

NORTH LONDON WASTE AUTHORITY

REPORT TITLE

2013/14 REVENUE AND CAPITAL BUDGETS FINAL OUTTURN AND 2014/15 FIRST BUDGET REVIEW

REPORT OF

FINANCIAL ADVISER

FOR SUBMISSION TO

AUTHORITY MEETING

DATE

26 JUNE 2014

1. SUMMARY OF REPORT

This report provides details of expenditure and income for 2013/14 and briefly comments on the current financial position and outlook for future years. The report indicates that revenue balances at 31 March 2014 were £15.742m, i.e. an increase of £3.835m compared with the February forecast (forecast revenue balances of £6.907m were used to reduce the 2014/15 levy). The improvement arises from a further reduction in the waste stream, a number of operational savings and non-use of the contingency.

The first review draws attention to two operational changes which have the potential to reduce the Authority's cost base. The first relates to transfer of some waste received at the Hendon Rail Transfer Station to Edmonton for incineration rather than landfill, and the second involves the pre-treatment (shredding) of civic amenity residual waste such that it is capable of being incinerated and not sent to landfill.

Allowing for the improvement in the revenue balances at 31st March 2014 and slippage of expenditure into 2014/15 the first review indicates that the Authority's reserves have increased by £3.720m. This improvement and the good prospect of operational cost savings to come strengthen the Authority's ability to manage its services within budget and accommodate potential budget pressures. Any reserves not required to help fund the 2014/15 budget would be available to support the 2015/16 budget and as a consequence reduce the amount that would need to be recovered from boroughs through the levy.

2. RECOMMENDATIONS

The Authority is requested to:-

- (i) Note the 2013/14 outturn (subject to audit).
- (ii) Note the over and under payments by boroughs in respect of non-household and chargeable household waste in 2013/14 and the arrangements for repayment to and collection from the boroughs.
- (iii) Agree to refer the 2013/14 draft Statement of Accounts to the Members' Finance Working Group for review before consideration by the Authority at its September meeting.
- (iv) Note the first review of the 2014/15 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 2015/16 and future years will be reported to the Authority in future budget reviews.

Signed by the Financial Adviser:

Agreed by Mike O'Donnell

Date: 17th June 2014

3. Introduction

3.1 At its meeting on the 13 February 2014 the Authority was provided with an up-to-date assessment of its financial position. This included the fourth review of the 2013/14 budget. The latter formed the basis of the 2013/14 approved revised budget and provided guidance on the level of surplus resources available to assist with the funding of the 2014/15 budget.

3.2 The accounts for 2013/14 are now closed and therefore the main purpose of this report is to provide details of the 2013/14 outturn (subject to audit). The opportunity is also taken to provide details of the 2014/15 first budget review and to briefly comment on the outlook for future years.

4. 2013/14 Outturn

4.1 At its meeting on 12 February 2013 the Authority agreed an original budget of £69.390m to be financed by estimated revenue balances of £14.253m, charges to boroughs for non-household and household waste of £9.570m and £1,738m respectively and a levy of £41.829m.

4.2 In subsequent reviews, Members have been advised of:

	£m
(i) Higher level of surplus balances brought forward from 2012/13	(3.779)
(ii) Transfer Stations & Other Sites – reduction in operating costs	(1.491)
(iii) Reduction in the level of residual waste entering the waste streams	(0.996)
(iv) Projected increase in dry recyclable waste tonnages	0.759
(v) Reduced HWRC operating costs	(0.193)
(vi) Reduced corporate and administration costs	(0.169)
(vii) Slippage from 2012/13 – waste data management system implementation	0.050
(viii) Reduced procurement and sites & planning costs	(0.217)
(ix) Capital programme slippage and use of cash balances in lieu of borrowing	(1.256)
(x) Increased non household and household income	(0.126)
(xi) Improved dividend from LondonWaste Ltd	(4.500)
(xii) Other (net)	0.011
Total	<u>(11.907)</u>

4.3 As a consequence the Authority was advised in February that it would be reasonable to assume that forecast revenue balances of £11.907m at 31 March 2014 could be considered when determining its budget and levy requirements for 2014/15.

4.4 The actual revenue surplus for the year ended 31 March 2014 is £15.742m, i.e. an increase of £3.835m compared with the February 2014 forecast.

4.5 Comparison of the revised budget and final outturn is shown in Table 1 followed by a commentary on the most significant changes and issues arising.

Table 1	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Outturn	Variance between Revised Budget & Outturn
	£'000	£'000	£'000	£'000
Expenditure				
Main Waste Disposal Contract (ex CA Waste)	25,243	24,723	24,533	(190)
Civic Amenity Waste	1,360	1,345	1,360	15
Landfill Tax	13,131	12,670	12,659	(11)
Composting Services	3,124	2,848	2,724	(124)
MRF Services	4,006	5,051	4,957	(94)
Transfer Stations and Other Sites	2,655	1,389	1,307	(82)
Household Waste Recycling Centres	2,426	2,236	2,112	(124)
Corporate and Other Support Service Costs	2,131	1,995	1,505	(490)
Operations Team	626	532	535	3
Waste Reduction Programme – New Initiatives	308	308	290	(18)
Technical and Planning Team	0	108	84	(24)
Joint Communications Initiative	290	290	289	(1)
Recycling Initiatives	267	237	202	(35)
Commingled Income Payment Scheme	1,937	2,561	2,706	145
Procurement Process Costs	3,031	2,656	2,582	(74)
Sites and Planning Process Costs	255	413	179	(234)
Revenue Funding - Capital Programme	9,178	7,922	7,922	0
Excess Creditor Provision (Previous Years)	0	(235)	(285)	(50)
	69,968	67,049	65,661	(1,388)
Less				
Income				
Rents	(101)	(102)	(102)	0
Sale of Recyclates	(2,029)	(2,611)	(2,761)	(150)
Interest on Balances	(250)	(250)	(268)	(18)
Dividend Stream (LondonWaste Ltd)	(2,500)	(7,000)	(7,000)	0
	(4,880)	(9,963)	(10,131)	(168)
Net Expenditure	65,088	57,086	55,530	(1,556)
Contingency	2,302	2,302	0	(2,302)
Total Net Expenditure	67,390	59,388	55,530	(3,858)
Financed by:				
Balances b/fwd	(14,253)	(18,032)	(18,032)	0
Charges to Boroughs (non-household waste)	(9,570)	(9,575)	(9,539)	36
Charges to Boroughs (household waste)	(1,738)	(1,859)	(1,872)	(13)
Levy – Base Element	(39,440)	(39,440)	(39,440)	0
Levy – HWRC Element	(2,389)	(2,389)	(2,389)	0
Total Resources Available	(67,390)	(71,295)	(71,272)	23
Revenue Balance as at 31 March 2014	0	(11,907)	(15,742)	(3,835)

4.6 Details of the most significant variances that have occurred since the budget meeting in February are set out below.

4.7 **Residual Waste Disposal and Landfill Tax: (- £0.186m)**

4.7.1 In February, Members were advised that tonnage data for the period up to December 2013 indicated a net reduction of 1.94% in the 2013/14 residual waste stream compared with the level that entered the waste stream in 2012/13. This was 1.13% lower than the reduction of 3.07% reported in December (based upon six months data) and suggested that the downward trend in tonnage had started to reverse. As a consequence an allowance was made for a possible further upturn in the waste stream in the 2013/14 fourth quarter. On this basis the total residual waste stream for the year was estimated to reduce to 586,584 tonnes, i.e. a reduction of 13,745 tonnes compared with the original budget (600,329 tonnes), and by 5,488 tonnes compared with 2012/13 (592,072 tonnes).

4.7.2 Outturn tonnage figures for 2013/14 indicate that the renewed upward pressure in the waste stream reported in February between the third and fourth reviews continued but at a slightly lower rate of increase than that allowed for in fourth review. The actual residual waste stream for the year was 583,132 tonnes, i.e. a reduction of 8,940 tonnes (1.51%) compared with 2012/13, and a reduction of 3,452 tonnes compared with the fourth budget review. As a result, compared with the revised budget, the cost of residual waste disposal and landfill tax is lower by £0.186m. Nevertheless, after a number of years of falling residual waste tonnages, the 2013/14 outturn data suggests that the Authority may be entering a period of residual waste growth.

4.7.3 Details of the actual percentage movement in 2013/14 residual tonnage levels for each borough compared with 2012/13 may be summarised as follows:-

Table 2	2013/14 September Forecast	2013/14 December Forecast	2013/14 February Forecast	2013/14 Actual	Variance between Actual and February forecast
	(Second Review)	(Third Review)	(Fourth Review)		
	%	%	%	%	%
Barnet *	- 0.78	- 1.66	- 3.95	- 5.42	- 1.47
Camden	- 2.11	- 2.58	- 1.52	- 0.93	+ 0.59
Enfield	+ 0.41	+ 0.31	+ 2.63	+ 4.01	+ 1.38
Hackney	- 4.87	- 5.50	- 3.17	- 2.05	+ 1.12
Haringey	- 5.32	- 5.66	- 3.33	- 1.57	+ 1.76
Islington	- 2.08	- 2.42	- 0.68	- 0.52	+ 0.16
Waltham Forest	-2.99	-4.73	- 2.90	- 2.76	+ 0.14
Overall Position	- 2.43	- 3.07	- 1.94	- 1.51	+ 0.43

* In October 2013 Barnet made a number of operational changes to its recycling services; this appears to have had a beneficial impact on the borough's residual waste stream.

4.8 **Composting and Materials Recovery Facility (MRF) Services: (- £0.218m)**

4.8.1 In October 2013 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 2013/14 fourth budget review assumptions for these services. The actual level of compostable material sent to the Authority was 1.9% more than advised in October but allowing for a lower average cost of treatment there has been a net saving of £0.124m in respect of the Authority's composting services. Dry recyclable waste tonnages were some 0.7% lower and allowing also for a lower average cost bulking and treatment has resulted in a saving of £0.094m in respect of the MRF services.

	2013/14 Revised Budget Tonnes	2013/14 Actual Tonnes	Variance Tonnes	2013/14 Revised Budget Tonnes	2013/14 Actual Tonnes	Variance Tonnes
Barnet	21,745	21,118	(627)	12,864	12,790	(74)
Camden	4,320	4,222	(98)	17,000	15,794	(1,206)
Enfield	0	0	0	0	0	0
Hackney	4,475	4,502	27	14,553	13,723	(830)
Haringey	6,320	7,365	1,045	20,000	21,347	1,347
Islington	4,078	4,010	(68)	14,273	14,580	307
Waltham Forest	9,300	9,978	678	19,000	18,816	(184)
Total	50,238	51,195	957	97,690	97,050	(640)

4.9 **Transfer Stations and Other Sites: (- £0.082m)**

4.9.1 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 2013/14 only minor property maintenance and insurance costs were incurred at Pinkham Way resulting in a saving of £0.079m. Income (royalty payments) from the Hendon site operator exceeded the budget by £0.003m.

4.10 **Household Waste Recycling Centres (HWRCs): (- £0.124m)**

4.10.1 The Authority manages seven HWRCs on behalf of constituent boroughs. The costs of operating each HWRC is ring-fenced to the relevant borough, such that any under or over spend is carried forward to the levy calculation for that borough in the next available levy year.

4.10.2 Table 4 indicates that the cost of operation is £0.124m lower than forecast in February. The principal reasons for this are: the decision by some boroughs to bear utility costs and business rates directly (a saving of £0.126m), minor operational and management cost savings (£0.022m) as offset by an increase in the cost of recycling activities (£0.024m).

Table 4

	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Outturn	2013/14 Variance With Revised Budget
	£	£	£	£
Camden	405,320	330,723	290,227	(40,496)
Haringey	475,443	563,556	500,280	(63,276)
Islington	579,288	594,613	591,460	(3,153)
Waltham Forest	965,930	747,252	730,121	(17,131)
Total	2,425,981	2,236,144	2,112,088	(124,056)

4.10.3 Table 5 provides details of the revenue balances position for each transferring borough at 31st March 2014. As forecast balances of £0.562m at 31st March 2014 were taken into account in determining the 2014/15 levy the additional balances of £0.124m will be taken into account when determining the 2015/16 levy.

Table 5

	Additional Balances b/fwd from 2012/13	In-year Change in Balances (Variation between Original and Revised Budgets)	Total Forecast Balances as at 31 March 2014	Additional Balances 2013/14 from Table 4	Total Actual Balances at 31 March 2014
	£	£	£	£	£
Camden	(151,692)	(74,598)	(226,289)	(40,496)	(266,785)
Haringey	(7,863)	88,114	80,251	(63,276)	16,974
Islington	(12,032)	15,324	3,292	(3,153)	139
Waltham Forest	(200,483)	(218,677)	(419,161)	(17,131)	(436,291)
Total	(372,070)	(189,837)	(561,907)	(124,056)	(685,963)

4.11 **Corporate and Other Support Service Costs: (- £0.544m)**

4.11.1 This heading captures a wide-range of services provided to the Authority principally by Camden and Haringey but also by Waltham Forest, Enfield and a number of external providers. Savings have arisen principally as a result of lower spend on external support (£0.265m), no call on the new initiatives budget (£0.075m) and lower use of services provided to the Authority by the boroughs (£0.070m). In the last quarter of the year a staff vacancy in the External Relations Team meant that it was necessary to prioritise essential communications work at the expense of deferrable work which is now being delivered in the first quarter of 2014/15; this however contributed to a communications budget saving of £0.076m. Other miscellaneous savings amounted to £0.058m.

4.12 **Commingled Income Payment Scheme (CIPS)/Income from the sale of Recyclates: (cost neutral)**

4.12.1 The value of payments made under this scheme is in practice limited to the value of income received by the Authority from the sale of recyclates, i.e. there is no net cost to the Authority. Although market prices for recyclates have held up better than anticipated since the preparation of the revised budget, overall tonnage was 640 less than advised by the boroughs and used by the Authority for budget purposes. The actual income and therefore the CIPS cost in 2013/14 is £2.706m (includes 4th quarter provisional figures), i.e. an increase of £0.145m. The average value of payments in 2013/14 is expected to be £27.88 per tonne compared with a budgeted figure of £26.22 per tonne. The impact on the 2013/14 outturn is neutral to the Authority but beneficial to those boroughs in receipt of the CIPS payments which may be summarised as follows:

Table 6	2013/14 Revised Budget Tonnes	2013/14 Revised Budget £'000	2013/14 Actual Tonnes	2013/14 Actual Payments *
Barnet	12,864	322	12,790	355
Camden	17,000	456	15,794	424
Enfield	0	0	0	0
Hackney	14,553	377	13,724	386
Haringey	20,000	526	21,347	601
Islington	14,273	373	14,580	411
Waltham Forest	19,000	507	18,815	529
Total	97,690	2,561	97,050	2,706

*Includes 4th Quarter provisional figures

Barnet commenced the delivery of dry recyclable waste to the Authority in October 2013. Enfield does not currently deliver dry recyclable waste to the Authority for treatment.

4.13 **Procurement and Sites and Planning Process Costs: (- £0.308m)**

4.13.1 In the final outturn costs in connection with the former procurement project have been contained within budget delivering a saving of £0.074m. Although the planning process budget had been increased to allow for possible work in the closing months of the year it was necessary for some of this work to be re-scheduled to 2014/15; a sum of £0.115m has been allowed for in the first review of the 2014/15 budget. Costs in connection with the Western Road HWRC have been capitalised (see paragraph 5 below). Otherwise there is a general cost saving of £0.084m on sites and planning process costs.

4.14 **Contingency: (- £2.302m)**

4.14.1 At its February meeting the Authority continued to adopt a prudent approach and decided to retain a contingency in the 2013/14 revised budget that would be available to accommodate possible unforeseen additional costs in the closing months of the year. This comprised a general contingency of £1.302m and a procurement project contingency of £1.000m. There has been no call on the contingency.

4.15 **Charges to Boroughs for Non-Household Waste: (+£0.035m)**

- 4.15.1 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 2013/14.
- 4.15.2 The meeting was also reminded that the final charges would be calculated as part of the 2013/14 final accounts process and that this would be reported to the Authority in June 2014. Any under or over payment by boroughs would be collected from or repaid to boroughs at that time.
- 4.15.3 Overall, income for the year is broadly in line with the 2013/14 original and revised budgets. Looking at the position at an individual borough level however, there are some significant variances between the original budget and the outturn. Although the table indicates that Barnet, Hackney, Haringey and Waltham Forest will be entitled to a refund (£0.302m in total), Camden, Enfield and Islington will be required to make an additional payment to the Authority (£0.271m in total), i.e. a net repayment of £0.031m. The impact on each borough is set out in Table 7 below.
- 4.15.4 Compared with the original budget assumption of 89,481 tonnes of residual waste there has been a reduction of 270 tonnes and a net price decrease of £0.01 per tonne to £106.07.
- 4.15.5 Two Boroughs (Haringey and Islington) have also delivered recyclable non-household waste to the Authority for treatment at a cost of £51.08 for dry-recyclable waste (1,361 tonnes) and £57.98 for food waste (123 tonnes). In the case of dry-recyclable waste these tonnages are also eligible for a payment under the Authority's Commingled Income Payment Scheme (£27.88 per tonne) and this has the effect of substantially offsetting the initial gate fee.
- 4.15.6 Details of the original, revised and actual costs of non-household waste are shown in Table 7 below.

Table 7	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Actual Cost	Repayment due (to)/from Borough (Column 3 - 1)
	1	2	3	
Cost per Tonne	£106.08	£106.07	£106.07	
	£	£	£	£
Barnet	1,334,062	1,232,852	1,205,910	(128,152)
Camden	3,278,721	3,314,475	3,313,945	35,224
Enfield	902,847	931,082	922,597	19,750
Hackney	1,762,095	1,701,045	1,701,045	(61,050)
Haringey *	317,095	238,312	241,547	(75,548)
Islington *	1,759,650	1,977,824	1,976,141	216,491
Waltham Forest	215,555	178,834	178,091	(37,464)
Total	9,570,025	9,574,424	9,539,276	(30,749)

* Includes the cost of treating recyclable wastes.

4.16 Charges to Boroughs for Household Waste: (- £0.013m)

The Controlled Waste Regulations 2012 require the Authority to charge for the treatment of certain categories of waste. Accordingly, the Authority implemented charging arrangements from 2013/14. As with non household waste, boroughs make on-account payments during the year which are subsequently adjusted as part of the annual accounts closure process.

4.16.1 The outturn shows little change from the revised budget but the change from the original budget at £0.134m is more significant. The original information provided by the boroughs was that the Authority would be sent 14,806 tonnes of chargeable residual waste but the actual tonnage was 1,702 tonnes greater. The cost per tonne at £106.07 is the same as for non household waste.

4.16.2 Three boroughs (Hackney, Haringey and Islington) have also delivered recyclable chargeable household waste to the Authority for treatment at a cost of £51.08 per tonne for dry recyclable waste (2,267 tonnes) and £57.98 for food waste (87 tonnes). The dry recyclable tonnages are eligible for a payment under the Authority's Commingled Income Payment Scheme.

4.16.3 Details of the original, revised and actual costs of chargeable household waste are shown in Table 7 below:

Table 8	2013/14 Original Budget	2013/14 Revised Budget	2013/14 Actual Cost	Repayment due (to)/from Borough
	1	2	3	(Column 3 - 1)
Cost per tonne	£106.08	£106.07	£106.07	
	£	£	£	£
Barnet	241,863	241,840	241,840	(23)
Camden	459,114	459,071	459,071	(43)
Enfield	151,800	151,786	151,786	(14)
Hackney *	556,815	553,178	552,666	(4,149)
Haringey *	204,734	256,868	270,507	65,773
Islington *	123,486	196,221	195,995	72,509
Waltham Forest	0	0	0	0
Total	1,737,812	1,858,964	1,871,865	134,053

* Includes the cost of treating recyclable wastes.

4.17 Ring Fencing of Balances

4.17.1 With effect from 31 March 2013 balances have been ring fenced to each element of the levy. Paragraph 4.10.3 above provides an analysis of the Household Waste Recycling Centre balance of £0.686m at 31 March 2014. Of the remaining balance of £15.056m, £6.579m is attributable to the household tonnage element of the levy and £8.477m to the council tax element.

4.18 **Conclusion**

- 4.18.1 The outturn shows that the Authority has a revenue surplus of £15.742m at 31 March 2014, i.e. an additional revenue surplus of £3.835m compared with the February forecast of £11.907m.
- 4.18.2 Members will recall that in February the Authority decided to use £6.907m of forecast balances to help fund the 2014/15 budget and that £5m has been retained to help address possible budget pressures in 2014/15. The increase in revenue balances strengthens the Authority's financial position.

5. **Capital Budget 2013/14**

- 5.1 The Authority incurred capital expenditure in respect of the development of the Western Road HWRC totalling some £35,000. This sum, along with the other development and land acquisition costs (to be incurred in 2014/15) will be recovered through future years' HWRC levy, principally from LB Haringey where Western Road is located.
- 5.2 At 1 April 2013 the Authority held usable capital receipts of £1.439m. No receipts of a capital nature were received in 2013/14 and none were used. Capital receipts can only be used to fund capital expenditure or to repay debt.

6. **Accounts and Audit Regulations**

- 6.1 The 2013/14 outturn discussed in the preceding paragraphs forms the basis of the Authority's statutory statement of accounts which at the time of writing is in preparation. The Financial Adviser must 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 and must sign the statement by 30 June. It will then be passed to KPMG for audit.
- 6.3 The draft statement audited by KPMG will be presented to the Authority at its September meeting so that the Authority may consider and approve the statement of accounts 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 2014. 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.

7. **First Review of the 2014/15 Revenue Budget**

7.1 At its meeting on 13 February 2014 the Authority agreed the 2014/15 budget at £67.055m, to be financed by estimated balances of £6.907m, the return to revenue of a £1.000m earmarked reserve, charges to boroughs for non-household and chargeable household waste of £10.691m and £2.005m respectively, and a levy of £46.452m.

7.2 **General**

7.2.1 At this early stage of the financial year, tonnage data collected about the waste stream for April and May does not warrant a change to the budget assumptions for the cost of transport and disposal in 2014/15. 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.

7.3 **Treatment of Waste - Operational Changes**

7.3.1 The Authority is working in partnership with LondonWaste Ltd in order to maximise the use of the Edmonton EFW for the treatment of its residual waste and thereby minimising that amount of the Authority's waste that needs to be sent to landfill. There are two key initiatives, the first relates to transfer of some waste received at the Hendon Rail Transfer Station to Edmonton for incineration rather than landfill, and the second involves the pre-treatment (shredding) of civic amenity residual waste such that it is capable of being incinerated and not sent to landfill.

7.3.2 Allowing for the need to honour existing contractual arrangements there could be scope to move up to 50,000 tonnes per annum of the Hendon waste stream to Edmonton; the amount that can be transferred and treated at Edmonton will depend upon boiler availability for the remainder of the year. LondonWaste completed its five month scheduled boiler maintenance programme in May and some tonnages are now being transferred. It would, however, be premature at this early stage of the initiative to bank this saving and therefore Members will be kept informed of progress in future reviews. As a guide, however, it is estimated that the cost saving to the Authority could be in the region of £50 per tonne, i.e. a net annual saving of c. £2.5m based upon 50,000 tonnes.

7.3.3 LondonWaste Ltd is trialling an initiative that involves the shedding of residual civic amenity waste and which would otherwise be sent to landfill. Subject to the cost of pre-treatment this could save the Authority up to £80 per tonne at current landfill tax rates. As a guide, if 50% of residual civic amenity waste could be treated in this way this could result in a saving of c. £1m per year. Members will be kept informed of developments in future reviews.

7.4 **Planning Process Costs**

7.4.1 Planning process activity planned and budgeted to take place in the closing months of 2013/14 will now take place in 2014/15 and therefore slippage of £0.115m has been allowed for in the first review.

7.5 Overview

7.5.1 After allowing for the above changes and the higher level of balances brought forward from 2014/15 Table 9 below provides a summary of the current financial position.

Table 9	2014/15 Original Budget £'000	2014/15 First Review £'000	Variance £'000
Expenditure			
Main Waste Disposal Contract (ex CA Waste)	26,073	26,073	0
Civic Amenity Waste	1,382	1,382	0
Landfill Tax	13,809	13,809	0
Composting Services	2,967	2,967	0
MRF Services	6,126	6,126	0
Transfer Stations and Other Sites	1,585	1,585	0
Household Waste Recycling Centres	2,457	2,457	0
Corporate and other Support Service Costs	2,843	2,843	0
Operations Team	766	766	0
Waste Reduction Programme – New Initiatives	316	316	0
Technical and Planning Team	259	259	0
Joint Communications Initiative	298	298	0
Recycling Initiatives	297	297	0
Commingled Income Payment Scheme	2,974	2,974	0
Sites and Planning Process Costs	1,000	1,115	115
Revenue Funding – Capital Programme	8,242	8,242	0
	71,394	71,394	115
Less			
Income			
Rents	(105)	(105)	0
Sale of Recyclates	(2,974)	(2,974)	0
Interest on Balances	(75)	(75)	0
Estimated Dividend Stream	(2,500)	(2,500)	0
	(5,654)	(5,654)	0
Net Expenditure	65,740	65,855	115
Contingency	1,315	1,315	0
Total Net Expenditure	67,055	67,170	115
Financed By			
Balances b/fwd	(6,907)	(10,742)	(3,835)
Return of Earmarked Reserve to Revenue	(1,000)	(1,000)	0
Charges to Boroughs (Non-household waste)	(10,691)	(10,691)	0
Charges to Boroughs (Chargeable Household Waste)	(2,005)	(2,005)	0
2014/15 Levy - Base Element	(44,375)	(44,375)	0
- HWRC Element	(2,077)	(2,077)	0
Total Resources Available	(67,055)	(70,890)	(3,720)
Retained Balances	(5,000)	(5,000)	0

8. **Review of the Outlook for 2015/16 and Future Years**

- 8.1 In view of the operational changes referred to above, that the Authority has yet to take decisions on its future waste management arrangements and that the Authority will be considering the renewal of its principal waste management contracts at its next meeting, it is proposed to update Members on the 2015/16 budget and levy prospects after the September meeting.

9. **Conclusion**

- 9.1 Allowing for the improvement in the revenue balances at 31st March 2014 and slippage of expenditure into 2014/15 the first review indicates that the Authority's reserves have increased by £3.720m. This improvement and the good prospect of operational cost savings to come strengthen the Authority's ability to manage its services within budget and accommodate potential budget pressures.

10. **Comments of the Legal Adviser**

- 10.1 The Legal Adviser has been consulted and has no comments to add.

Local Government Act 1972 - Section 100 as amended

Documents used in the preparation of this report:-
Report to the Authority 11 February 2014 – Revenue Budget and Levy 2014/15
2013/14 Final Account Working Papers
2014/15 budgetary control working papers

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