

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

2016/17 REVENUE AND CAPITAL BUDGETS FINAL OUTTURN AND 2017/18 FIRST BUDGET REVIEW

REPORT OF:

FINANCIAL ADVISER

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

22 June 2017

SUMMARY OF REPORT:

This report provides details of expenditure and income for 2016/17 and briefly comments on the current financial position and outlook for future years. The report indicates that revenue balances at 31 March 2017 were £12.074m, i.e. an increase of £4.857m compared with the February forecast. The improvement arises from increases in wholesale electricity prices, a number of administrative savings and underspends as well as non-use of the contingency.

The first review of the 2017/18 budget discusses a number of variances which taken together have only a small impact on the budget.

Allowing for the improvement in the revenue balances at 31 March 2017 and the 2017/18 budget variances, the 2017/18 first review indicates that the Authority's forecast at 31 March 2018 balances have increased by £4.302m compared with the February report. This improvement strengthens the Authority's ability to manage its services within budget and accommodate potential budget pressures. If this situation is maintained, the Authority will have reserves of £4.302m available to support the 2018/19 budget and as a consequence reduce the amount that will need to be recovered from boroughs through the levy.

RECOMMENDATIONS:

The Authority is recommended to:

- (i) Note the 2016/17 outturn (subject to audit).
- (ii) Note the over and under payments by boroughs in respect of non-household and chargeable household waste in 2016/17 and the arrangements for repayment to and collection from the boroughs.
- (iii) Note that the 2016/17 draft Statement of Accounts will be reviewed by the Members' Finance Working Group before consideration by the Authority at its September meeting.
- (iv) Note the first review of the 2017/18 budget and that a second review will be submitted to the Authority in September.
- (v) Note that an update on the budget and resource requirements for 2018/19 and future years will be reported to the Authority in future budget reviews.

Signed by the Financial Adviser

DATE: 12 June 2017

1 Introduction

1.1 At its meeting on 9 February 2017 the Authority was provided with an up-to-date assessment of its financial position. This included the fourth review of the 2016/17 budget. The latter formed the basis of the 2016/17 approved revised budget and provided guidance on the level of surplus resources available to assist with the funding of the 2017/18 budget.

1.2 The accounts for 2016/17 are now closed and therefore the main purpose of this report is to provide details of the 2016/17 outturn (subject to audit). The opportunity is also taken to provide details of the 2017/18 first budget review and to briefly comment on the outlook for future years.

2 2016/17 Outturn

2.1 At its meeting on 11 February 2016 the Authority agreed an original budget of £65.845m to be financed by estimated revenue balances of £9.591m, charges to boroughs for non-household and chargeable household waste of £8.007m and £1.598m respectively and a levy of £46.649m.

2.2 In subsequent reviews, Members have been advised of:

Table 1	£m
Higher level of balances brought forward from 2015/16	(4.283)
Forecast reduction in residual waste tonnages (saving)	(1.378)
Increase in cost of processing recyclable material	0.114
Increased income from sale of recyclable material	(0.606)
Slippage from 2015/16 of Sites and Planning Costs	0.272
Slippage into 2017/18 of Sites and Planning Costs	(0.500)
Reduced corporate and support service costs	(0.097)
Reductions in Capital Financing Costs	(0.852)
Reduced chargeable waste income	0.133
Other variances (net)	<u>(0.020)</u>
Total	<u><u>(7.217)</u></u>

2.3 The Authority was advised in February that it would be reasonable to assume that forecast revenue balances of £7.217m at 31 March 2017 could be considered when determining its budget and levy requirements for 2017/18.

2.4 The actual revenue surplus for the year ended 31 March 2017 increased by £4.857m compared to the February forecast making the total balance carried forward £12.074m

2.5 Comparison of the revised budget and final outturn is shown in Table 2 followed by a commentary on the most significant changes and issues arising.

Table 2	2016/17 Original Budget	2016/17 Fourth Review	2016/17 Year End Outturn	Variance (Fourth Review to Outturn) £'000
	£'000	£'000	£'000	£'000
Expenditure				
Main Waste Disposal Contract (ex CA Waste)	34,213	33,521	33,295	(226)
Civic Amenity (RRC) Residual Waste	1,320	1,097	1,099	2
Landfill Tax	2,091	1,628	1,583	(45)
Composting Services	2,463	2,436	2,405	(31)
MRF Services	6,645	6,786	6,164	(622)
Transfer Stations and Other Sites	1,541	1,535	1,468	(67)
Re-use and Recycling Centre Operations	3,215	3,262	3,271	9
Corporate and Other Support Service Costs	2,481	2,389	1,760	(629)
Operations Team	488	481	468	(13)
Waste Prevention Programme – New Initiatives	333	333	323	(10)
Technical and Planning Team	427	429	412	(17)
Joint Communications Initiative	313	305	316	11
Recycling Initiatives	312	279	241	(38)
Sites and Planning Process Costs	2,041	1,852	1,188	(664)
Next Steps - Strategy and Options Review	660	621	462	(159)
Revenue Funding - Capital Programme	7,619	6,767	6,760	(7)
Prior Year Items	0	0	0	0
	66,162	63,721	61,215	(2,506)
Less				
Income				
Rents	(108)	(108)	(108)	0
Sale of Recyclates	(2,489)	(3,095)	(3,364)	(269)
Interest on Balances	(40)	(60)	(127)	(67)
Other Income	0	0	(67)	(67)
	(2,637)	(3,263)	(3,666)	(403)
Net Expenditure	63,525	60,458	57,549	(2,909)
Contingency	2,320	2,320	0	(2,320)
Total Net Expenditure	65,845	62,778	57,549	(5,229)
Financed by:				
Balances b/fwd	(9,591)	(13,874)	(13,874)	0
Charges to Boroughs (non-household waste)	(8,007)	(7,952)	(7,646)	306
Charges to Boroughs (household waste)	(1,598)	(1,520)	(1,454)	66
Lewy – Base Element	(42,590)	(42,590)	(42,590)	0
Lewy – RRC Element	(4,059)	(4,059)	(4,059)	0
Total Lewy	(46,649)	(46,649)	(46,649)	0
Total Resources Available	(65,845)	(69,995)	(69,623)	372
Revenue Balance as at 31 March 2017	0	(7,217)	(12,074)	(4,857)

2.6 Details of the most significant variances that have occurred since the budget meeting in February are set out in the following paragraphs.

2.7 Residual Waste Disposal and Landfill Tax: (- £0.269m)

2.7.1 In February, Members were advised that tonnage data for the period up to December 2016 indicated that the 2016/17 residual waste stream would be 590,432 tonnes i.e. 0.35% greater than 2015/16. Residual waste actually delivered to the Authority in 2016/17 was 586,235 tonnes, i.e. 4,197 tonnes (0.72%) less than the February forecast and 2,138 (0.36%) less than in 2015/16.

2.7.2 Although the downward trend in residual waste tonnage experienced in the years to 2014/15 reversed in 2015/16 indicating that the Authority may have entered a period of residual waste growth, as noted above, outturn tonnage figures for 2016/17 are broadly similar to 2015/16. Reports to Authority meetings later in the year will examine the developing picture for 2017/18.

2.7.3 Details of the actual percentage movement in 2016/17 residual tonnage levels for each borough compared with 2015/16 may be summarised as follows:-

Table 3	2015/16	2016/17	Change	Change
	Tonnes	Tonnes	Tonnes	%
Barnet	103,155	102,436	-719	-0.70
Camden	85,508	82,872	-2,636	-3.08
Enfield	88,186	85,885	-2,301	-2.61
Hackney	90,964	91,798	+834	+0.92
Haringey	72,556	73,729	+1,173	+1.62
Islington	77,107	78,769	+1,662	+2.16
Waltham Forest	70,896	70,746	-150	-0.21
Total	588,372	586,235	-2,317	-0.39

2.7.4 Included in this budget category are the payments due to LondonWaste Ltd under the provisions of the Electricity Income Claim. Wholesale electricity prices have increased since the autumn, reducing the value of the claim.

2.7.5 The tonnage in the table includes material delivered by boroughs to the Authority's MRF providers as mixed dry recyclable but subsequently rejected due to contamination. This tonnage is processed as residual waste. The cost charged to the Authority by its MRF providers for rejected material in 2016/17 was £0.229m and its subsequent disposal is arranged by the MRF provider. These additional costs were included in the fourth review under MRF services but have been reclassified as residual waste disposal costs in this outturn report. See also paragraph 2.8.2.

2.8 Composting and Materials Recovery Facility (MRF) Services: (- £0.653m)

2.8.1 In October 2016 the Authority was advised by the boroughs of their latest forecasts of recycling activity and the amount of recyclate that would be passed to the Authority for bulking and treatment. This helped form the basis of the Authority's 2016/17 fourth budget review assumptions for these services. Although the actual level of compostable material sent to the Authority was 0.75% more than advised in October there was a saving compared to forecast of £0.031m because a greater proportion of the tonnage was green waste which is cheaper to process than food or other biodegradable waste.

2.8.2 Dry recyclable waste tonnages processed at the Authority's MRF providers were 7.28% lower than advised in October 2016. An element of this reduction is the impact of the DEFRA MRF Code of Practice introduced in 2014 which requires MRF providers to measure and report the quality of delivered material. This has resulted in a more stringent inspection regime at the MRFs with a consequent increase in rejected material requiring disposal. In 2016/17 some 2,800 tonnes of delivered material was rejected and had to be processed as residual waste. Only the tonnages accepted by the Authority's MRF providers are shown in the table below. The lower than forecast tonnage and the transfer of costs for rejected loads to residual waste has resulted in a cost of £6.164m i.e £0.622m less than the fourth review.

	Composting Services			MRF Services		
	2016/17 Fourth Review Tonnes	2016/17 Actual Tonnes	Variance Tonnes	2016/17 Fourth Review Tonnes	2016/17 Actual Tonnes	Variance Tonnes
Barnet	19,710	21,873	2,163	28,030	27,719	(311)
Camden	3,803	4,285	482	19,342	17,539	(1,803)
Enfield	0	0	0	0	0	0
Hackney	6,545	6,647	102	17,494	17,641	147
Haringey	9,100	7,869	(1,231)	21,391	18,228	(3,163)
Islington	4,566	4,037	(529)	13,231	14,624	1,393
Waltham Forest	10,650	10,072	(578)	20,500	18,808	(1,692)
Total	54,374	54,783	409	119,988	114,559	(5,429)

2.9 Transfer Stations and Other Sites: (- £0.067m)

2.9.1 This budget includes the costs of the Hornsey Street and Hendon waste transfer stations. Also included is an allowance for costs in respect of the Pinkham Way site. During 2016/17 only minor property maintenance and insurance costs were incurred at Pinkham Way resulting in a saving of £0.067m.

2.10 Reuse and Recycling Centres (RRCs): (+ £0.009m)

2.10.1 The Authority manages eight RRCs on behalf of its constituent boroughs. Shown here are the operating costs only as apportioned to boroughs through the menu price based levy implemented in 2016/17. The RRC levy also incorporates the costs of treating the residual waste delivered to the RRCs.

2.11 Corporate and Other Support Service Costs: (- £0.629m)

2.11.1 This heading captures a wide-range of services provided to the Authority by Camden and Haringey and a number of external providers. Savings have arisen principally as a result of lower spend on external support (£0.300m) and no call on the new initiatives budgets (£0.150m). The communications programme has been replanned and part of the programme has been transferred into 2017/18 (£0.052m).

2.12 Joint Communications: (+ £0.011m)

2016/17 was the first year of the three year Communications Campaign on Household Recycling in North London. Although there was a minor divergence from the profile in

2016/17, total costs of the project will be contained within the overall approved budget of £0.915m.

2.13 Sites and Planning Process and Future Residual Waste Management Costs: (- £0.824m)

2.13.1 Feasibility works relating to ground-water monitoring and bore holes to support the movement of utilities will continue into 2017/18 and the budget will be carried forward to match the timing of the works.

2.14 Contingency: (- £2.320m)

2.14.1 At its February meeting the Authority continued to adopt a prudent approach and decided to retain a contingency in the 2016/17 revised budget that would be available to accommodate possible unforeseen additional costs in the closing months of the year. There was no call on the contingency.

2.15 Income from the sale of Recyclates: (- £0.269m)

2.15.1 The fourth budget review was based on an average income per tonne of £25.80. Total tonnage processed by the Authority's MRF contractors was 114,559 i.e. 5,429 less than advised by the boroughs and adjusted to reflect the Authority's estimate of the contaminated tonnes that would be rejected by the Authority's MRF providers. The actual income in 2016/17 reflects an average income of £29.62 per tonne (4th quarter income is provisional), i.e. an increase of £0.269m.

2.15.2 Under menu pricing, this income is used by the Authority to reduce the net cost of mixed dry recyclates per tonne to each borough.

2.16 Charges to Boroughs for Non-Household Waste: (+£0.306m)

2.16.1 At the budget meeting in February Members were provided with an up-to-date assessment of the estimated cost to boroughs of non-household waste in 2016/17.

2.16.2 The meeting was also reminded that the final charges would be calculated as part of the 2016/17 final accounts process and that this would be reported to the Authority in June 2017. Any under or over payment by boroughs would be collected from or repaid to boroughs once the accounts have been audited.

2.16.3 Overall, income for the year is lower than the 2016/17 revised budget but since boroughs make on account payments to the Authority based on the original budget, adjusting payments and refunds are required. Haringey will be required to make an additional payment to the Authority. All other boroughs will receive refunds.

2.16.4 Compared with the original budget assumption of 93,144 tonnes of residual waste there has been an increase of 2,494 tonnes to 95,638. The menu price based calculations implemented in 2016/17 have made the charge per tonne more sensitive to changes in the Authority's overall costs. The actual charge per tonne in 2016/17 was £76.24, a price decrease of £5.40 compared with the original budget.

2.16.5 Four Boroughs (Camden, Hackney, Haringey and Islington) have also delivered recyclable non-household waste to the Authority for treatment at a cost of £34.24 for dry-recyclable waste (8,177 tonnes) and £66.21 for food waste (1,126 tonnes).

2.16.6 Details of the original, revised and actual costs of non-household waste are shown in Table 5 below.

Table 5	2016/17 Original Budget	2016/17 Fourth Review	2016/17 Actual Cost	Repayment due (to)/from Borough (Column 3 - 1)
	1	2	3	
Cost per Tonne#	£81.64	£79.23	£76.24	
	£	£	£	£
Barnet	891,259	856,147	856,362	(34,897)
Camden*	2,372,121	2,291,880	2,188,452	(183,669)
Enfield	761,779	754,972	682,843	(78,936)
Hackney*	1,602,471	1,601,104	1,545,562	(56,909)
Haringey *	278,608	302,160	293,180	14,572
Islington *	1,976,929	2,032,995	1,974,528	(2,401)
Waltham Forest	123,357	112,584	105,014	(18,343)
Total	8,006,524	7,951,842	7,645,941	(360,583)

Residual only

* Includes the cost of treating recyclable wastes

2.17 Charges to Boroughs for Household Waste: (+ £0.066m)

2.17.1 The outturn shows little change from the revised budget. The actual charge per tonne for residual waste of £76.24 is the same as for non household waste.

2.17.2 Four boroughs (Camden, Hackney, Haringey and Islington have also delivered recyclable chargeable household waste to the Authority for treatment at a cost of £34.24 per tonne for dry recyclable waste (2,485 tonnes) and £66.21 for food waste (895 tonnes).

2.17.3 Details of the original, revised and actual costs of chargeable household waste are shown in Table 6 below:

Table 6	2016/17 Original Budget	2016/17 Fourth Review	2016/17 Actual Cost	Repayment due (to)/from Borough (Column 3 - 1)
	1	2	3	
Cost per Tonne#	£81.64	£79.23	£76.24	
	£	£	£	£
Barnet	202,058	180,642	173,827	(28,231)
Camden*	348,103	327,255	311,417	(36,686)
Enfield	116,826	113,376	109,099	(7,727)
Hackney *	441,977	424,967	408,030	(33,947)
Haringey *	215,243	201,772	192,533	(22,710)
Islington *	273,733	271,472	259,287	(14,446)
Waltham Forest	0	0	0	0
Total	1,597,940	1,519,484	1,454,193	(143,747)

Residual only

* Includes the cost of treating recyclable wastes

2.18 The RRC Levy Balances Under Menu Pricing

2.18.1 The costs of running the RRCs, treating recyclable waste, disposal of residual waste, landfill tax and income from recycling are captured for each site and recharged to boroughs based on the 2014 visitor survey for each site. Table 7 shows the recharge for each borough.

Table 7	2016/17 Original Budget	2016/17 Fourth Review	2016/17 Outturn	2016/17 Variance to Fourth Review
	£	£	£	£
Barnet	992,064	999,630	1,015,915	16,285
Camden	479,950	428,421	437,162	8,741
Enfield *	76,602	75,382	75,562	180
Hackney	246,522	255,850	257,030	1,180
Haringey	1,147,921	897,461	883,366	(14,095)
Islington	609,966	643,416	655,991	12,575
Waltham Forest	978,934	1,012,285	998,441	(13,844)
Total	4,531,959	4,312,445	4,323,467	11,022

* The Authority does not manage Enfield's RRC; the cost of disposing of this site's residual waste is included in Enfield's base levy.

2.18.2 Table 8 provides details of the revenue balances position for each borough at 31st March 2017. The change in balances of £0.011m will be taken into account when determining the 2018/19 levy. As mentioned in previous reports, the Haringey balance relates primarily to the delay in purchasing the Western Road RRC.

Table 8	Additional Balances b/fwd from 2015/16	In-year Change in Balances (Original Budget to Fourth Review)	Total Forecast Balances as at 31 March 2017	Additional Balances 2016/17 from table 7	Total Balances at 31 March 2017
	£	£	£	£	£
Barnet	(12,867)	7,566	(5,301)	16,285	10,984
Camden	(9,300)	(51,529)	(60,829)	8,741	(52,088)
Enfield	0	(1,220)	(1,220)	180	(1,040)
Hackney	432	9,328	9,760	1,180	10,940
Haringey	28,026	(250,460)	(222,434)	(14,095)	(236,529)
Islington	47,916	33,450	81,366	12,575	93,941
Waltham Forest	(18,082)	33,351	15,269	(13,844)	1,425
Total	36,125	(219,514)	(183,389)	11,022	(172,367)

2.19 The Base Levy Balances Under Menu Pricing

2.19.1 The base levy is also recharged to boroughs but is based on the tonnage delivered by each borough to the Authority. The levy is an estimated sum based on the budgeted tonnage and the estimated net cost of running the Authority. At the year end the

actual levy costs were £35.008m, compared to the fourth review forecast of £39.876m, a reduction of £4.868m.

	Additional Balances b/fwd from 2015/16	In-year Change in Balances (Budget to Fourth Review)	Fourth Review Estimated Levy Costs	Year End Actual Levy Costs	Additional Balance at 31 March 2017 (4-3)	Total Balances at 31 March 2017 (1+2+5)
	1	2	3	4	5	
	£	£	£	£		£
Barnet	(954,911)	(755,419)	7,698,669	7,018,862	(679,807)	(2,390,137)
Camden	(567,500)	(513,455)	4,396,229	3,766,762	(629,467)	(1,710,422)
Enfield	(587,908)	(476,365)	5,294,828	4,831,931	(462,897)	(1,527,170)
Hackney	(531,851)	(175,122)	6,013,236	5,311,411	(701,825)	(1,408,798)
Haringey	(580,260)	(83,359)	6,082,116	5,070,792	(1,011,324)	(1,674,943)
Islington	(505,377)	(391,152)	4,266,072	3,677,251	(588,821)	(1,485,350)
Waltham Forest	(591,823)	(319,187)	6,125,064	5,330,698	(794,366)	(1,705,376)
Total	(4,319,630)	(2,714,059)	39,876,214	35,007,707	(4,868,507)	(11,902,196)

2.20 Total Levy Balances

2.20.1 The overall balance of £12.074m consists of a main levy balance of £11.902m and an RRC balance of £0.172m. The actual year end balance position compared with the fourth review presented to the Authority in February is shown in Table 10 below:

	2016/17 Fourth Review		Movement in Balances		2016/17 Year End Balance	
	Base Levy	RRC Levy	Base Levy	RRC Levy	Base Levy	RRC Levy
	£	£	£	£	£	£
Barnet	(1,710,330)	(5,301)	(679,807)	16,285	(2,390,137)	10,984
Camden	(1,080,955)	(60,828)	(629,449)	8,741	(1,710,404)	(52,087)
Enfield	(1,064,273)	(1,220)	(462,897)	180	(1,527,170)	(1,040)
Hackney	(706,973)	9,761	(701,825)	1,179	(1,408,798)	10,940
Haringey	(663,619)	(222,435)	(1,011,323)	(14,095)	(1,674,942)	(236,530)
Islington	(896,529)	81,366	(588,821)	12,576	(1,485,350)	93,942
Waltham Forest	(911,010)	15,270	(794,366)	(13,845)	(1,705,376)	1,425
Total	(7,033,689)	(183,387)	(4,868,488)	11,022	(11,902,177)	(172,365)
	(7,217,076)		(4,857,466)		(12,074,542)	

2.20.2 The balances identified and reported as part of the fourth review were used to adjust each borough's levy as part of the 2017/18 budget process. The movement in balances of £4.868m identified during the closure of the 2016/17 accounts will be held by the Authority and will be available to support the 2018/19 budget and levy.

2.21 Conclusion

2.21.1 The outturn shows that the Authority has a revenue surplus of £12.074m at 31 March 2017, i.e. an additional £4.857m compared with the February forecast of £7.217m.

3 Capital Budget 2016/17

3.1 During 2016/17 the Authority committed to purchasing land around the Edmonton EcoPark at a cost of £1.650m. At the 31 March 2017, the funds for this transaction were held in the Authority's Solicitor's Client account. The transaction was completed on the 3 April 2017.

3.2 At 1 April 2016 the Authority held usable capital receipts of £1.439m. No receipts of a capital nature were received in 2016/17 and none were used. Capital receipts can only be used to fund capital expenditure or to repay debt.

4 Final Accounts Preparation and Audit

4.1 The 2016/17 outturn discussed in the preceding paragraphs forms the basis of the Authority's statutory statement of accounts. The Accounts and Audit Regulations 2015 require all local government bodies to complete their 2017/18 draft annual accounts by 31 May 2018 i.e. one month earlier than is currently required. The Financial Adviser must by 30 June (31 May from 2017/18) certify that the accounts present a true and fair view of the financial position of the Authority at the end of the year and of the Authority's income and expenditure for the year. The statement of accounts will then be passed to KPMG for audit. The 2015 Regulations require the Authority to publish the draft statement on its website by 30 June (31 May from 2017/18).

4.2 The Financial Adviser certified the draft 2016/17 statement of accounts on the 2 June. These have been sent to the Auditors and published on the Authority's website and the web address is below:

<http://www.nlwa.gov.uk/governance-and-accountability/financial-statements>

4.2 The draft statement audited by KPMG will be presented to the Authority at its September meeting so that the Authority may consider and approve it and duly authorise the statement to be signed and dated by the Chair of the Authority. The Authority must then publish the final audited statement of accounts by 30 September 2016 (31 July from 2017/18). With this in mind it is recommended that the draft statement of accounts is reviewed by the Members' Finance Working Group at its September meeting ahead of submission to the September meeting of the Authority. KPMG will report the findings of its audit to the Authority at its September meeting.

5 First Review of the 2017/18 Revenue Budget

5.1 At its meeting on 12 February 2017 the Authority agreed the 2017/18 budget at £65.164m, to be financed by estimated balances of £7.217m, charges to boroughs for non-household and chargeable household waste of £8.491m and £1.508m respectively, and a levy of £47.948m.

5.2 General

5.2.1 At this stage of the financial year, it is too early to draw any firm indications about the waste stream for the full year and no changes have been made to the budget assumptions for the cost of transport and disposal. This applies equally to other areas of the budget which are influenced by changes in tonnage data. A greater appreciation of any trends that may be developing should become apparent when data is available for the four-month period to the end of July which will be reported to the September meeting of the Authority. A number of other issues that emerged during the closure of the 2016/17 accounts will affect 2017/18 and these are discussed below:

5.2. Rejected Mixed Dry Recycling (nil)

5.2.1 As explained in 2.8.2, some delivered materials are rejected and treated as residual waste. The budget included the assumption that 3,649 tonnes of mixed dry recycling would be rejected and enter the residual waste stream. The budget for this tonnage (£0.294m) has been transferred from MRF services to the main waste disposal contract in the first review.

5.3 Corporate & Support Services Costs (+0.052m)

5.3.1 Funding for schemes within the Communication programme have been rephased into 2017/18 and the funding has been carried forwards.

5.4 Operations Team (+0.011m)

5.4.1 A communications campaign to raise awareness of recycling contamination has been replanned into 2017/18.

5.5 Joint Communications Campaign (-£0.011m)

5.5.1 The budget for the campaign was approved at £0.915m over three years. Due to rephasing the programme, additional spend in 2016/17 is offset by a reduction to the forecast in 2017/18.

5.6 North London Heat & Power Project Planning Process Costs (+0.824m)

5.6.1 The work plan has been reprofiled reflecting the timetable for feasibility works and some 2016/17 funding has been carried forward to the programme relating to implementation of the Development Consent Order granted in February 2017 for development at the Edmonton EcoPark.

5.7 Revenue Funding – Capital Programme (- £0.321m)

5.7.1 The budget assumed that by the 31 March 2017 the Authority would purchase the Western Road RRC from LB Haringey and also purchase land and a pumping station to the North of the EcoPark. This purchase of Western Road has not yet been completed and the purchase of the land surrounding the EcoPark was not completed until the 3 April 2017. The Authority is required to make a Minimum Revenue Provision (MRP) for assets from the financial year after purchase. Therefore there will be no MRP made in 2017/18 relating to either purchase. This creates a one off saving of £0.321m.

5.8 Overview

5.8.1 Members will recall that the Authority agreed an increase to the levy for 2017/18. Subject to further budgetary pressures that may emerge during the year, the first review of the 2016/17 suggests that a further £4.302m of balances could be available.

Table 11	2017/18 Budget	2017/18 First Review	Variance
	£'000	£'000	£'000
Expenditure			
Main Waste Disposal Contract (ex CA Waste)	33,526	33,820	294
Civic Amenity Waste	1,131	1,131	0
Landfill Tax	1,937	1,937	0
Composting Services	2,614	2,614	0
MRF Services	7,512	7,218	(294)
Transfer Stations and Other Sites	1,562	1,562	0
Reuse and Recycling Centres	3,541	3,541	0
Corporate and other Support Service Costs	2,507	2,559	52
Operations Team	491	502	11
Waste Reduction Programme – New Initiatives	340	340	0
Technical and Planning Team	433	433	0
Joint Communications Initiative	305	294	(11)
Recycling Initiatives	267	267	0
North London Heat & Power Project	2,463	3,287	824
Revenue Funding – Capital Programme	7,590	7,269	(321)
	66,219	66,774	555
Less			
Income			
Rents	(111)	(111)	0
Sale of Recyclates	(3,142)	(3,142)	0
Interest on Balances	(60)	(60)	0
	(3,313)	(3,313)	0
Net Expenditure	62,906	63,461	555
Contingency	2,258	2,258	0
Total Net Expenditure	65,164	65,719	555
Financed By			
Use of Balances	(7,217)	(12,074)	(4,857)
Charges to Boroughs (Non-household waste)	(8,491)	(8,491)	0
Charges to Boroughs (Chargeable Household Waste)	(1,508)	(1,508)	0
Levy - Base Element	(43,240)	(43,240)	0
Levy - RRC Element	(4,708)	(4,708)	0
Total Levy	(47,947)	(47,947)	0
Total Resources Available	(65,164)	(70,021)	(4,857)
Estimated Additional Revenue Balances at 31 March 2018	0	(4,302)	(4,302)

6 Review of the Outlook for 2018/19

- 6.1 The first review of the 2017/18 budget identifies a revenue balance of £4.302m that might be available to be used to support the 2018/19 budget and as a consequence, reduce the amount that will need to be recovered from the boroughs through the levy.
- 6.2 No new savings have been identified from the 2018/19 forecast. Therefore the net expenditure requirement of £67.149m remains unchanged. The £4.302m balance would reduce the levy requirement from £56.778m reported to the Authority in February to £52.476m. This would represent a 9.44% increase in the levy compared to an 18.42% increase reported in February.

7 Conclusion

- 7.1 Allowing for the improvement in the revenue balances at 31 March 2017 and the 2017/18 variations, the first review indicates that the Authority's reserves at 31 March 2018 will have increased by £4.302m. This improvement strengthens the Authority's ability to manage its services within budget and accommodate potential budget pressures.

8 Comments of the Legal Adviser

- 8.1 The Authority may in accordance with Regulation 3(1) of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006, issue levies on its constituent councils to meet all liabilities falling to be discharged by it for which no provision is otherwise made.
- 8.2 The amount to be levied by the Authority in respect of any financial year from each of its constituent councils is determined in accordance with Regulation 4 by apportioning the total amount to be levied either in such proportions as all the constituent councils may agree or in absence of such agreement, by a combination of:
- 8.2.1 apportioning costs in proportion to the tonnage of household waste delivered by each of council; and
 - 8.2.2 for non-household waste and other costs, apportioning costs on the basis of the council tax base.
- 8.3 All the constituent councils have agreed through the Inter Authority Agreement entered into in 2015 that alternative levy apportionment arrangements will apply from 2015/16 and the menu pricing arrangements referred to above are set out in that Inter Authority Agreement. This meets the requirements of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006.

Local Government Act 1972 - Section 100 as amended

Documents used in the preparation of this report:-

Report to the Authority 9 February 2017 – Revenue Budget and Levy 2017/18
2016/17 final accounts Working Papers
2017/18 budgetary control working papers

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