

Agenda Item 11

NORTH LONDON WASTE AUTHORITY	
REPORT TITLE: NORTH LONDON WASTE AUTHORITY – ANNUAL REPORT 2003/2004	
REPORT OF: DEPUTY CLERK	
FOR SUBMISSION TO: AUTHORITY MEETING	DATE: 7 th July 2004
SUMMARY OF REPORT: This is the 2003/2004 Annual Report for the Authority, in a similar format as previous years, linking in to the Best Value Performance Plan. Local Government Act 1972 – Access to Information : No documents required to be listed. Contact Officer: Thomas Ribbits, Deputy Clerk, NLWA Camden Town Hall Judd Street, London WC1H 9JE (020 7974 1915) Email: Thomas.ribbits@Camden.gov.uk	
RECOMMENDATION: That the Authority notes this report.	

Signed by:

Date:

NORTH LONDON WASTE AUTHORITY – ANNUAL REPORT 2003/2004

1. Introduction to the Authority

1.1 The North London Waste Authority (NLWA) was established in 1986 as a joint statutory waste disposal authority after the abolition of the Greater London Council (GLC). The Authority's prime function is for arranging the disposal of waste collected by its seven constituent boroughs. These authorities are:-

- The London Borough of Barnet
- The London Borough of Camden
- The London Borough of Enfield
- The London Borough of Hackney
- The London Borough of Haringey
- The London Borough of Islington
- The London Borough of Waltham Forest

1.2 The Authority has a membership of 14 councillors, with each constituent borough appointing two councillors. The Authority meets 5 times a year, with provision for special meetings as required. An Urgency Committee has also been established to meet and consider appropriate business where necessary. This has met once in the past year.

1.3 In 2003/4, the Chair of the Authority was Councillor Ray Dodds (Haringey) and the Vice Chairs were Councillors Bill Hodgson (London Borough of Hackney) and Eric Sizer (London Borough of Waltham Forest).

1.4 Arising from the requirements of the Environmental Protection Act 1990, the Authority in 1992 entered into a process leading to the formation of a Local Authority Waste Disposal Company (LAWDC) and subsequently a Joint Venture. SITA (GB) Ltd (now called SITA (UK) Ltd) were selected as the Joint Venture's preferred partner, and a Joint Venture Company, called LondonWaste Ltd was established. The Authority subjected its waste disposal needs to competitive tender with LondonWaste Ltd bidding on behalf of the Joint Venture Partners.

1.5 After 18 months of negotiations the arrangements for the Joint Venture were finalised and received the Secretary of State for the Environment's approval in December 1994. The divestment of the Authority's operational arm to LondonWaste Limited took place on 15th December 1994. At the same time, a twenty-year contract for the transfer and disposal of the Authority's waste was awarded to LondonWaste Ltd.

1.6 The Board of LondonWaste Ltd has 3 directors nominated by the Authority and 3 nominated by SITA (UK) Ltd. This is representative of the 50%-50% share holdings of both partners within the Joint Venture. The A Directors appointed on the Board by the Authority for 2003/4 were Councillors Brian Haley, Narinda Matharoo and Roger Robinson with Councillor Ray Dodds as a substitute Director.

1.7 The Authority does not employ any staff directly, but makes the following cross-borough arrangements for support services:-

- **London Borough of Camden**
- Clerk
- Deputy Clerk
- Financial Adviser
- Finance Officer
- Legal Adviser

- **London Borough of Haringey**
- Technical Adviser
- Valuation Adviser
- Strategy & Contracts Team:
 - Head of Waste Strategy & Contracts
 - Principal Strategy & Projects Officer
 - Principal Contracts & Projects Officer
 - Contract Monitoring Officer
 - Administration & Finance Officer

1.8 During the course of 2004/5, the Authority welcomed a new Clerk, Ms Moira Gibb, who took up her position in January 2004. Prior to this, Ms Alison Lowton was Acting Clerk and Ms Ursula Taylor became Acting Legal Adviser.

1.9 Proposals are being developed for changes to the Strategy & Contracts Team in response to the new demands of the draft North London Joint Waste Strategy and the need to commence activity on procuring new facilities and services outside and beyond the current Main Waste Disposal Contract.

2. Finance

2.1 Budget

The annual net revenue budget of the authority is funded by a levy on constituent boroughs and is currently apportioned in proportion to each Council's council tax base. The levy covers the cost of disposal of household waste and the core costs of running the Authority. There is a separate charging arrangement for non-household waste.

The total estimated net expenditure for the Authority in 2004/05 is £49.917m. It has been financed as follows: -

Use of revenue balances	£ 4,767,000
Charges to boroughs for non-household waste	£ 6,776,313
Levy	£38,374,000

The levy for the 2004/05 financial year of £38,374,000 has been apportioned between constituent councils as follows:-

Barnet	£8,279,149
Camden	£5,550,838
Enfield	£6,537,458
Hackney	£3,815,541
Haringey	£4,998,276
Islington	£4,721,096
Waltham Forest	£4,471,642
Total	£38,374,000

The costs that are met from the levy continue to rise at above inflation levels. This is primarily due to two reasons. Firstly, although borough-recycling activity has doubled in recent years (from c. 48,000 in 2000/01 to c. 100,000 in 2003/04) the underlying increase the waste stream has continued to rise at about 2% per annum such that the 2003/04 actual residual waste stream has reduced by only 3,253 tonnes when compared with 2000/01. Secondly, the costs of disposing of waste have risen significantly as a result of the increasing statutory/licensing requirements to dispose of waste by environmentally sound methods. The latter has added significantly to the cost of disposing of waste to Bedford through the Hendon Rail Waste Transfer Station in 2004/05 and civic amenity waste. Although the Boroughs will in turn benefit from the increased value of recycling credit payments (linked to the highest cost of disposal) the cost to the Authority of making these payments is mainly greater than the avoided waste disposal cost. Although 2004/05 is not one of the Government's statutory target years for recycling the 2004/05 budget assumes that recycling credit payments to Boroughs will continue rise significantly as Boroughs prepare for meeting their 2005/06 targets.

Landfill tax is another significant cost to the Authority. Although the Authority benefits from the disposal of a large proportion of its waste through the Edmonton energy-from-waste (EFW) facility there are still large volumes of untreated residual waste sent to landfill. Standard landfill tax rates have risen steadily by £ 1 per tonne per annum over the past five years to £15 per tonne in April 2004. The Government has also indicated that landfill tax rates will rise by further stepped changes of £3 per tonne per annum from 2005/06 until a landfill tax rate of £35 per tonne is reached. The 2004/05 budget also allows for an increase in landfill tax costs as a result of a reduction in incineration levels whilst the Edmonton EFW facility is refurbished to meet the requirements of the Waste Incineration Directive.

The 2004/05 budget also allows for the increased cost of operating a new and significantly improved waste transfer station at Hornsey Street (Islington). This will replace the Ashburton Grove waste transfer station that is being acquired for development by the Arsenal Football Club and will become the home of their new football ground.

Although the Government's current waste strategy has set demanding targets for the reduction of waste it is likely that the waste stream will continue to rise for some time to come. It, therefore, follows, that the cost to constituent boroughs is also likely to

continue to rise at above inflation levels for the foreseeable future. The case for waste minimisation remains strong. It is also important for constituent boroughs to examine closely the reasons for the continuing increase in the waste stream and where possible introduce measures promoting further minimisation and recycling in their respective areas. These issues are being addressed as part of the Authority and constituent councils' initiative to develop a joint waste strategy for the Authority's area.

The charge for non-household waste in 2004/05 is estimated to be £40.34 per tonne.

The estimated cost for each constituent council in 2004/05 is as follows:

Barnet	£ 765,411
Camden	£ 1,438,282
Enfield	£ 568,955
Hackney	£ 1,023,345
Haringey	£ 940,164
Islington	£ 1,140,130
Waltham Forest	£ 900,026
Total:	£ 6,776,313

(A summary of the levies raised since the formation of the authorities is attached as **Appendix 1.**)

At the Authority's budget meeting in February 2004 Members were advised that assuming full use of balances by 31 March 2005, and a year on year increase in the waste stream of 2.5% per annum (as adjusted for further stepped increases in recycling), the percentage increase in the cost to the Boroughs in 2005/06 was estimated to rise by 18.22%, a further 6.5% in 2006/07 and by a further 8% in 2007/08. This forecast was based upon known and quantifiable changes only - including landfill tax rates where the standard rate of tax is expected to rise by stepped increases of £3 per year from 2005/06 until a rate of £35 per tonne is reached. These forecasts also allow for the estimated additional full year cost of operating a new waste transfer station at Hornsey Street (the proposed replacement to the Ashburton Grove waste transfer station). In addition, the Authority was also advised that it is likely to encounter other budget pressures – which are not at present quantifiable, including, possible costs in connection with the relocation of the Hendon rail transfer station, the costs of implementing the joint waste strategy and possible costs that might arise from implementing the Landfill Allowance Trading Scheme which is due to come into effect in 2005/06. The Authority will be appraised of these costs as the picture becomes clearer.

2.2 Tonnage Levels

The 2004/05 budget has been based on an estimated residual waste stream of 819,823 tonnes (889,000 before an allowance for increased recycling activity by boroughs – this figure comprises 721,020 tonnes for household waste and 167,980 tonnes for non-household waste).

2.3 Apportionment of the Levy

Although it is open for the Authority's constituent boroughs to decide how the levy will be apportioned between constituent councils, the Authority remains concerned by the historic lack of progress by the Government in reviewing the default arrangements for apportioning the levy. This is because, unless all constituent boroughs are able to agree unanimously on the basis of apportionment, the Levying Bodies (General) Regulations prescribe the default arrangements that will apply in such circumstances i.e. the levy shall be apportioned in proportion to each council's tax base. This is not an equitable basis for apportionment. Although the default arrangements have changed over the life of the Authority in response to changes in the local taxation system, the default arrangements have been triggered in every year. The Authority has been pressing the Government for approval to move to a tonnage based system of charging constituent councils. This would clearly demonstrate the cost of disposing of waste arising from constituent councils and provide greater incentive to promote waste minimisation and recycling.

Whilst there will clearly be difficulties relating to the civic amenity waste stream and recycling credits that have not yet been resolved, all constituent councils have previously indicated that they favour a move to a tonnage based levy, provided transitional relief is available. However, as any change would result in a significant change in the levy borne by each Council it has not been possible, to date, to make a voluntary move to a tonnage based method of apportionment. The Authority has expressed the view that this should include appropriate transitional arrangements to reduce the financial impact of change on constituent councils. The Greater London Authority has also expressed its support of the Authority's position on this matter.

The Government has recently indicated that it is proposing to take forward its review of Joint Waste Disposal Authority levy mechanism and is currently gathering up-to-date information before issuing a discussion paper for consultation in the Autumn.

3. Property Issues

In September 2003 Richard Barrett, Head of Property Services at Haringey Council became the Valuation Adviser to the Authority, following the resignation of the previous incumbent.

The main property issues dealt with during the year focused primarily on the lease issues surrounding the establishment of the Hornsey Street (Islington) facility and the long-standing CPO dispute at Edmonton adjacent to the A406 North Circular Road.

(i) Hornsey Street (Islington)

This work is largely concluded so as to enable lease completion this summer. One issue to be settled during 2004/5 is the apportionment of service charge.

(ii) A406 Edmonton CPO

This issue has been resolved between valuers and is a successful outcome from the Authority's point of view. The Highways Agency had attempted to reduce the compensation payable to the Authority to £827,000 to reflect their view that not all the land originally identified in the CPO was taken. This was strongly resisted by the Valuer to the Authority and the matter was eventually conceded in full. Therefore, when the

legal formalities are completed the Authority will receive £1,155,000 together with interest

(iii) **Other Property Issues** - Various other property issues have been dealt with by the Valuation Adviser during 2003/04. For 2004/05 it is proposed to seek to move forward the other outstanding property issues at Picketts Lock, where the Authority has a residential freehold interest; at Barnet which involves a dispute with Barnet Council as to rental value and also at Hendon. It is understood there may be a requirement to identify new waste transfer sites and it is anticipated the Authority may well also have a requirement for additional office space for officers of the Authority. Other programmed work includes preparation work for the 2005 rating revaluation and also for the quinquennial assets re-valuation. The valuation adviser will also deal with ad hoc property matters as they arise during the year.

4. Best Value

Under the Local Government Act 1999, the Authority is subject to the best value regime. The Authority's fourth Best Value Performance Plan was published in June 2003 to allow the incorporation of full year performance and cost information, rather than use estimates as in earlier years. The same is being done for the 2004 Plan, which again provides a complete overview of the work of the Authority, as well as reporting on performance management and the achievement of the 2003/04 statutory performance standard for recycling and composting of household waste.

The Plan builds on the previous year's plan and notes the implementation of the new contract for the transportation of civic amenity waste and the incorporation of this waste's disposal within the main waste disposal contract.

The Plan describes the progress made on developing and agreeing a draft North London Joint Waste Strategy and the commencement of a comprehensive stakeholder dialogue process. Best value principles have been employed in this work.

The Plan also notes that it has still not been possible to conclude the review on the arrangements for the storage and disposal of abandoned vehicles combined with disposal arrangements for tyres due to the continuing uncertainty of the manner in which the Government will transpose the End of Life Vehicle Directive into UK law, although this is becoming far clearer than was previously the case.

5. Waste Incineration Directive (WID)

The Authority is required to contribute towards the additional costs of LondonWaste Ltd in meeting the requirements of new environmental legislation such as the Waste Incineration Directive, which requires a reduction of emissions. This contribution is limited in any year to the value of the dividend paid by the Company to the Authority.

The Authority has previously considered a number of reports presenting a range of options for compliance by LondonWaste Ltd with the EU Waste Incineration Directive. LondonWaste Ltd will no longer be able to use the current boilers at their Edmonton

energy-from-waste facility to incinerate the Authority's waste (and others') after 28th December 2005 unless new measure are taken to reduce still further the emissions from the facility beyond those undertaken in 1996 to comply with the Emissions Control Regulations (HMIP IPR Circular 5/3). In July 2003, following consideration of a recommendation by LondonWaste Ltd the Authority agreed to give its consent to the refurbishment proposals for the existing boilers.

LondonWaste Ltd has now appointed a contractor and commenced the refurbishment work on the first of five boilers at the end of March 2004. The project is currently on target to complete by the end 2005.

6. Joint Municipal Wastes Management Strategy

- 6.1 The Government published guidance in March 2001 indicating that it expected a Joint Municipal Wastes Management Strategy to be developed between Waste Disposal Authorities and their constituent Waste Collection Authorities, and in December 2001, the Boroughs and the Authority formally adopted Aims and Objectives and approved a series of further recommendations to progress development of the Strategy.
- 6.2 Prior to the 2003/04 year the Authority had approved a draft Memorandum of Understanding, a revised Co-ordination Structure for the Strategy, and a revised Strategy Development Programme and held a Lead Member Briefing for the Borough Cabinet Members for Environment and the Chair of the Authority in February 2002, and the first meeting of the Strategy Project Board of Senior Officers took place in May 2002 and established various Working Groups necessary to develop the Joint Waste Strategy.
- 6.3 Five Cabinet Member Seminars were held between March 2003 and January 2004, during which Cabinet Members from each of the constituent Boroughs and the Chair of the Authority (or their nominated deputies) considered the strategic options for waste management in North London, agreed scenarios and evaluation criteria to conduct a Best Practicable Environmental Option appraisal, reviewed the results of this appraisal, agreed draft wording for an internal draft of a strategy document and revised wording for an external draft to be issued for stakeholder dialogue.
- 6.4 The Authority approved the internal draft document at its meeting on 17th December 2003 and delegated authority to the Head of Waste Strategy and Contracts to agree any changes for the external draft identified at the 27th January 2004 Cabinet Member Seminar in consultation with the Chair of the Authority. Minor clarifications to the wording of the document were agreed at this meeting and an external draft document finalised for stakeholder dialogue.
- 6.5 The stakeholder dialogue process was commenced in February 2004 by the Authority's contractor – MORI – acting on behalf of all eight Partner Authorities. The stakeholder dialogue process includes five stages; a technical review, a public qualitative review, a public quantitative review, a dialogue with the North London

Recycling Forum and a stakeholder event to consider key issues raised by the other four stages.

- 6.6 A sixth Cabinet Member Seminar will be held in July 2004 to consider the results of the Stakeholder Dialogue and to jointly recommend any changes to the strategy document that may be considered necessary, so that an agreed document can be submitted to the London mayor by September 2004.
- 6.7 The Authority also co-ordinated a successful bid to the London Recycling Fund for a North London Integrated Compost Project, combining community sector support for home and community composting, collection infrastructure and support for constituent boroughs and a 30,000 tonnes per annum in-vessel composting facility for the Authority. Total support from the London Recycling Fund was £4,000,000 for this project, of which £1,700,000 is for the Authority's new facility.
- 6.5 The Authority also continued to support (jointly with LondonWaste Ltd) the North London Recycling Forum at which public, private and community-based stakeholders come together to share best practice, seek new partnerships and plan for the future. The Authority consulted the Forum about the development of the Joint Municipal Waste Management Strategy and agreed a process for on-going consultation leading to the publication of the approved Draft Strategy.

7. Relations with the Authority's Main Contractor - LondonWaste Ltd

The Authority as an employer of LondonWaste Ltd receives reports concerning the performance of the company against the contract specification, and with regard to matters that go beyond this such as the re-location of transfer stations and the development of new facilities.

During 2003/04 LondonWaste Ltd, commenced the Authority's contract for the transportation of civic amenity waste, and has quickly taken on additional work under this contract transporting recyclable wastes for Constituent Boroughs. . LondonWaste Ltd has also started to build a new bulky waste recycling facility at its Edmonton site that will separate recyclable wastes from the civic amenity waste stream and from dedicated bulky waste collections.

The Authority also receives reports at each meeting on LondonWaste Board meetings. A number of issues have been progressed during the past year as detailed in a report elsewhere on the agenda from NLWA Directors on LondonWaste Limited in 2002/03.

8. Hendon Rail Transfer Station

The Authority leases the site of the Hendon rail transfer station from Railtrack, whilst LondonWaste Ltd sub-contracts the site's operations to Shanks Waste Solutions, who own the railhead and landfill site in Bedfordshire to which this waste goes.

A property consortium including Railtrack wish to re-develop the area of this transfer station, and have approached the Authority about specifying a replacement facility as

close to the current site as possible. The Authority successfully made representations to the London Borough of Barnet (the local planning authority) for the new chapter to its Unitary Development Plan to protect the Authority's interests, and the Authority has been negotiating with the developer during 2003/04 for a suitable replacement facility.

9. Comments of the Finance Officer

The comments of the Finance Officer have been incorporated within the report.

10. Comments of the Legal Adviser

The comments of the Legal Adviser have been incorporated within the report.

Appendix 1

NORTH LONDON WASTE AUTHORITY LEVIES 1986 TO 2004

1986/87	13,872,000
1987/88	11,301,000
1988/89	12,962,000
1989/90	13,602,000
1990/91	14,180,000
1991/92	13,250,000
1992/93	11,646,000
1993/94	9,370,000
1994/95	10,221,000
1995/96	13,006,000
1996/97	11,675,000*
1997/98	15,342,000*
1998/99	18,229,000*
1999/2000	22,187,000*
2000/01	24,677,000*
2001/02	26,229,000*
2002/03	29,744,000*
2003/04	35,094,000*
2004/05	38,374,000*

- In addition, the Authority made a separate charge for non-household waste of £3.335m in 1996/97; £3.573m in 1997/98; £3.644m in 1998/99; £3.913m in 1999/2000; £4.007m in 2000/01; £4.711m in 2001/02 ; £5.370m in 2002/03 ; £6.393m in 2003/04 and £6.776m in 2004/05.

Report Ends