



# The East London Waste Authority

## Best Value Performance Plan 2002/03





## Foreword



Welcome to the East London Waste Authority's third Best Value Performance Plan. This document tells you how we provide waste disposal services, what plans we have for the future and shows how we have measured up against the targets that we set ourselves in last year's plan.

During the past year, the letting of ELWA's Integrated Waste Management Strategy (IWMS) contract has again been the dominant factor in the work of the Authority. Following a number of rounds of short-listing and negotiations, Shanks Waste Services Limited has been selected as the 'preferred bidder' for ELWA's contract for the treatment and disposal of ELWA's waste for the next 25 years. The contract has an annual value of approximately £25m and is due to begin this summer.

The new services that will be provided under the contract will radically change the way that waste is dealt with in this part of east London. Every resident in the ELWA area will have the opportunity to participate in recycling and the amount of waste that is sent to landfill will be dramatically reduced. As well as enabling ELWA and its four constituent Councils to meet national recycling and diversion from landfill targets, the new service will bring much needed investment to the area and see the creation of almost 100 new jobs.

The Authority would like to thank all those who commented on last year's Best Value Performance Plan. We are always pleased to hear from anyone who might have a view, whatever it may be, on the services that we provide and our future plans.

### **Graham Farrant**

Clerk to the East London Waste Authority

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## Background to ELWA

The East London Waste Authority (ELWA) was established in January 1986 as a joint statutory Waste Disposal Authority responsible for the disposal of waste generated by the London Boroughs of Barking & Dagenham, Havering, Redbridge and Newham, which are ELWA's constituent Councils.

ELWA is comprised of 8 members, with 2 members appointed by each of the Councils. These members are councillors within their respective boroughs. The boroughs have a combined population of over 855,000 people living in approximately 340,000 households. ELWA receives over 1/2 million tonnes of waste each year from the Councils and their residents. The table below shows how waste levels in the ELWA area have increased over the last 10 years. The level of increase is typical of what has happened nationwide.

Until now, the answer has been to bury most of this rubbish. Almost 90% of the waste that ELWA receives is currently taken to landfill sites by road, either directly by the Council's refuse collection vehicles (RCVs) or via the Jenkins Lane Refuse Transfer Station. The remainder is either recycled, composted or sent for incineration.

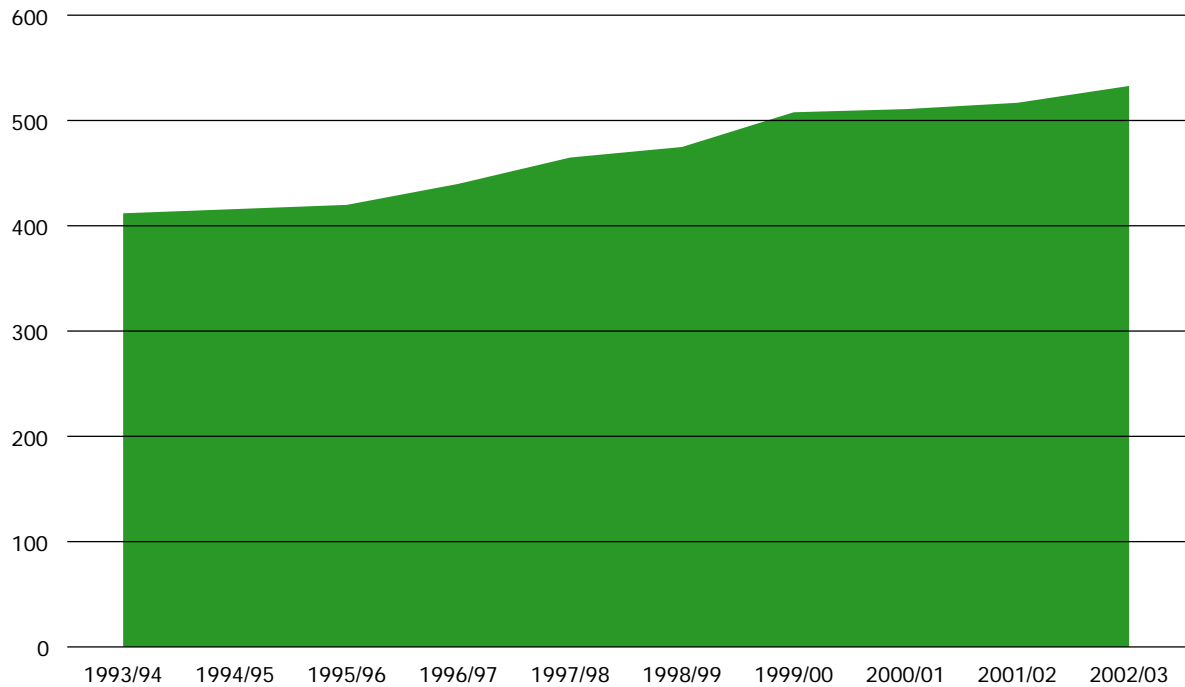
However, these landfill sites will not always be available and environmental concerns about them are growing. In recent years, the landfilling of waste has been subject to significant additional cost and environmental pressures. The Landfill Tax was introduced in October 1996, and is currently set at £13 per tonne. **This will cost ELWA around £6million this year and the rate of landfill tax is set to increase annually.**

New Government and EU legislation has introduced restrictions on the levels and

### Growth in Waste (excluding recycling) 1993/4-2002/3

Year	Status	Tonnes (000's)	Annual Increase
1993/94	Actual	412	1.0%
1994/95	Actual	416	1.0%
1995/96	Actual	420	1.0%
1996/97	Actual	440	4.8%
1997/98	Actual	465	5.7%
1998/99	Actual	475	2.2%
1999/00	Actual	508	6.9%
2000/01	Actual	511	0.1%
2001/02	Actual	517	1.2%
2002/03	Projected	533	3.0%

## Growth in Waste



types of waste that can be landfilled in the future. In addition to this, ELWA's two main landfill disposal contracts are due to expire in 2002 and 2005. These pressures highlight the need for ELWA to change its approach to waste disposal.

These changes will be introduced via ELWA's Integrated Waste Management Strategy (IWMS) contract. This contract is due to start in the summer of 2002 and will run for 25 years. Shanks Waste Services Limited has been selected as ELWA's private sector partner for the contract and the new partnership company, ELWA Limited, will introduce new ways of dealing with the waste in the ELWA area.



## Introduction to Best Value

Best Value is a key element in the Government's plans for modernising local government. Since April 2000 ELWA, along with all other local authorities, has had a duty to obtain best value in the provision of its services. Until recently, local authorities were required to carry out reviews of all services over a five-year programme. Although this requirement no longer applies, authorities still have to undertake reviews of their various services, with the aim of ensuring that these services continue to be what local people need and that they are being delivered as efficiently as possible.

### Our Approach

The introduction of the best value legislation and guidance means that ELWA is now able to implement a best value approach to all of its activities. We believe that the approach that we adopted in developing our integrated waste management strategy and contract, which began in 1996, is an excellent early example of best value in practice. The reasons for and the methods by which services are provided were challenged, performance was compared with other authorities and private sector bodies, local people and interested groups were consulted and finally an innovative

procurement route followed. The new contract represents an innovative public/private partnership with a private contractor, supported by the Councils and the Government via the PFI. This will provide a significant aid to achieving best value by:

- introducing private sector commercial skills and attitudes;
- introducing vital new private and public sector financing;
- minimising the adverse effects of the landfill tax;
- maximising environmental benefits, including links to community initiatives in each borough;
- retaining the substantial local authority experience in this area, particularly around issues of environmental performance, probity and community involvement;
- providing a holistic approach to both collection and disposal of waste.

The best value legislation and guidance provides a proper framework on which to build on this early experience but we are aware of the work that we need to do before we can satisfy ourselves that the best value principles are being applied to every area of our business.





Many of ELWA's current areas of responsibility, such as the running of the Refuse Transfer Station at Jenkins Lane, Barking, and the arrangements for the disposal of the waste, will transfer to the new contractor under the IWMS contract. To ensure that best value continues to be achieved in these areas after the contract is awarded, there are provisions in the contract which require the contractor to reflect best value in the approach and provision of the services. This will include the contractor providing ELWA with annual and five-yearly service delivery plans which include proposed changes to the way that services are delivered to achieve continuous improvement in environmental terms and better value for money for ELWA, the constituent Councils and local residents.

There are still many areas that ELWA will be solely responsible for after the contract is let. For example, the new contract will bring with it a need for ELWA to establish a strong client base, which will be responsible for monitoring the work of the contractor. ELWA has also recognised the need to maintain a strong focus on its corporate planning and strategic decision-making structures. Furthermore, we are determined to improve links between our vision and the community strategies and corporate planning processes of the four constituent Councils.

## Equality

East London has the distinction of being one of the most culturally diverse areas in the country. It is also an area with low-income households with the associated features of poor environmental standards, lack of educational achievement and social exclusion. In these circumstances ELWA has a role to play by:

- aiming for our workforce to reflect the community at all levels
- ensuring our services are accessible on an equal basis.

Equality and economic regeneration will play an important part in how we plan future waste disposal options. In addition, greater emphasis has to be placed on promotion and education to encourage greater levels of waste reduction and recycling and it is crucial that this is aimed at all sections of the community.

# ELWA's Objectives

## Our Vision is:

**“To provide an effective and efficient waste management service that is environmentally acceptable and delivers services that local people value.”**

This aim will be delivered primarily through the implementation of the IWMS contract. The original objectives within the IWMS were as follows:

- (i) the services shall be both reliable and achievable in terms of managing and disposing of the waste;
- (ii) the services shall be environmentally and economically sustainable in terms of:
  - encouraging waste minimisation initiatives by providing an education service throughout the term of the contract;
  - seeking to maximise waste recycling and composting opportunities potentially supported by recovery of energy; and
  - contributing to local economic development.
- (iii) the most cost effective delivery of the services;
- (iv) the services shall be sufficiently diverse and flexible and not dependent upon a single method of waste treatment so as to ensure that ELWA complies with its statutory duty to dispose of waste;

To reflect changing central and local government priorities, these objectives have since been supplemented by a requirement on the IWMS contractor to achieve the following targets:

- 25% recycling or composting in the period 2005/6 to 2009/10;
- 30% recycling or composting in the period 2010/11 to 2014/15;

- 33% recycling or composting in the period from 2015/16;
- 40% recovery in the period 2007/8 to 2009/10;
- 45% recovery in the period 2010/11 to 2014/15;
- 67% recovery in the period from 2015/16.

ELWA believes that these objectives:

- reflect the corporate policies and aspirations of the constituent Councils;
- are consistent with EU and UK Government policies on waste management;
- reflect the long term regional and local context;
- show engagement of local people in the decision making process;
- show an innovative approach to procurement; and
- provide a good foundation for a culture of continual improvement.



## ELWA's Approach to Efficiency and Improvement

In its work in developing the IWMS, ELWA has particularly tried to embrace the principles of the 4 C's - challenge, compare, consult and compete.

**1 Challenge** - The waste management industry faces considerable challenges over the next few decades. Waste continues to grow year on year and our ability to process it in a sustainable manner is becoming increasingly difficult. The Government has set all local authorities ambitious targets for better waste management. This has resulted in ELWA defining a totally new approach to the way it intends to handle the waste. Currently, almost 90% of the waste is sent to landfill sites. This is clearly unsustainable both from an environmental and financial point of view. By challenging the traditional arrangements an innovative solution has been found.

Technological and market improvements have meant that solutions other than

landfill can be realistically considered, thereby providing the platform for considerable environmental improvement. In addition, groundbreaking work on the development of ELWA's contract procurement strategy has resulted in a deal that brings significant financial benefit to ELWA. Ultimately, the real winners will be the local people who will receive a quality service and an improved environment. ELWA also needs to challenge its own internal mechanisms and the way that these work, which are outside of the scope of the IWMS contract. For example, a new staffing structure will be implemented to ensure effective monitoring of the contract and other day-to-day activities.

**2 Compare** - Historically there has been little information around to allow meaningful comparison between Waste Disposal Authorities, although this area is being developed through the WDA Benchmarking group. Perhaps the most

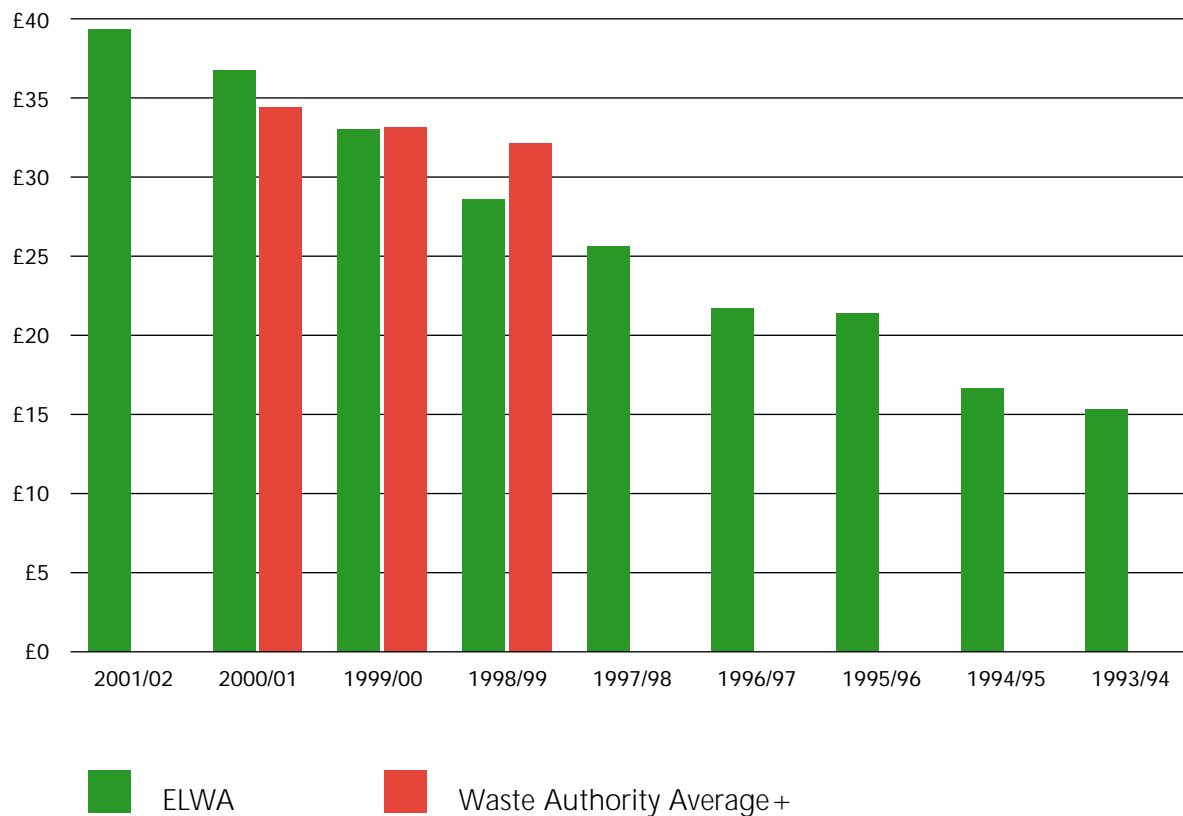
### ELWA Cost per Tonne for Waste Disposal during recent years

Year	ELWA	Waste Authority Average +
2001/02	£39.34*	N/A
2000/01	£36.79	£34.45
1999/00	£33.01	£33.13
1998/99	£28.58	£32.14
1997/98	£25.63	N/A
1996/97	£21.69	N/A
1995/96	£21.43	N/A
1994/95	£16.64	N/A
1993/94	£15.34	N/A

\* *provisional outturn figure*

+ *Source: WDA Benchmarking group*

## Cost per Tonne



commonly cited performance measure is the cost per tonne of disposal. Comparisons of this figure need to be considered with caution because disposal methods vary greatly between areas.

**3 Consult** - ELWA is keen to develop an effective public consultation strategy and wishes to build on its previous work in this area. In 1996 we conducted a major two-stage consultation exercise over proposals for the IWMS. Over 20,000 consultation documents were sent out to residents, businesses and other interested parties. Whilst the level of response was low the exercise was an important learning experience. We are confident that the lessons learnt and experiences

passed on by the constituent Councils will enable us to consult more successfully in the future, particularly around best value and service delivery improvements.

Finding out what our customers want from our services and how they think we are performing is important to ELWA and we are keen to develop innovative consultative arrangements, perhaps in partnership with the constituent Councils, local environmental groups and businesses. Furthermore, the contractor for the IWMS contract will be actively involved with ELWA in increasing the general public's awareness and involvement in the way that services are provided.

**4 Compete** - At an early stage ELWA was convinced that the new contract could only be delivered with the significant involvement of the private sector. A number of factors influenced this decision: there is a reputable and well-developed market for these services; the suppliers are national/ multi-national concerns and the service required significant capital investment. The IWMS contract will be in the form of a private sector led joint venture company. The cost of the contract will be supported by PFI funding. The contract has been tendered via the EC negotiated route, which was felt would deliver the best outcome for the service as a whole. The contract procurement process will have taken over two years by the time it is completed and the successful contractor will have passed through four main short-listing stages, having faced strong competition at each stage.

In this context ELWA has managed to limit the increases in the other costs over which it has direct control to effectively achieve a level of efficiency improvement. We are determined to continue this good work while at the same time making improvements in service quality. The new IWMS contract, the PFI support, our use of performance management information and improved and increased public consultation will help us to continue to deliver in this area.

In environmental terms, the targets for recycling and recovery (and consequent reduction in landfill) reflect the drive for continuous improvement throughout the 25-year period of the contract.

### Continuous Improvement

The Government has set targets for increased efficiency for all public services and requires that local authorities achieve the top quartile within five years for a range of performance indicators. Although ELWA's annual costs have risen year on year, these rises have been mainly attributable to increased tonnage levels being presented by the Councils for disposal, increases in the rate of landfill tax and annual indexation of our disposal contracts. Also, ELWA has employed professional consultants during the procurement process to advise on a range of financial, legal and technical matters and the cost of these services have had to be met from ELWA's annual levy.



## Current Services and Performance

ELWA owns and operates a refuse transfer station (RTS) at Jenkins Lane, Barking. The majority of waste collected by the four Councils is delivered to this site, although some refuse collection vehicles directly transport the waste to a disposal site. The waste received at the RTS is compacted into containers and then taken by road for final disposal into landfill sites at Rainham and Aveley. The types of waste that ELWA deals with includes general household waste, street cleansing waste, trade refuse and the waste delivered by residents to the four civic amenity sites (council tips) that are situated at Frizlands Lane, Dagenham; Gerpins Lane, Upminster; Chigwell Road, Woodford; and Jenkins Lane, Barking.

Currently, waste that is suitable for recycling, such as paper and glass collected from

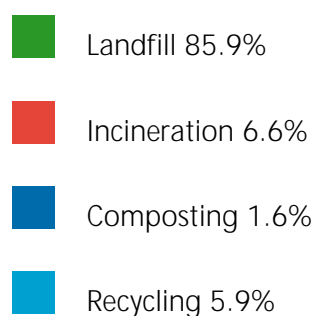
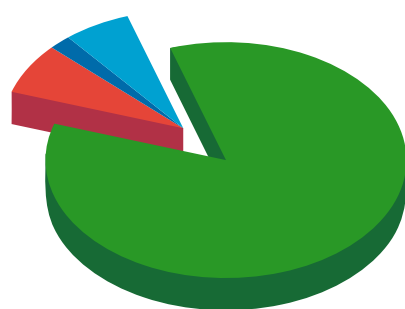
“bring banks” situated in the boroughs, is sent directly to a recycling processor by the Councils and is not presented to ELWA for disposal. Under the new IWMS arrangements, Shanks will take over the responsibility for the operation and management of the four civic amenity sites, the Ilford Recycling Centre and the bring banks. All the waste that is generated, including the recyclable materials, will be handled by Shanks with the exception of approximately 12,000 tonnes of recyclable materials that are to be handled separately by Cleanaway Limited under a special arrangement with Havering Council up to 31st March 2004.

The table below shows the current position with regard to disposal methods.

### ELWA Household Waste Disposal Method History

Disposal Method	1999/00 Actual %	2000/01 Actual %	2001/02 Target %	2001/02 Actual %	2002/03 Target %
Recycling	4.7	6.9	7.5	5.9	6.5
Composting	0.5	1.0	1.5	1.6	2.5
Incineration	5.0	4.1	4.5	6.6	7.5
Landfill	89.8	88.0	86.5	85.9	83.5

### Disposal Method 2001/02 Actual %



Although ELWA will no longer be carrying out the operational functions once the IWMS contract commences, it will retain the statutory responsibility for the service and will be putting in place new client monitoring arrangements. This will ensure that the new service is being operated in accordance with the contract and that local residents are receiving value for money. These client monitoring arrangements are being finalised at the moment in consultation with the constituent Councils and, once implemented, will be kept under constant review.

In 2002/03, the cost of running ELWA will be approximately £23million. Most of this cost relates to the fees and taxes charged for disposing of the waste, transportation and the running of the RTS at Jenkins Lane.

With the exception of the IWMS Contract, perhaps the most significant issue to have affected the Authority in the last year relates to the disposal of fridges and freezers. The Ozone Depleting Substances Regulation came into force on 1st January 2002 and introduced new requirements for the removal of hazardous foams from fridges and freezers. Although the EU had passed the regulation in 2000, its full implications did not become apparent until shortly before the regulation was transposed into UK law on 1st January 2002. As a result, local authorities in the UK were no longer able to dispose of the units as they had before and because of the costs involved in treating and disposing of the units under the new legislation, the retail industry stopped operating "take back" schemes for old units when a new fridge or freezer was purchased. To compound the problem, there are currently no licensed facilities in the UK that have the systems in place to remove the hazardous foams in accordance with the regulation which has meant that the units either have to be stored or taken to mainland

Europe for disposal where there are sites that can properly remove the hazardous foams.

The impact of this has been a dramatic increase in the number of units being presented to ELWA for disposal and an even greater increase in the unit cost of disposal. In previous years, ELWA could typically have expected to receive around 600 units each month. Since the new regulation came into force and the retailers abandoned the "take back" schemes, ELWA has been receiving an average of 2,500 units each month and the cost of disposal has increased to around £25 per unit. Transposing these figures into a full year, ELWA could now expect to pay £3¼ million for the disposal of fridges and freezers, whereas only a short while ago the annual bill would have been less than £10,000.

In view of the costs involved, only around one-third of the units that have been received since December 2001 have been disposed, with the remainder being stored in containers at ELWA's site at Jenkins Lane. However, with over 10,000 units now being stored the space available at the site is very limited and ELWA is having to consider a range of options to deal with this situation. The UK Government is aware of the problems that local authorities are faced with and has announced that financial support will be given, although the level and timing of this support is not yet known. In the meantime, ELWA will continue to lobby the Government for appropriate funding.

ELWA also owns, and is responsible for, four closed landfill sites which, at least for the time being, are outside of the IWMS contract. While three of these sites have been inactive for many years, the site known as Aveley 1 is still generating landfill gas that requires extraction and monitoring. ELWA does this by means of a joint venture company, Aveley Methane Limited (AML).

## Integrated Waste Management Strategy Contract

ELWA developed a plan in 1996 following an extensive two-stage consultation exercise that involved local residents, the constituent Councils and a range of external organisations including Government departments, the waste management industry and environmental groups.

Known as the Integrated Waste Management Strategy (IWMS), it was designed to get the best balance between costs and environmental impact. The strategy considered all the available options for the disposal of rubbish and four alternatives were identified:

- recycling
- organic treatment
- energy recovery
- landfill

Financial and environmental studies were commissioned to identify the likely cost and effects of the numerous waste management methods. The affordability of any long-term contract such as ELWA's is always a major concern. The successful contractor will be investing around £100 million in new infrastructure alone, on top of the annual disposal and operational costs. A successful application has been made for £47m PFI funding, which will be payable to ELWA over the duration of the 25 year contract. The Private Finance Initiative (PFI) is a fairly recent Government scheme, which provides financial support for specific pathfinding and innovative projects in partnership with the private sector.

The two-year contract tendering process is now nearing completion. There have been four main short-listing stages in the procurement process:

- selection of tenderers to progress to Invitation to Submit Outline Proposals (ISOP) stage (July 2000)

- selection of tenderers to progress to Invitation to Tender (ITT) stage (December 2000)
- selection of tenderers to progress to Best and Final Offer (BAFO) stage (July 2001)
- selection of Preferred Bidder (March 2002)

Set out below is a summary of Shanks' main proposals for the new service:

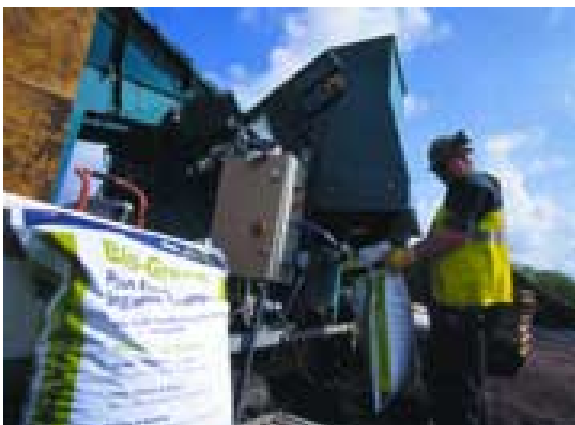
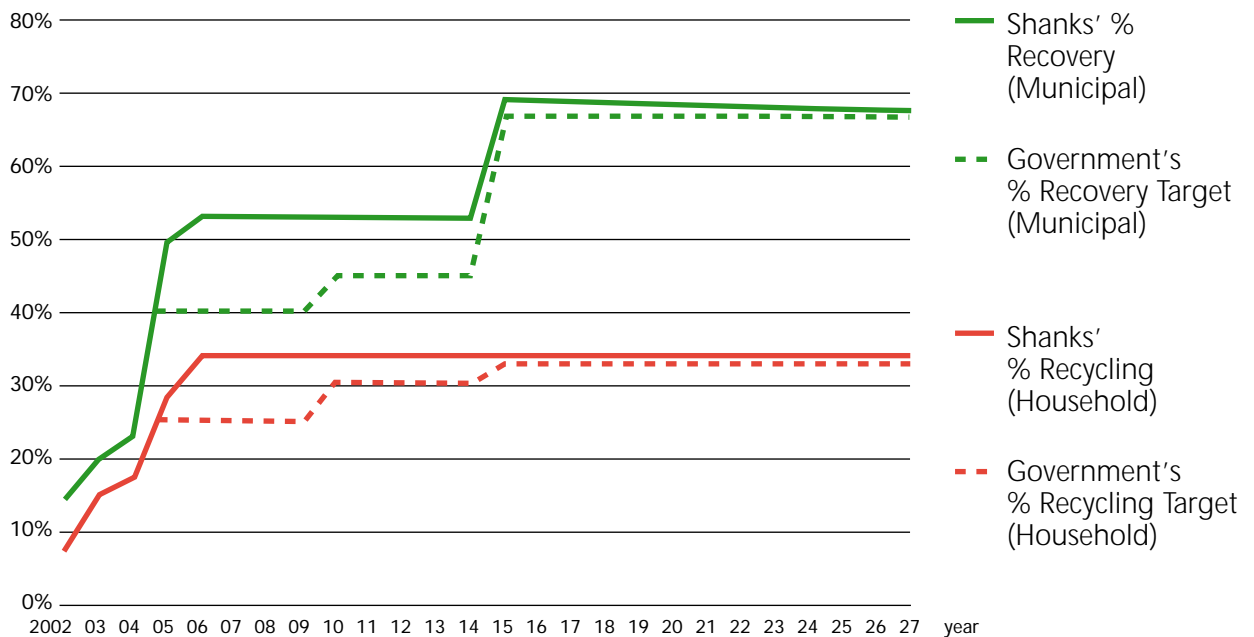
- education and community campaigns to promote waste minimisation, recycling and recovery
- introduction of kerbside separation of recyclables for all households
- significant improvements at all civic amenity sites, which are to be renamed Reuse and Recycling Centres
- local treatment of all collected waste in biological processes to dry and stabilise waste, reduce its weight and to allow separation of materials for recycling (Bio-MRFs) - through major new facilities at Jenkins Lane and Frog Island
- production of secondary fuel from waste which has been treated and cannot be recycled - to be used to generate energy in existing facilities, displacing the need to burn fossil fuels
- moving waste off roads onto rail and possibly the river
- increased recovery and recycling - to beat local and national targets
- £100 million investment in sustainable waste management for the ELWA area
- existing employment safeguarded and transferred to new service
- nearly 100 new jobs
- new Education and Visitors Centres

- dedicated Community and Education Liaison Officers
- no new incineration in the ELWA area.

Over the next year, Shanks will introduce a range of improvements to the four civic amenity sites which will bring about an immediate increase in the level of recycling through greater segregation of waste. The flow of traffic through the sites will also help to improve the service to the public and reduce queuing times. Shanks' longer-term proposals include the expansion of Council

kerbside collection schemes and the commencement of education and community campaigns to promote waste minimisation and recycling.

The graph below shows how the levels of recycling and recovery will increase over the term of the contract as new kerbside collection arrangements are introduced and the main facilities for processing the waste are brought on line. The graph also shows how the recycling and recovery levels compare with the Government's targets in the National Waste Strategy.



At the moment, ELWA has no direct employees but discharges its duties and functions through agency agreements with the constituent Councils. The staff at the Jenkins Lane RTS, the civic amenity sites and the Ilford Recycling Centre will transfer at the beginning of the contract and will continue in their current jobs. As well as safeguarding the employment of the existing staff, Shanks will be creating almost 100 new jobs as the new services and new facilities come on stream.

## Consultation with Key Stakeholders

Throughout the IWMS process ELWA has placed huge importance on consultation. We believe that the only way to achieve a successful fully integrated contract is to have made sure that every individual or body that is affected by the proposals has had the opportunity to have an input.

We began this process with the extensive consultation during the development of the IWMS. More recently, considerable dialogue has taken place with the Department of the Environment, Fisheries and Rural Affairs (DEFRA) who have a particular interest in the PFI element and the development of the Government's National Waste Strategy. The views of the Greater London Authority and the Mayor and his advisors have also been sought in relation to ELWA's proposals. The Mayor has produced a draft Municipal Waste Strategy for London and it is important that ELWA's IWMS contract fits in with the objectives for the whole of London and particularly the Thames Gateway area.

The four constituent Councils have been and continue to be extremely supportive of ELWA's objectives; and their involvement in the development of the IWMS has been invaluable. All the parties have recognised the importance of an integrated approach to waste management and this has brought about many improvements to the contract. One such improvement is the inclusion within the contract of the management and operation of the civic amenity sites and the Ilford Recycling Centre. This will enable the contractor to invest in these sites and improve waste segregation and recycling, assisting greatly in the achievement of the ELWA recycling/composting targets.

ELWA is proud of its achievements in this area. However, it is also mindful of the dangers of complacency and the need for a good understanding and awareness of its future plans and decisions. In this respect,



ELWA and Shanks are working together on ways of engaging all interested parties, especially local people, in the way that services are provided. A number of lessons have already been learnt from the feedback on our previous BVPPs which we have taken on board, and the new joint approach with Shanks will concentrate on further ways to increase community awareness and involvement in the way that ELWA provides its services.

In order to keep borough residents informed throughout the year of issues affecting ELWA, the way that we work and progress with the IWMS contract, ELWA has introduced the "Waste Solutions" newspaper. The first edition was distributed to all households in the ELWA area in early December 2001 and the second edition was published, in partnership with Shanks, in April 2002. The newspaper is expected to be a regular feature, with the next edition to be published to coincide with the start of the IWMS service later this year. ELWA's website is also currently being upgraded and the 'new' site is due to go live in July 2002.

In addition, it is intended that representatives from ELWA and Shanks will visit each of the constituent Councils' community forums / area committees during this year to explain the new proposals and to get feedback on how things can be even further improved.

## Best Value Reviews and Review Programme

Best value reviews are designed to be the principal means by which authorities consider new approaches to service delivery and set demanding performance targets for all services in order to deliver continuous improvement. Previously, best value legislation placed a requirement on local authorities to review all their functions in a five year cycle. This requirement was revoked by Statutory Instrument No. 2002/305.

In last year's Plan, ELWA set the following review programme for 2001-2005:

arrangements to be considered in conjunction with the partnership arrangements with Shanks under the IWMS contract. A new constitution for the Authority is currently being prepared and this will cut across many, if not all, of the above issues. In addition, provision has been made within the IWMS contract for the contractor to carry out best value reviews of certain areas in the early years of the contract, one of which is a review of the disposal arrangements for fridges and freezers.

Date	Review Area	Reason for Review
2001/02	Organisational structure, management arrangements, corporate and decision making framework	It is possible to improve existing arrangements to achieve better clarity in setting corporate objectives. Need to set Best Value firmly in the day to day business of ELWA and create a climate in which continual improvement can thrive
	Employment policies and procedures	ELWA currently adopts constituent council policies
2002/03	Contract administration	To check effectiveness of new contract including monitoring systems
2003/04	Contractor's performance	To identify effectiveness of performance against contractual targets
2004/05	Operational Service provision (including civic amenity sites, Jenkins Lane Refuse Transfer Station and closed landfill sites)	Periodic review of parts of service provided by contractor under IWMS Contract

Unfortunately, it has not been possible to complete the reviews scheduled for 2001/02, primarily as a result of the considerable amount of work and effort that is involved in the finalisation of the IWMS contract. This said, preparations have begun in respect of all of these areas and it is envisaged that full reviews will be completed by the end of this year. The delay will also allow the new

The support of officers from the constituent Councils has been and will continue to be available to ELWA to assist in the best value work and, as part of the review of ELWA's organisational structure, a dedicated staff resource will be created to carry out this work.

## Auditor's Recommendations

Following the publication of our Best Value Performance Plan for 2001/02, the District Auditor was required to carry out an audit of the plan in accordance with Section 7 of the Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

The main purpose of the Auditor's work was to:

- (i) report whether the plan has been prepared and published in accordance with statutory requirements and, if not, to recommend how the plan should be amended;
- (ii) recommend, where appropriate, procedures to be followed in relation to the plan;

(iii) recommend whether the Audit Commission should carry out a best value inspection of the Authority;

(iv) recommend whether the Secretary of State should give a direction under Section 15 of the aforementioned Act.

ELWA was very pleased to learn that the District Auditor gave an unqualified opinion that the Plan for 2001/02 had been prepared and published in accordance with statutory requirements and that he did not consider it appropriate to make any recommendations to the Audit Commission or the Secretary of State. The Auditor did make a number of recommendations for procedures to be followed in relation to the plan and these are set out below, together with the Authority's response to the District Auditor.

Suggested Action	Priority 1 = Low 2 = Med 3 = High	Authority's response	Officer responsible	Timescale
(1) Continue to consider additional ways to publicise the BVPP to ensure that it reaches as many stakeholders as possible.	2	This issue will be considered and developed as part of ELWA's PR Strategy prior to the commencement of its IWMS contract and strengthened via the Community Consultation process.	ELWA Project Team/PR	March 2002
(2) Formally agree a new management and corporate governance framework to prepare for the new type of organisation that ELWA will become following the letting of the contract.	2	This issue is being progressed by Directors as part of the year 2 Best Value review of organisational and management arrangements in preparation for the new joint venture arrangements.	ELWA Directors	March 2002
(3) Prepare a consultation strategy as part of the wider process of defining links with constituent boroughs.	2	As part of the action to be taken in respects of (2) above, ELWA will involve the WCA's and other relevant bodies in the course of the Best Value review.	ELWA Directors and WCA Project Team	March 2002

Suggested Action	Priority 1 = Low 2 = Med 3 = High	Authority's response	Officer responsible	Timescale
(4) Identify and address staff training and development issues to ensure that the Authority is able to optimise its future reliance on consultants.	2	The internal resource base will be reassessed in the light of the transfer of some staff under the IWMS Contract. Following the implementation of the new management and corporate governance framework, ELWA will introduce and develop a performance management and appraisal system for staff to maximise in-house skills.	ELWA Directors	March 2002/ Ongoing
(5) Introduce a quality assurance system covering the collection and reporting of performance information.	3	The authority has approved the creation of the post of Performance Monitoring Officer. The postholder will lead on the development of performance management information systems and arrangements for statutory performance indicators and contract performance data, in conjunction with the boroughs and the successful IWMS contractor, in preparation for the start of the IWMS contract and publication of data for 2002/3. In the meantime, the introduction of an accurate quarterly PI reporting system for each constituent borough will be a minimum requirement.	ELWA Project Team	December 2001
(6) Develop a robust methodology for carrying out reviews to ensure that the reviews are best placed to deliver positive results.	2	Constituent borough expertise will be utilised to support the development of a robust methodology for all Best Value reviews. This area will be further strengthened as part of the new management and corporate governance arrangements.	ELWA Project Team and Directors	Ongoing

Suggested Action	Priority 1 = Low 2 = Med 3 = High	Authority's response	Officer responsible	Timescale
(7) Report regularly to the Management Board on progress with best value reviews to ensure that the programme is kept on track and given suitable priority on the management agenda.	1	Regular progress reports will be made to both the Management Board and ELWA Members (every second meeting). Further, it is envisaged that Member representation on the reviews will also occur.	ELWA Project Team	Ongoing
(8) Seek greater congruence in the timing of the best value reviews of waste collection by ELWA's constituent boroughs to help ensure that opportunities for service enhancement can be identified.	2	Common areas of interest for BV waste reviews will be identified and a formal action plan for joint reviews to take place will be agreed.	ELWA Directors and WCA Project Team	November 2001
(9) Following external reviews progress against agreed action plans should be reported to the Management Board on a regular basis to ensure that planned improvements take place.	2	The arrangements referred to in response to (7) above will be similarly applied for reporting on progress against agreed action plans.	ELWA Project Team	Ongoing

Management information arrangements have been strengthened with the development of an annual Internal Audit Plan. As part of the Internal Audit Plan, ELWA's internal auditors will monitor the approach adopted in undertaking its best value reviews and also the mechanisms for collecting and reporting BVPIs as a means of providing independent assurances as to the project management arrangements. ELWA is actively working

towards implementing all of the Auditor's recommendations although some slippage occurred as a result of the extensive work being carried out on the IWMS Contract.

Full copies of the District Auditor's Best Value Statutory Report and ELWA's Best Value Action Plan are available on the ELWA website ([www.eastlondonwaste.gov.uk](http://www.eastlondonwaste.gov.uk)) or by contacting Alan Dawson on 020 8270 4964.

## Performance Indicators and Targets

From 1st April 2000 ELWA has had a statutory duty to collect Best Value Performance Indicators (BVPIs). Our past performance and targets for 2002/03 are shown below.

### Statutory Best Value Performance Indicators

BVPI Code	Description	2000/01 Actual	2001/02 Target	2001/02 Actual	2002/03 Target	Comments	Government Target 2003/04	Government Target 2005/06
<b>Environment BVPI's</b>								
BV82a	Total tonnage of household waste arisings - percentage recycled	6.9%	7.5%	5.9%	6.5%		10%	18%
BV82b	Total tonnage of household waste arisings - percentage composted	1.0%	1.5%	1.6%	2.5%			
BV82c	Total tonnage of household waste arisings - percentage used to recover heat, power and other energy sources	4.1%	4.5%	6.6%	7.5%			
BV82d	Total tonnage of household waste arisings - percentage landfilled	88.0%	86.5%	85.9%	83.5%			
BV84	Kg of household waste collected per head	507kg	540kg	522kg	530kg			
BV87	Cost of waste disposal per tonne for municipal waste	£36.79	£38.29	£39.34	£42.50			

BVPI Code	Description	2000/01 Actual	2001/02 Target	2001/02 Actual	2002/03 Target	Comments
	<b>Corporate Health Indicators</b>					
BV3	The percentage of citizens satisfied with the overall service provided by their authority	52%	Not set	N/A	Not set	This indicator to be collected every 3 years. Next survey in 2003/04
BV4	The percentage of those making complaints satisfied with the handling of those complaints	55%	Not set	N/A	Not set	This indicator to be collected every 3 years. Next survey in 2003/04
BV5a	The number of complaints to an Ombudsman classified as maladministration	0	0	0	Indicator deleted	
BV5b	The number of complaints to an Ombudsman classified as a Local Settlement	0	Not set	Indicator deleted	Indicator deleted	
BV11	The percentage of senior management posts filled by women	16.7%	16.7%	16.7%	16.7%	Indicator no longer required but retained by ELWA in view of comments on BV11a below.
BV11a	The percentage of top 5% of earners that are women on the Authority	N/A	N/A	N/A	Not set	New Indicator. ELWA does not directly employ any staff. Also, ELWA Directors are not paid a salary for their work

BVPI Code	Description	2000/01 Actual	2001/02 Target	2001/02 Actual	2002/03 Target	Comments
BV11b	The percentage of top 5% of earners from black and minority ethnic communities	N/A	N/A	N/A	Not set	New Indicator. See explanation above
BV12	The proportion of working days/shifts lost to sickness absence	8.9 days	6.4 days	16 days	10 days	
BV13	Voluntary leavers as a percentage of staff in post	2.9%	0%	2.63%	Not set	Indicator deleted
BV14	Early retirements (excluding ill-health retirements) as a percentage of the total workforce over 50 years of age	0%	0%	2.63%	0%	
BV15	Ill health retirements as a percentage of the total workforce	2.9%	0%	0%	0%	
BV16	The number of staff declaring that they meet the Disability Discrimination Act disability definition as a percentage of the total workforce	0%	0%	2.63%	2.63%	
	compared with: % of economically active (defined as persons aged 18 to 65) disabled people in authority area	N/A	N/A	N/A	N/A	New indicator

BVPI Code	Description	2000/01 Actual	2001/02 Target	2001/02 Actual	2002/03 Target	Comments
BV17	Minority ethnic community staff as a percentage of the total workforce	9.7%	9.7%	7.89%	7.89%	
	compared with: % of economically active (defined as persons aged 18 to 65) minority ethnic community population in authority area	N/A	N/A	N/A	N/A	New indicator
BV156	Percentage of authority buildings open to the public in which all areas are suitable for and accessible to disabled people	N/A	0%	0%	0%	ELWA's sole building (the Refuse Transfer Station at Jenkins Lane) is not open to the general public for health & safety reasons
BV157	Percentage of interactions with the public, by type, which are capable of electronic service delivery and which are being delivered using internet protocols or other paperless methods	N/A	Not set	100%	100%	

## Performance against 2001/02 Targets and Targets for 2002/03

### BVPIs 82a-d

ELWA previously showed a 0% level of recycling as the Councils run their own recycling schemes. The new method of calculation of recycling and composting rates for ELWA, which was introduced last year, means that the efforts of the constituent Councils, as waste collection authorities, are now included in ELWA's total overall figure. This provides a much clearer picture of recycling across the whole ELWA area. It is acknowledged that the vast majority of the recycling and composting is directly carried out by the Councils but many of these activities are supported by ELWA in one way or another.

ELWA's performance against the targets for 2001/02 was generally consistent, although the level of recycling was slightly down on the target figure. The main reason for this was a lower-than-projected level of materials being processed through Havering Council's "In the Bag" recycling project. The targets for 2002/03 have been set to reflect a general continuation of the current arrangements with slight gains in recycling and composting levels stemming from the commencement of the IWMS contract.

Under the IWMS contract, the responsibility for achieving targets will rest largely with the contractor. The contractor will be operating the civic amenity sites, supporting Council kerbside collection schemes and introducing new facilities and methods to enable far greater levels of recycling and composting to be achieved while at the same time reducing the dependence on landfill.

The IWMS contract requires the contractor to achieve a recycling/composting rate in conjunction with the Councils of at least 12% in 2003/04 and 25% in 2005/06. These targets and also a target for the diversion of waste from landfill are set at increasingly higher levels in future years, in line with the Government's National Waste Strategy.

Under best value legislation, ELWA and the constituent Councils have to meet set targets for recycling. These targets are based on the level of performance in previous years and differ for each authority. The IWMS contractor will be responsible for all of the waste that is collected by the Councils and because there are practical difficulties of identifying the precise level of recycling for each Council, ELWA is currently seeking confirmation from DEFRA to a pooling of the targets. ELWA's proposed use of a pooled target will mean that more tonnes of recycling are produced under this method than if the individual Council targets were applied.

### BVPI 84

The target for 2001/02 was based on the waste received during a peak period in the early part of 2001 and this transpired to be an unrealistically high projection once the full-year position became apparent. The target for 2002/03 has been set to reflect a more realistic projection of natural waste growth in the area over a full year.

### BVPI 87

The principal reason for the difference between the target and actual figures for 2001/02 is the additional costs associated with the disposal of fridges and freezers, which were unknown at the time that the target figure was set. The target of £42.50 for 2002/03 takes account of the full year cost of disposing of the fridges and freezers and the IWMS contract project completion costs.

### BVPI 12

The sickness absent rate of 16 days in 2001/02 is primarily due to the long-term sickness of two employees at the Jenkins Lane RTS. The target figure for 2002/03 has been set at a higher level than the target for 2001/02 to reflect typical short-term sickness

levels of all employees and the continued long-term absence of some individuals.

### Local Performance Indicators

In addition to the Best Value Performance Indicators that ELWA is required to publish we have some additional local performance indicators which are not covered by the BVPIs and these are shown in the table below. Target figures for 2002/03 have not been set as the operational arrangements are due to change mid-way through the year when the IWMS contract begins. Under the performance monitoring arrangements within the IWMS contract, Shanks are required to regularly report on a range of local Performance Indicators and details of these will be included in future years' plans.



### Local Performance Indicators

Indicator	2000/01 Actual	2001/02 Target	2001/02 Actual	2002/03 Target	Comments
% of vehicles turned around in less than 20 minutes at transfer station	93.16%	95%	92%	Not set	
Average weight of refuse per vehicle going to disposal point (tonnes)	15.50t (Containerised) 11.26t (bulker)	15.50t (Containerised) 11.50t (bulker)	15.37t (Containerised) 11.16t (bulker)	Not set	ELWA uses both containerised and bulker vehicles, dependent on the site to which the waste is to be taken
Average number of journeys/day/vehicle to disposal point	6 (Containerised) 7 (Bulker)	6 (Containerised) 7 (Bulker)	6 (Containerised) 7 (Bulker)	Not set	(see above)
Number of Health and Safety Executive reportable accidents per year	2	0	2	Not set	

## WDA Benchmarking

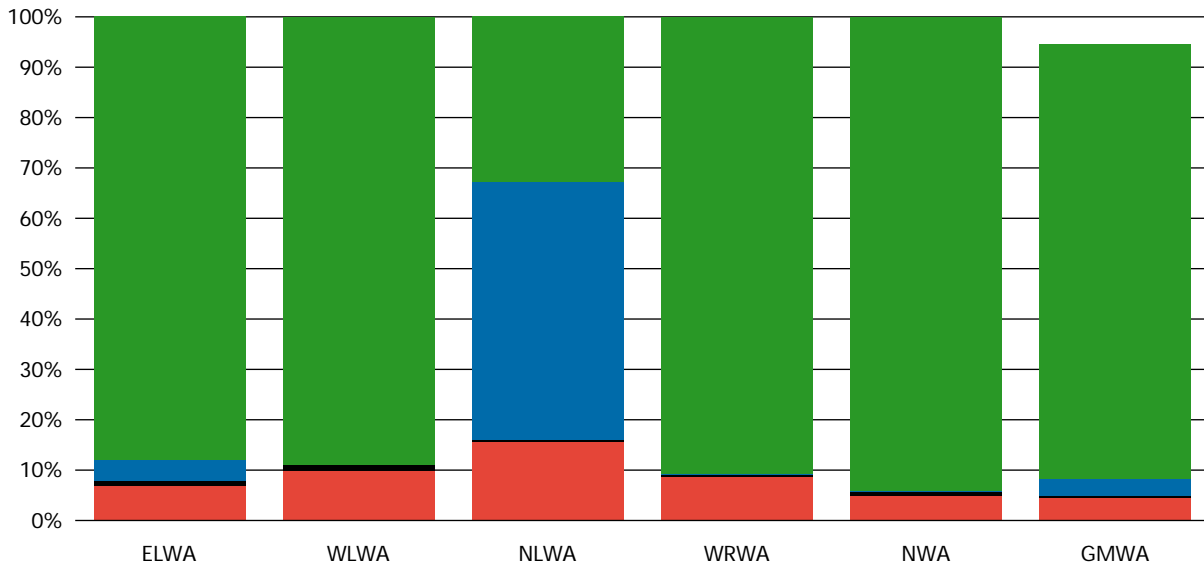
A positive development in the area of performance monitoring has been the creation of a benchmarking group, made up of ELWA and the other five statutory waste disposal authorities (SWDAs) which are: Merseyside (MWA), Greater Manchester (GMWA), West London (WLWA), Western Riverside (WRWA) and North London (NLWA). We are confident this will lead to a better understanding of comparative performance and stimulate positive debate

between the authorities. Set out below is comparative performance data for ELWA and the other five SWDAs for 2000/01 in relation to the most relevant BVPI Environmental Indicators. It should be stressed however that the figures cannot be considered in isolation as the methods of operation and disposal vary greatly between the SWDAs and these issues need to be taken into account when making clear comparisons. It is hoped that the level of detail available to make worthwhile comparisons will be expanded in the future.

## Waste Disposal Authorities: Environmental BVPIs

BVPI Code	Description	2000/2001 Actuals					
		ELWA	WLWA	NLWA	WRWA	MWA	GMWA
BV82a	Total tonnage of household waste arisings - percentage recycled	6.9%	9.9%	15.48%	8.58%	4.75%	4.4%
BV82b	Total tonnage of household waste arisings - percentage composted	1.0%	0.98%	0.56%	0.46%	1.03%	0.5%
BV82c	Total tonnage of household waste arisings - percentage used to recover heat, power and other energy sources	4.1%	0.08%	51.18%	0.06%	0.1%	3.3%
BV82d	Total tonnage of household waste arisings - percentage landfilled	88.0%	89.04%	32.78%	90.9%	94.12%	86.4%
BV84	Kg of household waste collected per head	507kg	460kg	463kg	424kg	530kg	576kg
BV86	Cost of waste disposal per tonne for municipal waste	£36.79	£32.87	£35.21	£28.36	£32.02	£43.77

+ source - WDA Benchmarking Group



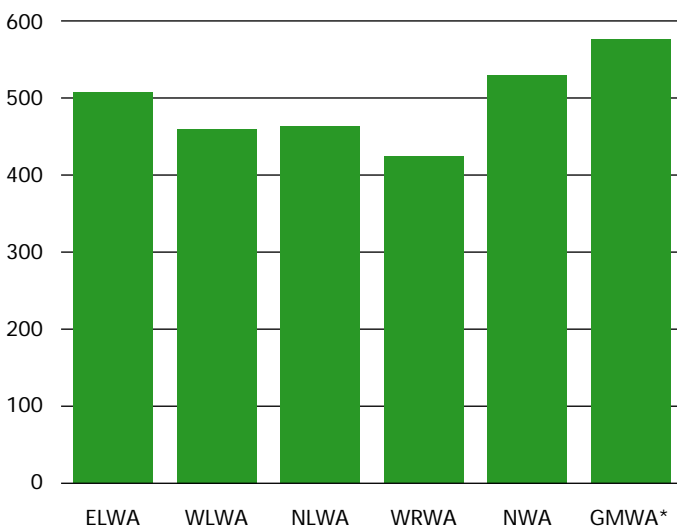
■ BV82a Total tonnage of household waste arisings – percentage recycled

■ BV82c Total tonnage of household waste arisings – percentage used to recover heat, power and other energy sources

■ BV82d Total tonnage of household waste arisings – percentage composted

■ BV82d Total tonnage of household waste arisings – percentage landfilled

### Kg of household waste collected per head



See page 26 for the full names of these organisations

■ Kg of household waste collected per head



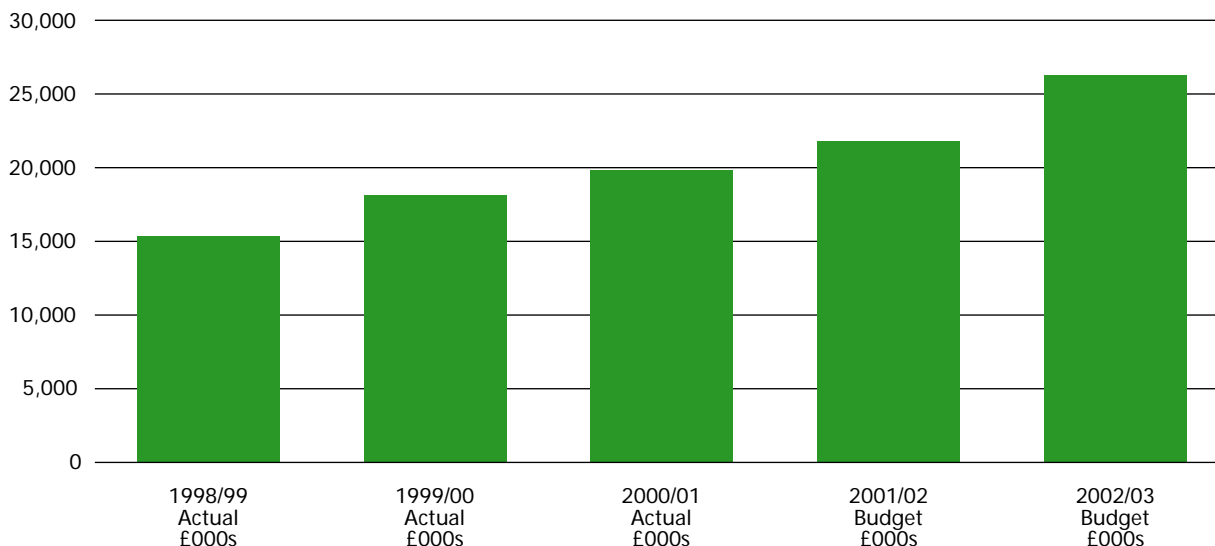
## Financial Statement

ELWA is financed by an annual levy on the four constituent Councils. For a number of years, it was necessary for ELWA to apply the default method of levy apportionment, which is based on the relative council tax bases of each Council, as it was not possible to gain a unanimous agreement to an alternative method. This method of apportionment did not assist the achievement of either ELWA's IWMS or the Government's environmental targets, as it was not linked to the tonnage of waste created by Councils. ELWA has pressed the Government to introduce new legislation for a change to the default method of calculation that would reinforce incentives for collection authorities to reduce and recycle waste. Although this legislative change is still awaited, ELWA and the four Councils have reached agreement over a new method of apportioning the annual levy, which will see the majority of ELWA's costs being apportioned according to the actual level of tonnages that each Council presents for disposal. This new method has been applied to the levy for 2002/03 and will continue to be phased in until it is fully implemented with effect from the 2005/06 financial year.

As can be clearly seen from the figures below there has been a steady increase in costs over the last four years. Approximately 70% of ELWA's costs are made up of contract tipping charges and transport costs. The increasing amounts of waste, the impact of the landfill tax and above-inflation fuel cost rises have all contributed to this cost escalation. Once fully implemented, the IWMS will reduce the current dependence on landfill and therefore ELWA's exposure to future increases for this method of disposal. In particular the use of PFI funding will provide extra revenue monies which will also help smooth out the impact of cost increases over the 25 year contract term.

The ELWA accounts are independently audited each year. The last set of fully audited accounts are for 2000/01 and the Auditor concluded that ELWA had performed well in what was a demanding year and made particular reference to the progress made on the IWMS/PFI Contract procurement process and compliance with the requirements of the best value regime.

### Total Expenditure



## Summary of ELWA Revenue Accounts

	1998/99 Actual £000's	1999/00 Actual £000's	2000/01 Actual £000's	2001/02 Budget £000's	2002/03 Budget £000's
<b>Expenditure</b>					
Transfer Sites	1,749	1,961	2,265	2,027	646
Transport	2,456	2,594	3,039	3,142	1,080
Final Disposal	9,880	12,489	13,346	14,564	22,737
Development and General Services	774	1,052	1,622	1,650	1,356
Contingency	0	0	0	400	500
	<b>14,859</b>	<b>18,096</b>	<b>20,272</b>	<b>21,783</b>	<b>26,319</b>
<b>Income</b>					
Levy	13,141	15,721	17,454	19,312	21,393
Trade/Commercial Charges	2,037	2,215	2,312	2,421	1,897
Other Income	184	230	49	50	29
PFI Grant	0	0	0	0	3,000
	<b>15,362</b>	<b>18,166</b>	<b>19,815</b>	<b>21,783</b>	<b>26,319</b>
<b>Surplus/(Deficit) of Income over Expenditure</b>	<b>503</b>	<b>70</b>	<b>(457)</b>	<b>0</b>	<b>0</b>
Other Transfers	235	92	295	0	0
<b>Surplus/(Deficit) for the Year</b>	<b>738</b>	<b>162</b>	<b>(162)</b>	<b>0</b>	<b>0</b>

## Summary of ELWA Balance Sheet

	1998/99 Actual £000's	1999/00 Actual £000's	2000/01 Actual £000's
Fixed Assets	7,577	7,355	6,842
Current Assets	1,461	1,410	1,587
Current Liabilities	-538	-108	-335
Long Term Borrowing	-2,569	-2,469	-2,469
<b>Total Net Assets</b>	<b>5,931</b>	<b>6,188</b>	<b>5,625</b>
Capital Reserves	5,217	5,312	4,911
Revenue Reserves	714	876	714
<b>TOTAL EQUITY</b>	<b>5,931</b>	<b>6,188</b>	<b>5,625</b>

## Aveley Methane Limited

Separate financial accounts are kept for Aveley Methane Ltd, the joint venture company between ELWA and Novera Energy

Europe Limited, which manages the gas extraction at ELWA's Aveley 1 closed landfill site. The gas that is extracted is generated into electricity and sold.

### Summary of AML Profit and Loss Accounts

	1998/99 £000's	1999/2000 £000's	2000/01 £000's
Turnover	1,412	487	270
Operating Costs	(1,213)	(411)	(273)
<b>Operating Profit/(Loss)</b>	<b>199</b>	<b>76</b>	<b>(3)</b>
Net Interest	(18)	9	7
Sundry Income	26	0	13
<b>Profit before Tax</b>	<b>207</b>	<b>85</b>	<b>17</b>
Taxation	(5)	(2)	-
<b>RETAINED PROFIT</b>	<b>202</b>	<b>83</b>	<b>17</b>

### Summary of AML Balance Sheet

	1998/99 £000's	1999/2000 £000's	2000/01 £000's
Fixed Assets	82	125	115
Current Assets	659	273	236
Current Liabilities	-118	-92	-28
Long Term Liabilities	-586	-186	-186
<b>TOTAL NET ASSETS</b>	<b>37</b>	<b>120</b>	<b>137</b>
Share Capital	5	5	5
Revenue Reserves	32	115	132
<b>TOTAL EQUITY</b>	<b>37</b>	<b>120</b>	<b>137</b>

## Tell Us What You Think

Thank you for reading our Best Value Performance Plan. We hope you found it useful and interesting.

We would like to know what you think of it and would appreciate it if you could take time to answer the questions on this page and return it to the FREEPOST (no stamp is required) address below.

**East London Waste Authority, FREEPOST ANG1108, BARKING IG11 8ZZ**



It was easy to read and understand

Agree

Disagree

No   
Opinion

The information was useful

Agree

Disagree

No   
Opinion

I agree with the targets set for next year

Agree

Disagree

No   
Opinion

If you want to make any additional comments on any of these statements or would like some additional information please use the comments box below.

Name

Address





## How to Contact Us

We are keen to hear from local people and other interested individuals or organisations about our plans and would positively welcome comments on this document. There is a FREEPOST reply form included on the opposite page or you can contact Alan Dawson, ELWA Office Manager on 020 8270 4964 or via e-mail to [alan.dawson@lbbd.gov.uk](mailto:alan.dawson@lbbd.gov.uk). This plan and other useful information about ELWA is available on our website [www.eastlondonwaste.gov.uk](http://www.eastlondonwaste.gov.uk).

You may be interested to know that your local authority has also produced its own Best Value Performance Plan. This will cover all the services they provide including information on their refuse collection, recycling and street cleansing services. Plans for the four Councils are available from:

- London Borough of Newham, Attn Susan Eadon, Corporate Strategy Division, Town Hall East Ham, London, E6 2RP. Tel 020 8430 2000 or on its website at [www.newham.gov.uk](http://www.newham.gov.uk)
- London Borough of Redbridge, Attn Peter Gadsdon, Best Value Performance Manager, Town Hall, PO Box 2, High Rd, Ilford, Essex, IG11 1DD. Tel 020 8708 2668 or on its website at [www.redbridge.gov.uk](http://www.redbridge.gov.uk)
- London Borough of Barking and Dagenham, Attn Naomi Goldberg, Policy & Review Manager, Civic Centre, Dagenham, Essex, RM10 7BN. Tel 020 8227 2248 or on its website at [www.lbbd.gov.uk](http://www.lbbd.gov.uk)
- London Borough of Havering, Attn David Armstrong, Best Value Strategy, 8th Floor, Mercury House, Romford, Essex, RM1 3RX. Tel 01708 432103 or on its website at [www.havering.gov.uk](http://www.havering.gov.uk)

Monday - Friday  
9.00am - 5.00pm

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via e-mail to [alan.dawson@lbbd.gov.uk](mailto:alan.dawson@lbbd.gov.uk)

Alternatively you can visit our website on  
[www.eastlondonwaste.gov.uk](http://www.eastlondonwaste.gov.uk)

The East London Waste Authority is responsible for the disposal of waste generated by residents  
of the London Boroughs of Barking & Dagenham, Havering, Redbridge and Newham.