

EAST LONDON WASTE AUTHORITY

26th June 2002  
(3.00 - 4.11 p.m.)

Present:- Councillors Dale, Leitch, Tebbutt, Ware and Weinberg

1152 APPOINTMENT OF CHAIRMAN

We have appointed Councillor Dale as our Chairman for the ensuing municipal year.

1153 APPOINTMENT OF VICE-CHAIRMAN

We have appointed Councillor Ware as our Vice-Chairman for the ensuing municipal year.

1154 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Corbett, McKenzie and Sladden.

1155 MINUTES

We have confirmed as correct the minutes of our meeting held on 3rd April 2002.

1156 MEMBERSHIP

The Office Manager reported on the changes to the membership of the Authority following consideration by the constituent Councils of their representation for 2002/03. The Chairman welcomed the new members to their first meeting of the Authority.

1157 ELWA LIMITED A DIRECTOR

We have received a report from the Project Liaison Director on issues relating to ELWA Limited and, in particular, the role of the A Director who will represent the Authority on the Board of ELWA Limited.

Having noted the report, we have appointed Councillor Weinberg as the Authority's A Director to the company.

1158 BEST VALUE PERFORMANCE PLAN 2002/03

We have received a report from the Office Manager on the Authority's draft Best Value Performance Plan (BVPP) for 2002/03 and were presented with an updated version of the draft Plan at the meeting. The Office Manager gave an explanation of the material differences between the version that appears on the agenda and that which was tabled at the meeting and we have asked that, in future, a summary sheet be produced for Members ease of reference.

During consideration of the draft Plan, we debated the basis for the 2002/03 target for sickness absence (BVPI 12) of 10 days, which is the level of sickness absence in the first three months of this financial year, and whether it would be appropriate to set a lower target as a benchmark for improvement consistent with that of Newham Council who employ the staff. The Clerk explained that the target figure already reflects a considerable improvement on the actual sickness rate for last year and is intended to be a realistic assessment of what can be achieved prior to the staff transferring to the IWMS contractor at the commencement of the contract.

The deadline for the production of BVPPs has recently been changed to 30<sup>th</sup> June each year, to allow local authorities to include final performance out-turn data (rather than estimates) for the previous financial year. The draft Plan has been sent to the District Auditor for his comment and improvements are to be made to the design and layout of the Plan prior to its publication. We have also noted that the Clerk will be following up with the District Auditor the issue of Best Value inspections.

Accordingly, we have:-

- (i) Noted the draft Plan;
- (ii) Authorised the Clerk to approve the final version of the Plan for publication by the publication date; and
- (iii) Asked that a report be submitted towards the end of the year on feedback received on the Plan.

#### 1159 IWMS CONTRACT - UPDATE

The Project Liaison Director presented a progress report on the finalisation of the procurement of the IWMS Contract.

The IWMS Contract will consist of over 100 separate documents and representatives of ELWA, Shanks and Shanks funders are in the process of finalising these documents. We have noted the proposed timetable for completion of this work and the main issues that have still to be resolved before this task is complete.

The Project Liaison Director advised that in view of the complexity and nature of the discussions that are currently taking place and the revised timetable for this work, it will be necessary for additional funds to be made available from the Authority's budgets to cover the additional consultancy fees, which is referred to in a later report to this meeting.

Having considered the report, we have:-

- (i) Noted the Project Liaison Director's report; and
- (ii) Noted that the completion of the project is now scheduled for mid August.

## 1160 IWMS CONTRACT - INTERIM DELEGATION ARRANGEMENTS

We have received a report from the Project Liaison Director on the proposed delegation of specific functions to the Clerk and other Directors to reflect the arrangements under the IWMS Contract.

The IWMS Contract will bring about changes to the role and responsibilities of the Authority's officers in terms of operational decisions. In preparation for this and in the light of guidance stemming from the Local Government Act 2000, officers are currently reviewing the draft Contract documents in conjunction with ELWA's Standing Orders with a view to presenting a formal Constitution for the Authority to a future meeting.

In the meantime, officers have identified provisions within the draft Contract whereby the Authority's Representative is required to act and we have received a schedule of these provisions. In order that the necessary arrangements are in place for the commencement of the IWMS Contract, we have:-

- (i) approved the appointment of the Clerk as the Authority Representative for the purposes of the IWMS Contract;
- (ii) authorised the Authority Representative to appoint (a) the other Directors as Authorised Officers to deal with matters in accordance with the delegation arrangements under the Authority's Standing Orders, and (b) additional Authorised Officers to deal with day-to-day operational and administrative issues; and
- (iii) noted that a report will be submitted in due course on a new Constitution for the Authority, and this will include further proposals for the delegation arrangements and a revised officer structure to reflect new client monitoring arrangements.

## 1161 FRIDGES AND FREEZERS

(The Chairman agreed that a report on this issue could be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency so as not to delay the placing of a contract for the disposal of fridges and freezers.)

Further to Minute 1142, we have received a report from the General Manager on the current position regarding the collection and disposal of fridges and freezers.

The sum of £300,000 was provided for in the revenue estimates for 2002/03 to deal with the collection and disposal of fridges and freezers in the current year. However, in line with the General Manager's earlier prediction the number of units requiring disposal since the introduction of the Ozone Depleting Substances (ODS) Regulations and the cessation of take-back schemes by the retail industry has risen to, on average, 574 units per week.

A short-term contract for the disposal of fridges and freezers was entered into with Thames Waste Management Ltd. in February 2002 and this contract expired in May 2002 when the budget of £145,000 had been fully utilised. Since this time, all units received have been stored at ELWA s Jenkins Lane Refuse Transfer Station site and there are currently over 10,000 units on site.

Officers have investigated a number of options to overcome the problems associated with the storage and disposal of these units, namely (a) disposal of all units in the current financial year, (b) storage of current units and disposal of new units, and (c) the storage of all units for the remainder of the current year either at ELWA s Jenkins Lane site or at a commercial site. Although the disposal cost is currently in the region of £20-£25 per unit, the costs associated with storage are such that option (a) represents the best value for money.

To pursue option (a), it is projected that a further £535,000 is required in the current year. In view of the need for urgent action to deal with this issue and the impending start of the IWMS Contract, from which time the IWMS contractor will become responsible for all of the Authority s waste, including fridges and freezers, we have:-

- (i) agreed, under the provisions of Standing Order 24(e), that the requirements to obtain competitive tenders be waived to allow a contract to be entered into for the disposal of fridges and freezers with immediate effect and until the new arrangements begin under the IWMS Contract, subject to our considerations in respect of the Budget Pressures report later in this meeting; and
- (ii) authorised the Clerk to enter into the necessary arrangements for this contract.

## 1162 2002/03 BUDGET PRESSURES

(The Chairman agreed that a report on this issue could be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency so as not to delay the taking of any necessary action in respect of the Authority s finances.)

The Treasurer tabled a report on the current and projected financial position for the current financial year which included proposals to address the budget pressures faced by the Authority.

At the time that the Authority s budget for 2002/03 was set, it was envisaged that the procurement of the IWMS Contract would be completed by June/July 2002. As the Project Liaison Director explained earlier, this has not been possible and completion is now expected by mid August 2002. In respect of fridges and freezers, provision of £300,000 was made in the current year but, as referred to above, the projected full year cost to dispose of all units is £835,000.

The Treasurer referred to further budget pressures and explained that if all these costs were incurred the Authority would be in a net deficit position of approximately £50,000 even after the use of the available revenue balances and contingency for the year. With this in mind, the Treasurer has proposed a number of possible steps that can be taken to overcome this situation. We were also informed of the likely increase that would need to be applied to next year's levy to restore a prudent level of revenue balances in the event that the current reserves are depleted.

Arising from our consideration of the Treasurer's report, we have agreed the following:-

- (i) Officers to continue to lobby Government for additional resources on both the disposal costs for fridges and PFI and that a letter also be sent from the Chairman to the Secretary of State on the matter;
- (ii) The Treasurer to seek authority from the Secretary of State to treat the cost of refrigerator disposal in 2002/3 as capital expenditure and seek financing approval;
- (iii) The constituent Councils be advised (a) to maintain a freeze on non-essential expenditure for the remainder of the 2002/03, (b) to tightly monitor all ELWA-related budgets, and (c) to give ELWA Officers early notice of any projected variations;
- (iv) The use of general revenue reserves for the disposal of fridges and freezers up to £835,000, subject to this expenditure being limited to a sum that would not place the Authority into a Revenue Balances deficit position;
- (v) The provisional release of contingency for project fees arising from the delayed completion and complexity of negotiations up to £200,000, subject to a further report to our next meeting and consultation with the Treasurer;
- (vi) The constituent Councils be advised of the actions in respect of fridges and freezers and other pressures and the likely impact on the ELWA levy in 2003/4;
- (vii) Officers seek to contain the IWMS Contract cost to the original tender submission by Shanks Waste Services Ltd, subject to underlying assumptions remaining unchanged;
- (viii) To consider possible arrangements for a visit to EcoDeco's Bio-MRF plant at a further meeting when the Authority's financial position is under less pressure; and
- (ix) To receive further progress reports from the Treasurer at all future meetings this financial year.