

## 9. Finance and Resources

### Highlights

- 2015/16 levy restricted to £46.452m (no increase on 2015/16).
- 2016/17 levy increase restricted to £46.648m (an increase of 0.42% on 2015/16).
- 2017/18 levy increase restricted to £47.948m (an increase of 2.78% on 2016/17).

### Budget

- 9.1** The net revenue budget of the Authority for 2016/17 was funded mostly by a levy on constituent boroughs that covers the cost of disposal of household waste and the core costs of running the Authority. There is a separate charging arrangement in place for non-household waste and for certain other categories of household waste.
- 9.2** In February 2016 constituent boroughs approved a change to the method of calculating the levy and charges to a menu pricing based system. Subsequently, the Authority agreed an original budget of £65.845m for 2016/17, to be financed by estimated revenue balances of £9.591m, charges to boroughs for non-household waste of £8.007m, household waste of £1.598m and a levy of £46.648m. In setting the 2016/17 budget and levy it was recognised that, subject to favourable circumstances outside of its control, the Authority might enjoy a small level of surplus revenue balances by the time the Authority would need to take decisions on the 2017/18 budget and levy.
- 9.3** The 2016/17 final outturn reported as part of the ordinary business of the June 2017 Authority meeting indicates that the Authority's total expenditure for the year was £57.549m, and that charges for non-household and chargeable household waste were £7.646m and £1.454m respectively. As the levy is fixed at the start of the year, this resulted in the Authority having a revenue surplus, including balances brought forward of £12.074m at 31 March 2017. This is £4.857m better than previously forecast in February 2017 (£7.217m). The in-year financial improvement arose mainly from a lower than anticipated settlement of landfill tax and electricity income claims, savings on corporate and support services, non-use of the contingency budget and increased income from dry recyclable material.
- 9.4** The 2016/17 expenditure comprised:

<b>£m</b>	
Waste disposal and recycling services (including landfill tax)	46.016
Reuse and recycling centres (operational costs)	3.271
Corporate and support services	2.640
Waste prevention initiatives (including work with community groups and constituent councils)	0.880
North London Heat and Power Project (development costs)	1.649
Revenue cost of funding the capital programme	6.759
<b>Expenditure</b>	<b>61.215</b>
Less	
Sale of recyclables	(3.364)
Other income	(0.301)
<b>Net expenditure</b>	<b>57.549</b>

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**9.5** Looking forward, In February 2017, the Authority set the budget for 2017/18 at £65.164m. The Authority decided that the £7.217m revenue balance forecast available would be used to help fund the budget. As a consequence the 2017/18 budget has been financed as follows:

<b>£m</b>	
Use of revenue balances	7.217
Charges to boroughs for non-household waste	8.491
Charges to boroughs for household waste	1.508
Levy	47.948
<b>Total</b>	<b>65.164</b>

**9.6** The levy for the 2017/18 financial year of £47.948m has been apportioned between the constituent boroughs as follows:

<b>£m</b>	
Barnet	9.220
Camden	5.208
Enfield	5.680
Hackney	6.854
Haringey	7.875
Islington	5.301
Waltham Forest	7.810
<b>Total</b>	<b>47.948</b>

**9.7** The 2017/18 budget of £65.164m is lower than 2016/17 by £0.681m, and 2015/16 by £1.009m. This is partially due to an anticipated recovery in the wholesale electricity price and the increase in the income from dry recyclable material. In addition, the budget required to continue work on the North London Heat and Power Project in 2017/18 is lower than the previous year.

### Tonnage levels

**9.8** Allowing for a continuation of constituent borough recycling and composting activity, the 2017/18 budget allows for the disposal of some 602,000 tonnes of residual waste, composting arrangements for 56,500 tonnes of green/kitchen waste and a bulking and sorting arrangement for some 128,800 tonnes of dry recyclable waste.

**9.9** The Authority can charge the seven constituent boroughs for some types of waste (principally non-household (or trade) waste), but recovers most of its costs (principally ordinary household and major project costs) via a levy. The Joint Waste Disposal Authorities (Levies) (England) Regulations 2006 (the Regulations) provide that the Authority's constituent boroughs decide on the apportionment of the levy. Under the Regulations, unless all seven constituent boroughs can agree unanimously on the way the levy is to be apportioned, the Regulations provide a default way in which the levy is to be apportioned. However, through an inter-authority agreement the constituent boroughs have agreed an alternative method of apportionment.

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**9.10** With effect from 2016/17, the seven constituent boroughs approved a change from the above default way of apportioning the Authority's levy to a system of levy and charges based on 'menu pricing' (i.e. each type of waste has a different price to the boroughs). Under this 'menu pricing mechanism' the allocation of the Authority's net expenditure is now primarily driven by the tonnage of different types of waste that each borough delivers to the Authority. In addition, the Authority's costs in relation to the network of reuse and recycling centres (RRCs) are recovered from each constituent borough in proportion to their residents' usage of these RRCs.

### Value for money

**9.11** Like all public bodies, the Authority seeks to get the best value from its contracts through tendering, and by working with contractors to keep prices low. LondonWaste Ltd agreed a contract that ensured that waste, previously sent to landfill, was instead sent to a new energy from waste facility. This has saved the Authority approximately £0.4m in 2016/17. In addition, changes to the number of trains carrying waste from the Hendon rail transfer station each week has saved the Authority another £0.4m in 2016/17.

**9.12** By replanning capital expenditure and refinancing existing borrowing, a one-off saving of £0.8m in 2016/17 and recurring savings of £0.2m were also achieved.

### Property issues – overview

**9.13** In relation to the Hendon rail transfer station the Authority had a tenancy with Freightliner Heavy Haul that was taken over by Network Rail (the original superior landlord). The Authority also has an interest in part of a 6.97 hectare site at Pinkham Way in Haringey, and, in purchasing the shares of Sita in LondonWaste Ltd, became the sole owner of this company, which in turn owns the approximately 15 hectare site at Edmonton in Enfield (the Edmonton EcoPark).

### Property holdings

**9.14** The Authority has varying property interests at:

- Hornsey Street, Islington
- A406, Edmonton (residual land)
- Hendon Waste Transfer Station
- Pinkham Way - land at part of the former Friern Barnet Sewage Treatment Works
- Berol House, Tottenham Hale

**9.15** Throughout 2016/17 work to manage two invasive plant species (Japanese knotweed and giant hogweed) continued at the Pinkham Way site. This is ongoing in 2017/18.