in respect of employee costs, premises related expenditure, recycling, disposal credits and recycling initiatives and payments to Shanks. Commercial waste charges continued to fall. There was an overall under-spend of £223,000.

He has provided an update on the Heritable Bank position and has advised on the approach adopted by the finance officers with regard to investment and lending.

11 * Draft Statement of Accounts 2009/10

We have received the Finance Director's apology and agreed to consider this late report, together with draft letter, draft Financial Statements & Annual Governance Statement for the year ended 31 March 2010. The Finance Director has explained the changes in practices in relation to accounting and presentation of key information under International Financial Reporting Standards (IFRS) and the impact it will have in respect of our Private Finance Initiative and Leases. We understand that the draft Accounts reflect the variances mentioned in the Outturn Report and we have discussed and agreed the draft Accounts, subject to review and any changes made by the external auditor.

12 * Draft Annual Governance Statement 2009/10

We have been advised that the Board have considered the Annual Governance Statement and that their comments have been included in it. The Finance Director informed us of the areas of governance and internal control that required improvement. We have agreed this document and note that the external auditor, from PricewaterhouseCoopers, will attend the next meeting to report on his findings.

13 Budgetary Control Report to 30 April 2010

We have received the Finance Director's report and note that we were broadly on course with Budget. In commentary, the Finance Director advised that there was an under spend of £49,000 as set out in the Appendix. Variations on budget related to the payment to Shanks being slightly down in the first month due mainly to a reduction in insurance premium. He added that volatility in waste levels would need to be carefully monitored and remedial action taken if necessary to reduce costs. Robust monitoring of expenditure and income would be required because the Contingency sum had been allocated. Any revenue under spend would be put into Reserves.

14 Budgets and Savings - Future Strategy

We have received the joint introductory report presented by the Executive and Finance Directors in respect of a need for efficiencies and savings in future years. We have heard commentary on the necessity for keeping the Levy requirements to a minimum in future years. Support from Reserves was reducing and the impact that rising tonnages, increases in landfill tax and inflation costs had on the Levy indicated a rise of approximately 9% over the next two years. We have been advised that current support for the Levy after 2012/13 from Reserves could not be continued. The Appendix contained ELWA's main items of spending of which 95% related to contract costs of £45m, management of 4 closed landfill sites at £150,000, governance, administration (including SLA support from the constituent

councils) and employee costs making up the remainder.

We have been asked to consider a future strategy which included opening renegotiations on initiatives with the Contractor, looking at reducing contractual service with a view to creating savings for the Contractor as well, a behavioural incentivisation charging system in respect of the current Levy mechanism, the identification of new funding, long term comprehension of PFI contracts and ways of making our assets work harder.

We have been presented with and discussed the challenges ahead and are aware that ELWA will come under pressure. A reduction in waste volumes was absolutely essential as was consideration of the benefits to ELWA and the Contractor. This was the first stage of the way forward and thought would be given to lessen Levy increases as much as possible.

We have asked officers to put forward ideas for improved recycling for consideration at a future workshop.

We have agreed to consider in a much more informal way a strategy for the review of future budgets and savings at our workshop in July paying particular attention to flexibility around the Budget Head and to develop that strategy when further information is available to the boroughs on their financial positions and performance targets, over the next 3/5 years.

15 Internal Audit - Progress Report 2009/10, Audit Plan 2010/11 and Planned Audit Coverage to March 2015

We have received the Finance Director's Internal Audit Progress Report 2009/10, together with the Internal Auditor's Audit Plan for the year 2010/11 and proposed 5 year rolling audit programme. The audit during 2009/10 covered Asset Management, Recycling Performance Indicators data collation and Contract Monitoring arrangements.

He advised that internal audit was undertaken by the London Borough of Redbridge and that this was a 'good news' report with no serious issues being raised. We have noted the audit coverage for 2009/10.

We have agreed that the audit coverage for 2010/11 would be in relation to Contract Monitoring, internal control and corporate governance arrangements and reviewing the effectiveness of the new arrangements in place.

We have also agreed the Five Year Strategic Plan as set out in Appendix A to the report.

16 Waste Management - 2009/10 Summary and Report to April 2010

We have received and noted the Head of Operations' report and appendices. His report included a summary of 2009/10 waste management issues in response to our request for further clarification on the origins of contract waste and tonnages, Landfill Allowances Trading Scheme Performance and National Indicator Performances.

We have discussed the position with regard to SRF. We have agreed the need to

identify more items for recycling.

17 Date of Next Meeting: 27 September 2010

Noted.

18 Governance Review

We have been advised of the appointment of Mr Paul Taylor to the post of Managing Director with effect from 16th August.

We note that this is the last meeting attended by the Executive Director before his retirement at the end of August. We have therefore expressed our gratitude to him in recognition of his contribution to the Authority over the years. He had successfully steered ELWA through the difficult areas of setting up an extremely innovative PFI project in connection with the IWMS Contract. He leaves with our thanks and very best wishes for the future.

19 Members' Workshop

We have received a tabled draft of the agenda for the Workshop.

20 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).

21 Contract Monitoring - April 2010

We have received and noted the Head of Operations' confidential report.

We have heard commentary on the report in respect of operational problems at the key facilities, concerns about reliability of the Jenkins Lane BioMrf and recycling and composting performance.

22 ELWA Limited and Project Orange

We have received the joint confidential report of the "A" Director and Executive Director and noted the Minutes of 25 January and commentary on the main topics of discussion at the meeting held on 26 April. Further reports will be forthcoming on Project Orange in the next few months.

(* The Chairman agreed that these items could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

Chair:

Dated:.....