

EAST LONDON WASTE AUTHORITY

9 February 2004
(1.00 - 2.25 p.m.)

Present:- Councillor Ware (Vice-Chair in the Chair); Councillors Sladden, Talati, Tebbutt and Twomey

1256 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors McKenzie, Griffin and Weinberg.

1257 MINUTES

We have confirmed as correct the minutes of our meeting held on 24 November 2003.

1258 2002/03 STATEMENT OF ACCOUNTS

Further to Minute 1236, we have noted that the District Auditor has now completed his review and audit of ELWA's accounts for the year ending 31 March 2003.

1259 DISTRICT AUDITOR'S ANNUAL AUDIT LETTER 2002/03

We have received and noted the District Auditor's Annual Audit Letter for 2002/03, which summarises the issues arising from the audit of the Authority for the financial year ending 31st March 2002. We are pleased to note that the Authority has received an unqualified opinion in respect of its accounts for 2002/03 and Best Value Performance Plan for 2003/04.

The District Auditor, Kash Pandya, and his Audit Manager, Steve Lucas, were present at the meeting. Mr. Pandya highlighted the key messages in his Audit Letter and stressed the importance for ELWA to maintain sufficient reserves and balances in the light of the current uncertainties surrounding waste management costs and the known stepped increases in ELWA's IWMS Contract costs over the next few years.

The Chair thanked Mr. Pandya and Mr. Lucas for attending today's meeting.

1260 END OF LIFE VEHICLES REGULATIONS 2003

Having considered a report from the General Manager in respect of the End of Life Vehicles (ELV) Regulations 2003 and with regard to the arrangements in place with the constituent Councils in respect of the discharge of ELWA's disposal functions, we have:-

- (i) Noted the General Manager's report and the implications of the ELV Regulations; and

- (ii) Agreed that the Finance Director (a) make specific provision in the 2004/5 revenue estimates of £365,000 for payments to the Councils for carrying out ELWA's disposal functions in respect of end-of-life/abandoned vehicles; and (b) provide contingency sums for 2004/5 should vehicle numbers or costs exceed those estimated.

1261 CLOSED LANDFILL SITES – INSURANCE

The Executive Director presented a report on issues relating to ELWA's four closed landfill sites and, in particular, the position regarding insurance cover for these sites.

We have noted that officers have been investigating the availability of additional insurances in order to provide ELWA with a comprehensive package of insurance cover for these sites. Initial site surveys have been carried out at three of the four sites and the results have been used in preliminary discussions with insurance underwriters. The Executive Director advised, however, that it is likely that ELWA will need to produce more detailed information about these sites before full insurance cover can be arranged. Accordingly, we have:-

- (i) Approved allocations from the contingency budget to meet:
 - (a) the cost of an initial survey at the Gerpins Lane site, at less than £3,000
 - (b) adviser fee costs of up to £8,000 in respect of all four sites
 - (c) the cost of more detailed (stage 2) on-site surveys at all four sites at a cost not exceeding £10,000 per site
- (ii) Agreed that a further report be submitted if the further investigations identify the need for additional remediation or monitoring measures at any of the four sites; and
- (iii) Agreed that a provisional sum of £100,000 be provided for in the contingency budget for 2004/5 to meet the cost of insurance premiums should appropriate cover become available.

1262 2004/5 REVENUE & CAPITAL ESTIMATES AND LEVY *

We have received a report from the Finance Director on the revised revenue and capital estimates for 2003/4 and the draft estimates for 2004/5 on which the annual levy is to be determined.

The Finance Director highlighted the main issues underpinning the preparation of the annual budget and reiterated the comments of the District Auditor, made earlier in the meeting, regarding the need for ELWA to maintain appropriate levels of reserves and balances to meet projected and unforeseen increases in costs.

The Finance Director confirmed that for 2004/5 the ELWA levy is set to increase by only 4.9% over the 2003/4 level. Having considered the report and supported the Finance Director's proposals therein, we have agreed:-

- (i) the revised estimates for 2003/04 totalling £22,581,000 after the contribution from the PFI Contract Reserve;
- (ii) the utilisation of the 2003/04 contingency as set out in the report;

- (iii) the draft detailed revenue estimates for 2004/05, totalling £28,415,000, excluding contingency and contributions to reserves;
- (iv) the following new rates for commercial and industrial waste and recycling credits for 2004/05:

Recycling Credits	£47.00 per tonne
Commercial and Industrial Waste	£47.00 per tonne
- (v) a Contingency Reserve of £1,000,000 for 2004/05, to be financed from Revenue Reserves;
- (vi) on the basis of (iii) to (v) above, to determine the levy for 2004/05 in the sum of £28,415,000;
- (vii) to the continuance of existing arrangements for the payment of the levy and funding of the Councils in 2004/05; and
- (viii) that further reports be submitted on proposals to incentivise Councils to increase their recycling levels.

1263 THE NEW CAPITAL FINANCE SYSTEM – THE PRUDENTIAL CODE

We have received a report from the Finance Director on a new capital finance system, the Prudential Code, which comes into effect on 1 April 2004.

The Prudential Code will replace all existing legislation and regulations covering local authority capital finance. The new Code provides a framework for self-regulation of borrowing and capital investment plans and requires every local authority to set a variety of Prudential Indicators to support and record local decision making. Accordingly, we have:-

- (i) noted the Finance Director's report and the changes to the local authority capital finance system;
- (ii) noted the requirements of the new system on ELWA's levy setting process; and
- (iii) agreed the Prudential Indicators for capital expenditure as set out in Appendix A to the Director's report.

1264 TREASURY MANAGEMENT STRATEGY & PRUDENTIAL INDICATORS FOR 2004/05

Further to Minute 1263 above, the Finance Director reported on aspects of the new Prudential Code relating to Treasury Management issues. Having considered the report, we have:-

- (i) agreed the Prudential Indicators for Treasury Management as set out in the Finance Director's report; and
- (ii) agreed the Treasury Management Policy Statement at Appendix A to the report.

1265 IWMS CONTRACT PERFORMANCE 2003/04 - UPDATE

We have received and noted the General Manager's regular progress report on operational issues relating to the IWMS Contract.

1266 FRIZLANDS LANE REUSE & RECYCLING CENTRE

The Executive Director presented a report on the redevelopment of the Frizlands Lane civic amenity site into a Reuse & Recycling Centre and the implications of the new development on local residents.

We have noted that there has been an on-going dialogue with local residents regarding their concerns and the steps being taken and the Office Manager gave a verbal update on a recent meeting between ELWA, Shanks East London and Council officers and residents' representatives.

1267 AVELEY METHANE LIMITED

Following consideration of a report from the Executive Director on the latest issues relating to Aveley Methane Limited (AML), we have:-

- (i) noted the AML Accounts for 2002/2003 attached at Appendix A to the report;
- (ii) noted the continuing discussions with Novera Energy Limited regarding the future of AML; and
- (iii) agreed that a further progress report be presented to our next meeting.

1268 2004/05 PROGRAMME OF MEETINGS

We have agreed the following programme of meetings for the 2004/5 municipal year. The meetings are to be held at the Civic Centre, Dagenham commencing at 1.00pm:-

Monday 7 June 2004
Monday 19 July 2004 (Annual General Meeting)
Monday 29 November 2004
Monday 7 February 2005
Monday 11 April 2005

1269 LONDON RECYCLING FUND – ROUND 8, 9 & 10 BIDS #

The General Manager tabled a report on two proposed ELWA-led bids for funding via the London Recycling Fund (LRF).

The LRF recently announced details of three further rounds of funding for 2004-2006. Initial discussions between ELWA, Council and Shanks East London officers have identified two possible bids that could meet the main criteria for funding. These relate to a revised Recycling Bus application and a new application for recycling initiatives in 'hard to reach' areas such as multi-occupancy premises and flatted estates.

Having noted the report and the timetable for applications, we have:-

- (i) authorised the Finance Director to agree the financial implications of

- (ii) agreed, subject to (i) above, that the two proposed bids be submitted to the LRF; and
- (iii) asked that a further report on this matter be presented to our next meeting.

1270 EXCLUSION OF THE PUBLIC AND PRESS

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 transacted which includes information exempted by paragraphs 7 and 12(a) of Part 1 of Schedule 12A of the Local Government Act 1972.

1271 ELWA LAND AT GERPINS LANE, UPMINSTER

Having considered a report from the Legal Adviser on matters relating to ELWA's closed landfill site at Gerpins Lane, Upminster, we have:-

- (i) authorised the Legal Adviser to take any necessary steps (a) to resist the application for registration of the possessory title including any arbitration or court proceedings, and (b) to deal with any trespass on ELWA's land; and
- (ii) agreed that any significant developments in this matter be reported as appropriate.

1272 URGENT ACTION

We have noted details of the action taken by the Managing Director, under the urgency provisions of Part B, Article 1, paragraph 25 of the Constitution, in respect of matters relating to the business affairs of the Shanks Group and Shanks Waste Services Limited.

1273 IWMS CONTRACT – REVISED CONTRACTUAL ARRANGEMENTS #

Further to Minute 1272 above, the Executive Director tabled a report on the progress on this matter. Having considered the report, we have:-

- (i) noted the advice from Wragge & Co as set out at Appendix A to the report;
- (ii) noted the implications of the proposals for ELWA;
- (iii) agreed that ELWA's formal consent be given to the proposals, subject to the conditions set out in the report; and
- (iv) subject to (iii) above, authorised the Managing Director to make any necessary amendments to the IWMS Contract documentation arising from the proposals.

(* Part of this item was considered after the resolution had been passed to exclude the public and press from the remainder of the meeting.)

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