

EAST LONDON WASTE AUTHORITY

18th September 2002
(3.00 - 4.10 p.m.)

Present:- Councillor Ware (Vice-Chairman in the Chair); Councillors Leitch, McKenzie, Sladden and Weinberg

1163 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of our Chairman, Councillor Dale.

1164 MINUTES

We have confirmed as correct the minutes of our meeting held on 26th June 2002.

1165 2001/02 FINAL OUT-TURN STATEMENT

We have received and noted the Treasurer's report on the final out-turn for the year ending 31st March 2002. The report included details of the main variances to the Authority's revised estimates approved in February 2002 and the revenue balances position for the Authority at the year end.

1166 2001/02 DRAFT STATEMENT OF ACCOUNTS

The Treasurer presented the draft Statement of Accounts for the Authority for the financial year 2001/02. The draft accounts will shortly be reviewed by the District Auditor and any significant changes will be reported to us after publication of the final accounts later in the year.

Accordingly, we have approved the draft Statement of Accounts for the financial year ending 31st March 2002 as attached to the Treasurer's report.

1167 BUDGET MONITORING STATEMENT

We have received from the Treasurer a report comparing the Authority's actual expenditure for the quarter period ending 30th June 2002 with the revenue estimates approved in February 2002.

The overall provisional net expenditure for the first quarter shows an underspend of £123,000, taking account of allocations from contingencies and reserves and known seasonal and timing variations. The Treasurer advised on the variances that have arisen in the first quarter and we have noted that further progress reports will be submitted throughout the year.

1168 PROGRESS ON COMPLETION OF IWMS CONTRACT DOCUMENTS

The Project Liaison Director presented a report on the progress towards completion of the documentation for the Authority's Integrated Waste Management Strategy (IWMS) Contract.

The Department of the Environment, Food and Rural Affairs (DEFRA) has

approved the Authority's Final Business Case in respect of the award of £47 million Private Finance Initiative (PFI) funding. The Secretary of State has also approved in principle the draft Transfer Scheme under which the relevant operational assets of ELWA and the constituent Councils will be vested in the joint venture company, ELWA Ltd.

In respect of the completion timetable, we were advised of the issues that have resulted in a further delay to the projected completion date, which include the finalisation of documents relating to Borough leases and Shanks sub-contracts. The Project Liaison Director confirmed that discussions have been held with Shanks Waste Services Limited regarding the holding over of the Best and Final Offer (BAFO) tender price which, under the terms of the BAFO submission, is valid only until the end of September.

Based on an assessment of the work still to be undertaken, it is estimated that the sum of £305,000 will be required from the contingency and reserves to fund the professional fees up to project completion. This represents a withdrawal of £105,000 from the Authority's reserves, in addition to the £200,000 previously made available from the contingency. The Project Liaison Director also gave an indication of additional costs that may arise if the contract completion drifted beyond the new projected date.

Accordingly, we have:-

- (i) noted the Project Liaison Director's report;
- (ii) agreed, in principle, that provision for professional fees from the contingency and reserves be made in the sum of £305,000 subject to our consideration of the Treasurer's report, contained elsewhere on this agenda, in respect of the Authority's overall financial position for the current year; and
- (iii) asked that Members be informed of any significant issues that may arise over the coming weeks.

1169 UPDATE ON PUBLIC RELATIONS AND OTHER ISSUES

The Office Manager presented a report on a number of public relations and other related issues, primarily associated with the finalisation and letting of the IWMS Contract.

By Minute 1095, the Authority had approved the appointment of DTW as public relations advisers for work associated with the IWMS Contract. We have noted the terms of DTW's appointment, including the services that have continued to be provided under the monthly retainer arrangements. In addition to these services, DTW has also supported the Authority in respect of the production of its Best Value Performance Plan, the publication of the ELWA newspaper *Waste Solutions* and the development of a new website for the Authority.

The Office Manager advised that no specific budget provision has been made for the public launch event to celebrate the commencement of the IWMS Contract, nor the production of the ELWA newspaper and the design

of the new ELWA website. Furthermore, the delay in the completion of the IWMS Contract has resulted in further provision being required to fund DTW s continued support.

The Office Manager also reported on issues relating to the trading name and logo for the new IWMS service and proposed presentations to be undertaken jointly by ELWA and Shanks Waste Services Limited to the Greater London Authority, the constituent Councils and Borough Community Forums/Area Committees.

Having noted the Office Manager s report, we have supported the proposals contained therein, subject to our consideration of the Treasurer s report, contained elsewhere on this agenda, in respect of the Authority s overall financial position for the current year.

1170 FRIDGES AND FREEZERS — UPDATE

We have received and noted an update report from the General Manager on the disposal of fridges and freezers and also the anticipated announcement by DEFRA of the allocation to local authorities of the £40 million special grant funding in the current financial year to deal with the costs associated with the disposal of fridges and freezers.

1171 2002/03 BUDGET PRESSURES — UPDATE

Further to Minute 1162 of our last meeting, we have received a progress report from the Treasurer on the budget pressures faced by the Authority in the current financial year.

We have noted that the revised total of pressures for 2002/03 facing ELWA is £1.4 million, which includes the additional funding requirements in respect of professional fees and public relations costs which we considered earlier at this meeting. The Authority s available revenue reserves for this current financial year are £1.55 million, although this is on a presumption that ELWA receives £400,000 in the current year from the £40 million funding earmarked by the Government towards fridge disposal costs.

The Treasurer advised on the steps that he has already taken to consolidate the Authority s revenue position, which have included an unsuccessful request for additional PFI funding and seeking permission to treat the expenditure on fridges as a capital item in the Authority s accounts for 2002/03.

Arising from our consideration of this report and also the requests for additional funding in respect of professional fees and public relations work, we have:

- (i) noted the Treasurer s report on the budget pressures currently faced by the Authority;
- (ii) approved the further provisional withdrawal from reserves of £145,000 in respect of the professional fees and public relations costs as detailed in separate reports elsewhere on this agenda; and

- (iii) agreed that the Treasurer should submit further progress reports to all future meetings of this Authority during the current financial year.

1172 AVELEY METHANE LIMITED

We have received a report from the General Manager on the current position with regard to Aveley Methane Limited, the joint venture company between ELWA and Novera Energy Limited. We have noted that a further progress report will be submitted following the next meeting of the Aveley Methane Limited Board.

1173 SEALING OF DOCUMENTS

We have noted that, in accordance with the Authority's Standing Orders, the Clerk has nominated ELWA's legal adviser, Robin Hanton, as an officer authorised to attest the common seal of the Authority.