

## **NORTH LONDON WASTE AUTHORITY**

At a meeting of the **NORTH LONDON WASTE AUTHORITY** held on **TUESDAY, 12TH FEBRUARY, 2013** at 10.00 am in the Committee Room 1, Camden Town Hall, Judd Street, London, WC1H 9JE

### **MEMBERS OF THE AUTHORITY PRESENT**

Councillors Loakes (Chair), Meehan (Vice-Chair), Blackwell, Bond, Canver, Cohen, Demirci, Greening, Jones, Lloyd, Smith and Stafford

### **MEMBERS OF THE AUTHORITY ABSENT**

Councillors Akram and Thomas

**The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the North London Waste Authority.**

## **MINUTES**

### **1. APOLOGIES**

Apologies were received from Councillors Akram and Thomas.

### **2. DECLARATIONS BY MEMBERS OF PECUNIARY, NON-PECUNIARY AND ANY OTHER INTERESTS IN RESPECT OF ITEMS ON THIS AGENDA**

Councillor Canver declared a non-pecuniary interest in all relevant business as a Member of the European Union Committee of the Regions.

Councillors Canver and Meehan declared a non-pecuniary interest in all relevant business as Members of the London Borough of Haringey, which was the planning authority for the Pinkham Way site.

Councillor Cohen declared a non-pecuniary interest as a Member of the London Borough of Barnet, which had sold part of the Pinkham Way site to the Authority.

Councillor Loakes declared a non-pecuniary interest in all relevant business as a member of the London Waste and Recycling Board.

### **3. DEPUTATIONS (IF ANY)**

There were none.

#### **4. MINUTES**

##### **RESOLVED –**

THAT the Minutes of the meeting held on 6<sup>th</sup> December 2012 be approved and signed by the Chair as a correct record.

#### **5. REVENUE BUDGET AND LEVY 2013/14**

Consideration was given to the report of the Financial Adviser.

The Head of Finance began by reminding Members that a number of one-off budget savings which had arisen in 2011/12 had increased revenue balances and enabled the 2012/13 levy to be reduced by 6.7%. Although this was in keeping with the Authority's practice of returning balances to constituent boroughs at the earliest opportunity this did increase the possibility of a levy increase in 2013/14. In December it had been necessary to advise that the 2013/14 levy was forecast to rise by 4.7%, however, after a further detailed review of the Authority's budget and resource requirements it was now possible to restrict the 2013/14 levy increase to 2.99%.

He reported that the 2013/14 proposed budget had been considered by the Members' Finance Working Group and discussed with the Directors of Finance of constituent Boroughs. In the coming year, the Authority was scheduled to enter into new contracts for the provision of waste services and therefore it had been necessary to make a number of key assumptions about costs, waste stream levels and the progress of the procurement project. Whilst the detailed budgets were soundly based, some uncertainty did remain and so the budget also allowed for a prudent level of contingency. As a consequence, the Head of Finance advised that the 2013/14 proposed budget of £67.390m should be sufficiently robust to meet the Authority's day-to-day statutory obligations and the costs of the procurement process in the coming year.

He reported that year-on-year the 2013/14 total budget remained broadly the same as the 2012/13 budget, but advised that the financial saving that was budgeted to arise from a forecast reduction in the residual waste stream had largely been offset by increases in the amount of recyclable waste that the boroughs intended to send to the Authority in the coming year and the landfill tax escalator which alone had added £1.459m to the budget (equivalent to a levy increase of 3.59%).

In relation to the Authority's resource requirements for 2013/14 he informed Members that the Authority remained in good financial health and was forecast to end 2012/13 with surplus revenue balances of £14.253m. Although this represented a small improvement over the December forecast this figure was £2.570m lower than the balances used to reduce the 2012/13 levy and as a consequence this had led to a corresponding increase in the Authority's 2013/14 resource requirements. If these balances were fully utilised, it was possible to limit the rise in the 2013/14 levy to 2.99%. However, this meant there was a risk that if no revenue balances were

generated next year, a substantial levy increase would be required in the 2014/15 levy. In making this comment, the Head of Finance also drew attention to the circumstances that might give rise to a more favourable revenue balances position by the time that decisions would need to be made on the 2014/15 budget and levy. Directors of Finance had indicated that they were prepared to manage this risk as part of their borough budget setting processes.

Finally, he reported that due to changes to the Controlled Waste Regulations which came into force during 2012/13, the costs associated with the treatment of household waste from some sources now had to be charged on a per tonne basis, rather than via the levy.

A member questioned the need for a 2.99% increase in the levy given that constituent boroughs were taking steps to reduce expenditure and were not proposing to increase their council tax in the coming year and asked what savings the Authority had looked to make instead of increasing the levy. In response the Head of Finance stated that whilst every effort was made to keep costs to a minimum or improve value for money the areas where the Authority could look to make savings were currently limited. The largest proportion of the budget (68%) was spent on the treatment of waste delivered by the constituent boroughs. The Authority was not in a position to control the amount of waste that was delivered to the Authority but needed to ensure that it had sufficient resources to fund the cost of its treatment. After this came the procurement budget which, whilst efforts were made to control expenditure, was largely dependent on the needs of the procurement process. Corporate and Support Service costs accounted for 3.9% of the Authority's total budget which provided for a relatively small staff base which was supplemented by support from the Boroughs and other external advisers if required.

The Managing Director indicated that he would be reporting to the Authority on officer support arrangements once decisions had been made on the procurement later in the year. Commenting on the proposed 2.99% levy rise for 2013/14, he also emphasised the adverse impact on the Authority's budget of the landfill tax escalator and drew attention to Table 6 in the report which indicated that other than for 2012/13, when the levy was reduced, the 2013/14 proposed levy was lower than the levy set in the period 2009/10 to 2011/12.

A Member stated that the Finance Member Working Group had considered the budget in some detail. Its view was that it was not sensible to remove the contingency from the budget given the needs of the procurement and the decision regarding contract awards which would be taken during the year. However, he stated that the Group would want to look much more closely at the detail of the budget next year.

Members agreed that in future it would be helpful to have comparative information from other waste authorities regarding their budget arrangements, to help Members when making a decision on the budget and levy. However, it was noted that there was a significant variety in the size of waste disposal authorities and there would

need to be careful consideration as to which other authorities represented a fair comparison.

The Financial Adviser reported that the Secretary of State for Local Government, Eric Pickles, had announced that in future the increase in the levy would count towards boroughs' percentage Council Tax increase for the purposes of determining whether a local referendum was required. Although Directors of Finance had indicated that this was not likely to be an issue in 2013/14, it could be a challenge for the future and there would need to be consideration of how balances should be dealt with for the medium term.

In response to a question, the Financial Adviser confirmed that precepting authorities, such as the Greater London Authority, did not count towards the cumulative total but levying authorities, such as the Authority, did count.

**RESOLVED –**

- (1) THAT the 2013/14 non-household residual waste charge at £106.08 per tonne, and in the case of non-household dry recyclable and food waste £51.71 and £62.49 respectively, be agreed.
- (2) THAT the new charging arrangement for chargeable household waste as set out in paragraph 6.17.3 of the report and as a consequence, a residual waste charge of £106.08, a food waste charge £62.49, a dry-recyclable waste charge of £51.71 and a green waste charge of £35.07, be agreed.
- (3) THAT the current basis for calculating non-household residual waste charges and the proposed basis for calculating residual chargeable household waste shall apply until the introduction of menu pricing in 2016/17 (paragraphs 6.16.4 and 6.17.3).
- (4) THAT the proposed budget be deemed sufficient to meet the net expenditure requirements for the year ahead and that the 2013/14 budget be agreed.
- (5) THAT the medium term budget forecasts for 2014/15, 2015/16 and 2016/17 be noted.
- (6) THAT the levy for 2013/14 be determined as £41.829m, comprising a base levy of £39.440m and Household, Waste and Recycling Centre levy element of £2.389m.
- (7) THAT it be noted that the levy would be apportioned in accordance with the alternative levy arrangements agreed by the constituent councils in January 2012.
- (8) THAT the Financial Adviser be authorised to make the arrangements for collection of the levy and charges for household and non-household waste.

- (9) THAT the Prudential Indicators be approved and that the basis for calculating the Minimum Revenue Provision be agreed as set out in section 9 of the report.

## **6. THIRD PARTY REUSE AND RECYCLING CREDIT REGISTRATIONS**

Consideration was given to the report of the Head of Waste Strategy and Contracts.

The Head of Waste Strategy and Contracts stated that the Authority paid credits to organisations that removed items from the Municipal waste stream for reuse or recycling which would otherwise have had to be disposed of at the Authority's expense. He reported that the tonnage forecast to be diverted in 2013/14 was slightly less than was forecast to be diverted in 2012/13, although the previous year's forecast had been overestimated by 20%.

In response to a question regarding what could be done to increase the quality of recycled materials, he replied that boroughs had a direct impact on this in terms of the type of waste that they provided. The Authority was able to provide feedback to boroughs on the waste provided, often down to the level of which vehicle had brought the waste for disposal. Both the contractor and the boroughs received financial incentives to improve the quality of recycled materials.

Members felt the Third Party Credits arrangements provided a welcome scheme, although they noted that the amounts of waste which were diverted from the waste stream were relatively small. The Head of Waste Strategy and Contracts acknowledged this but stated that it was still generating genuine savings for the Authority.

Members requested that a report be brought back to the next Authority meeting which provided further detail on this scheme, including the percentage of the total waste stream that was saved as a result of the scheme and how much this generated in financial savings to the Authority.

**ACTION BY** – Head of Waste Strategy and Contracts

**RESOLVED** –

THAT the applications for registration for reuse and recycling credit payments from the organisations listed at Appendix 2 of the report be approved.

## **7. NORTH LONDON WASTE PREVENTION PROGRAMME**

Consideration was given to the report of the Head of Waste Strategy and Contracts.

The Head of Waste Strategy and Contracts informed Members that the three main priorities of the Waste Prevention Plan were food waste, furniture and packaging and that the report updated on progress in these areas.

The Chair thanked officers who had been involved in these projects, which he stated were very innovative.

In response to a question, the Head of Waste Strategy and Contracts stated that the Authority did not have any direct control over the packaging that producers were creating but they were lobbying on this issue. They had recently written to 30 organisations locally that had not engaged with WRAP's Courtauld Commitment to encourage them to change their behaviour.

A Member suggested that it might be helpful to liaise with other public services, such as health providers, as it might be possible to jointly promote campaigns such as tackling food waste at the same time as providing information on healthy eating.

**RESOLVED –**

THAT the report be noted.

**8. STRATEGY UPDATE**

Consideration was given to the report of the Director of Procurement.

The Director of Procurement provided updates on two matters which had developed further since the report had been published. Firstly, he reported that Enfield had now formally opened consultation on the Edmonton Site Supplementary Planning Document and that this would run until 18<sup>th</sup> March 2013. He also reported that an amendment had been proposed in Parliament to the Government's Energy Bill which would allow the Government to set an early target for decarbonisation of energy production. This was of interest to the Authority, particularly in relation to its strategic approach to supporting renewable energy production.

A Member commented that the tone of paragraph 2.6 in the report on the Edmonton District Energy Network (DEN) proposals was too negative. They felt that it would be preferable to see a note of the risks involved and how it was planned to mitigate these. In response, the Director of Procurement stated that the Authority had always been supportive of the principle behind a DEN, including officer participation in the DEN Steering Group. However, it was important that any proposal did not undermine the value of the Authority's most important asset. Under the proposed recommendation Members of the Planning Sub-Group would have the opportunity to consider the tone of the Authority's response to the consultation.

**ACTION BY –** Director of Procurement

**RESOLVED –**

- (1) THAT authority be delegated to the Director of Procurement to write to relevant agencies and respond to the following consultations in accordance with the views set out in the paper and the comment set out above:
- a) Environment Agency with respect to glass from incinerator bottom ash counting towards recycling figures;
  - b) Local Government Association Waste Review Call for Evidence – in consultation with the two Vice-Chairs;
  - c) The London Borough of Enfield consultation on the Edmonton Supplementary Planning Document that required a response prior to the next Authority meeting, in consultation with Members on the Planning Sub-Group.
- (2) THAT the update on Energy Strategy Issues in section 3 be noted and that further advice be provided to a future meeting on the impact of the Carbon Reduction Commitment.

**9. FORWARD PLAN OF DECISIONS**

Consideration was given to the report of the Managing Director.

**RESOLVED –**

THAT the report be noted.

**10. LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION**

**RESOLVED -**

THAT the press and public be excluded from the proceedings of the North London Waste Authority on 12<sup>th</sup> February 2013 during consideration of the following items on Part II of the agenda, on the basis that, were Members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A to the Local Government Act 1972, as amended.

Specifically:

Exempt Information Category 1 - Information which relates to an individual: the reason why the public interest favours withholding the information are that the release of such information could constitute or facilitate an unwarranted interference with the individual's privacy.

Exempt Information Category 3 – Information relating to the financial or business affairs of any particular person, including the authority holding that information, and not required to be registered under various statutes: the reasons why the public interest favours withholding the information are that the release of such information would prejudice the Authority's conduct of a commercial operation OR because the disclosure of the information is likely to prejudice the commercial interests of the Authority and organisations engaged in commercial activities as the information related to commercial activities that are conducted in a competitive environment.

Exempt Information Category 5 - Information in respect of which there is a claim to legal professional privilege: the reasons why the public interest favours withholding the information are that the release of such information could prejudice the safeguarding of openness in all communications between client and lawyer and the Authority's ability to ensure access to full and frank legal advice.

#### **11. PRIVATE MINUTES**

##### **RESOLVED –**

THAT the private Minutes of the meeting held on 6<sup>th</sup> December 2012 be approved and signed by the Chair as a correct record.

#### **12. GOVERNANCE OF LONDONWASTE LIMITED**

Consideration was given to the report of the Managing Director.

##### **RESOLVED –**

THAT the recommendations contained in the report be agreed.

#### **13. PROCUREMENT UPDATE**

Consideration was given to the report of the Director of Procurement.

##### **RESOLVED –**

THAT the recommendations contained within the report be agreed.

#### **14. ANY OTHER ITEMS THE CHAIR DECIDES TO TAKE AS URGENT**

There was no urgent business.

The meeting ended at 11.18 am

**CHAIR**

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**MINUTES END**