

NORTH LONDON WASTE AUTHORITY

REPORT TITLE

REVENUE BUDGET AND LEVY 2018/19

REPORT OF

FINANCIAL ADVISER

FOR SUBMISSION TO

AUTHORITY MEETING

DATE

8 FEBRUARY 2018

SUMMARY OF REPORT

This report is the fourth in the current year on the Authority's finances. It concludes that the Authority is forecast to have a revenue balance of £8.019m at 31 March 2018, i.e. an increase of £2.665m compared with the third review.

A detailed assessment of the budget and resource requirements for 2018/19 indicates a net budget requirement of £66.752m. This is an increase of £1.588m compared with the 2017/18 budget but £1.276m less than the 2018/19 budget forecast reported in December 2017. It is also £0.397m less than included in the Authority's Medium Term Forecast reported in February 2017.

In addition to the reduction in the net budget requirement in 2018/19 compared with 2017/18, the forecast balance of £8.019m at 31 March 2018 available to support the 2018/19 levy is £0.802m greater than the £7.217m used to support the 2017/18 budget and levy.

After use of the forecast revenue balance of £8.019m the Authority's 2018/19 budget will require funding of £58.733m by constituent councils. This report recommends that £8.510m is funded through the non-household waste charging arrangement and £1.712m through the household waste charging arrangement, leaving £48.511m to be funded through the levy. The total levy for 2018/19 would consist of a base element of £44.414m and a Re-use and Recycling Centres (RRC) element of £4.097m. The overall levy represents an increase of 1.17% compared to the 2017/18 budget.

The Members' Finance Working Group met on 8 and 22 January to examine the assumptions that underpin the current budget forecast and the levy. Comments made by Members in these meetings as well as comments made by Borough Directors of Finance in a meeting with them on 19 January are reflected in this report.

RECOMMENDATIONS

The Authority is recommended to: -

- (i) Satisfy itself that the proposed budget will be sufficient to meet the net expenditure requirements for the year ahead and agree the 2018/19 budget.
- (ii) Agree to use revenue balance of £8.019m to support the 2018/19 budget.
- (iii) Determine the levy for 2018/19.
- (iv) Authorise the Financial Adviser to make the arrangements for collection of the levy and charges for non-household and household waste.
- (v) Approve the Prudential Indicators and the basis for calculating the Minimum Revenue Provision as laid out in sections 6 and 7.
- (vi) Approve the per tonne charge for non-household and chargeable household residual and recyclable waste as follows:
 - Residual £82.76
 - Dry Recyclable £49.31
 - Food £78.01
 - Green £49.96
- (vii) Note the medium term budget forecasts for 2019/20, 2020/21 and 2021/22.

Signed by the Financial Adviser:

Agreed by Mike O'Donnell

Date:29 January 2018

1. INTRODUCTION

- 1.1 At the Authority's meeting on 7 December 2017, Members were provided with a view of the financial position including an assessment of the budget and resource requirements for 2018/19. The 2018/19 net budget requirement was forecast to be £68.028m.
- 1.2 After the proposed use of balances (£5.354m), it was estimated that the budget would be funded by £8.496m through the non-household waste charging arrangement and £1.688m through the household waste charging arrangement. The remaining funding would be provided by a levy of £52.490m comprising a base element of £47.834m and an RRC element of £4.656m.
- 1.3 The December review also drew attention to the budget issues that would need to be addressed at this meeting and noted that the Members' Finance Working Group (MFWG) would meet in January. In addition, officers would consult with borough Directors of Finance on the underpinning budget assumptions.
- 1.4 The MFWG met on 6 and 22 January and considered the December forecast in further detail. The Group acknowledged that it was important that the Authority agree a budget that is sufficiently robust and flexible to meet its statutory operational obligations and to ensure that sufficient funding was available to support the North London Heat and Power Project.
- 1.5 Officers met with borough Directors of Finance on 19 January. Consideration was given to the Authority's budget and resource requirements for 2018/19.
- 1.6 This report provides an updated review of the 2017/18 budget and presents for consideration a draft budget for 2018/19. It also provides budget and levy medium term forecasts for 2019/20 to 2021/22.
- 1.7 This report contains sections as follows:

Section 2	Review of the 2017/18 Revenue Budget.
Section 3	2018/19 Draft Budget.
Section 4	Apportionment of the 2018/19 levy.
Section 5	Medium Term Forecast for 2019/20 to 2021/22.
Section 6	Prudential Indicators.
Section 7	Minimum Revenue Provision
Section 8	Advice on Reserves and Balances.
Section 9	Conclusion.
Section 10	Comments of the Legal Adviser.
Appendix A	2017/18 supporting information and tables.
Appendix B	2018/19 supporting information and tables
Appendix C	Medium Term Forecast for 2019/20 to 2021/22.

2. Review of the 2017/18 Revenue Budget

- 2.1 At its meeting on 9 February 2017 the Authority agreed a budget of £65.164m to be financed by using balances of £7.217m, charges to boroughs for non-household waste and chargeable household waste of £8.491m and £1.508m respectively, and a levy of £47.948m.

- 2.2 In subsequent reviews, Members have been advised of the following changes to outturn compared to the budget:

Table 1	£m
Higher level of balances brought forward from 2016/17	(4.857)
Residual waste tonnage - forecast variations	0.648
Landfill Tax	(0.239)
Electricity Income Claim	(0.641)
Reuse and Recycling Centres (incl. Landfill Tax)	0.121
Park View Road RRC closure	(0.117)
Reduced tonnage of recyclable material	(0.358)
Slippage from 2016/17 of NLHPP costs	0.824
Rephasing of Communications projects into 2017/18	0.052
Corporate support costs	(0.148)
Savings in capital financing costs	(0.799)
Decreased income from sale of recyclates	0.164
Reduced chargeable & non-household waste income	0.220
Other income	(0.191)
Other minor variances	<u>(0.033)</u>
Total	<u>(5.354)</u>

- 2.3 The 2016/17 outturn produced additional balances of £4.857m. The first three reviews of 2017/18 have identified changes totalling £0.497m. This fourth review has identified a number of other changes, the net effect of which is estimated to increase the level of surplus revenue balances likely to be available at 31 March 2018 by a further £2.665m. The total forecast balances at 31 March 2018 and available to support the 2018/19 budget and levy therefore are £8.019m. The 2017/18 budget and the conclusions of the third and fourth reviews are shown in Table A1 of Appendix A. Tables A2 and A3 in Appendix A show the forecast balances at 31 March 2018 at a borough level. Tables A4 and A5 provide an analysis by borough of the forecast refunds due to or additional payments due from the boroughs in respect of chargeable waste. Details of the most significant changes identified by the third review are shown in paragraphs 2.4 to 2.12 below.

2.4 **Transport, Disposal and Landfill Tax: (- £0.217m)**

- 2.4.1 The key variable in this budget is the amount of waste delivered to the Authority by the boroughs. The third review presented to the December 2017 meeting was based on a forecast of 597,616 tonnes. This was 0.73% less than the 602,017 tonnes that underpinned the 2017/18 budget but was 1.94% greater than the 2016/17 actual tonnage of 586,235.
- 2.4.2 Following completion of the December report, constituent borough officers were sent the tonnage data that underpinned financial forecasts therein. Borough officers were invited to review this data and provide any updated information relating to service delivery changes or growth that the Authority might be unaware of. The information returned by the boroughs has informed the preparation of the tonnage forecasts (both for residual and recyclable waste streams) included in this report.

2.4.3 The tonnage data in this report includes has also been updated to include actual tonnage for October and November 2017. This data suggests that assumptions in the December report regarding tonnage growth for the remainder of 2017/18 can be scaled back and after careful consideration, the residual waste forecast included in the third review has been reduced by 4,659 tonnes to 592,957 tonnes.

2.4.4 Residual waste tonnage levels are shown in table 2 below:

Table 2	2016/17 Actual Tonnes	2017/18 Budget Tonnes	2017/18 4th Review Tonnes	Change %
Barnet	102,436	104,026	104,275	+0.24
Camden	82,872	85,447	78,158	-8.53
Enfield	85,885	88,990	88,548	-0.50
Hackney	91,798	94,017	92,489	-1.63
Haringey	73,729	75,927	74,498	-1.88
Islington	78,769	81,617	82,315	+0.86
Waltham Forest	70,746	71,993	72,674	+0.95
Total	586,235	602,017	592,957	-1.50

2.4.5 Within the modest overall 1.50% tonnage reduction compared with the budget there are some more significant changes for some boroughs, particularly Camden. Although the main purpose of preparing the tonnage forecast is to underpin the Authority's cost forecast calculations, tonnage variations for each borough will determine what if any forecast balances will available to support each borough's 2018/19 levy.

2.4.6 Within the variations in the total tonnages there are also changes in the tonnages processed through Edmonton and Hendon. Much of Barnet's residual waste is delivered to the Hendon waste transfer station as is around half of Camden's. Changes in the tonnages from these boroughs will have a direct impact on the sums the Authority must pay to have waste processed at the Greatmoor EfW facility in Buckinghamshire. Since this is more expensive than processing waste at Edmonton, when circumstances permit, LondonEnergy Ltd (LEL) transports waste from Hendon for processing at Edmonton. Again, variations in the tonnage that LEL is able to transport will produce budget variances. Taking all of this into account, the cost of transporting and treating residual waste in 2017/18 is forecast to be £33.311m which is £0.223m less than the third review forecast.

2.4.7 Updated tonnage forecasts for RRC residual waste and Landfill Tax liability result in small £0.006m increase in these costs.

2.4.8 The Authority's contract with LEL provides for a price review each December based on changes in the Retail Price Index (RPI). The 2017/18 budget allowed for an increase of 3.4% and the third review assumed 3.9%. The actual increase in RPI in the year to December 2017 was 4.1%.

2.4.9 Allowing for all of the above changes and other minor revisions, the net effect of these changes, compared with the third budget review is to reduce the estimated cost to the Authority by £0.217m in 2017/18.

2.5 Biodegradable and MRF Waste Services: (- £0.620m)

2.5.1 Boroughs have forecast deliveries of biodegradable waste totalling 50,592 tonnes, a reduction of 4,773 from the third review. Expenditure on the biodegradable wastes service is forecast to be £2.432m or £0.213m less than the third review.

2.5.2 Based on forecast data provided by constituent boroughs, the Authority is expecting to deliver 119,196 tonnes of dry recyclable waste to its MRF providers in 2017/18. It is estimating however that some 3,978 tonnes of this will not be processed because of contamination so this fourth budget review is based on a total tonnage of 115,218. The cost of processing the contaminated tonnage is included in the residual waste budgets discussed above. Compared with the third review, expenditure on transporting and processing mixed dry-recyclates is estimated to reduce by £0.407m to £6.716m. The reduction is primarily due to a reassessment by the boroughs of the dry recyclable waste that they expect to deliver to the Authority.

2.6 Corporate & Other Support Services: (- £0.436m)

2.6.1 The reduction in forecast expenditure results from a further review of the Authority's external support requirements and budgets for recycling initiatives.

2.7 North London Heat and Power Project: (- £1.269m)

2.7.1 Since preparing the third review, the Authority has identified that expenditure totalling £1.269m can be treated as capital expenditure and has been transferred.

2.8 Income from the sale of Recyclates: (- £0.053m)

2.8.1 After allowing for rejected contaminated loads, the latest tonnage forecasts provided by the boroughs for comingled waste (paragraph 2.5.2) represent a decrease of 7,371 tonnes compared to the third review. Prices achieved in the market by the Authority's MRF contractors averaged £30.01 per tonne in 2016/17 and £29.12 for the first two quarters of 2017/18. The price achieved in the second quarter was higher than was forecast in the December review

2.8.2 Members will be aware that in late December 2017 China announced restrictions on the import of unsorted paper and card as well as some grades of plastics. An initial assessment of the impact on the availability of markets and prices for the Authority's dry recyclable waste concluded that since its MRFs send almost all plastics to UK re-processors the restrictions are not expected to affect the Authority's plastic recycling. The price received for paper and card may fall. This is being closely monitored. The fourth review therefore allows for an average income for the financial year of £26.30 per tonne. Based on this and the forecast tonnage reduction, the fourth budget review represents an increase to income of £0.053m compared with the third review.

2.9 Charges to Boroughs for Non-Household Waste: (+ £0.163m)

2.9.1 The boroughs have informed the Authority that they expect to send 96,252 tonnes of residual waste compared with the third review of 96,066 tonnes. The 2017/18 budget was based on 101,292 tonnes. Additionally, the boroughs expect to deliver 10,661 tonnes of recyclable and biodegradable waste compared with the third review of 10,956. The 2017/18 budget was based on 11,548 tonnes. The menu price levy calculation arrangements also

apply to chargeable waste and the changes in the Authority's costs discussed in this report have resulted in some reductions in the price per tonne on which the Authority bases its assessment of chargeable waste income.

2.9.2 Boroughs make on account payments to the Authority during the year based on the original estimate. Any additional sums due or refunds are determined as part of the 2017/18 final accounts process. Table A4 in Appendix A provides an analysis by borough. The table indicates that Hackney and Islington may be required to make an additional payment to the Authority. The other boroughs could receive a refund.

2.10 Charges to Boroughs for Chargeable Household Waste: (+ £0.026m)

2.10.1 The latest declarations by the boroughs indicate small increases in residual and recyclable tonnages compared with the third review. Estimated charges are shown in table A5 in Appendix A.

2.11 Balances at 31 March 2018

2.11.1 The menu price based levy requires the Authority to attribute all of its costs to the boroughs and to hold borough specific balances. A positive balance for a borough can be used to support a future year's levy but if negative it will be recovered through an addition to a future year's levy. Tables A2 and A3 in Appendix A show each boroughs share of the forecast balances of £0.356m for RRCs and £7.663m for the Base levy.

2.12 Overview

2.12.1 Allowing for the factors outlined above, the total net expenditure in 2017/18 for the Authority is estimated to be £61.593m. This represents a reduction of £2.854m compared with the third budget review reported in December. Taking into account a reduction in forecast income from non-household and household charges since December of £0.189m, the revenue surplus at 31 March 2018 is currently forecast to be £8.019m, i.e. an increase of £2.665m since the third review reported in December.

3 2018/19 Draft Budget

3.1 At the Authority meeting in February 2017, Members were provided with an early forecast of the budget and resource requirements for 2018/19. This indicated that the net budget requirement on a menu pricing basis was estimated to be £67.149m. The latest forecast has reduced the estimate for 2018/19 by £0.397m to £66.752m. Compared to the 2017/18 budget, the proposed budget for 2018/19 is £1.588m higher. The changes from the 2017/18 budget are discussed below.

3.2 In setting the levy for 2017/18, no balances were forecast as being available to support the 2018/19 budget and levy. Taking this into account the levy was forecast to increase by 18.42% in 2018/19. Since then, revenue balances at 31 March 2017 improved by £4.857m. In addition, reviews of the 2017/18 budget reveal the likelihood that revenue balances at 31 March 2018 could increase by a further £3.162m to £8.019m.

3.3 The projected year on year change to the levy and charges is summarised on the following page:

Table 3	2017/18 Budget	2018/19 Draft Budget	Variance	Variance
	£'000	£'000	£'000	%
Charges – non-household	8,491	8,510	19	0.22
Charges – household	1,508	1,712	204	13.53
Levy	47,948	48,511	563	1.17
Total	57,947	58,733	786	1.36

3.4 As per table 3 above, there is a forecast increase in the overall levy of 1.17%. As noted above the Authority's net budget requirement is forecast to increase in 2018/19 from 2017/18 by £1.588m (2.44%), the balances available to reduce the levy are higher than were available in 2017/18 by £0.802m. The increased balances therefore partially offset the overall levy increase.

3.5 The Authority's full draft budget is included at table B1 in Appendix B. Note there are some minor presentational changes designed to improve the links between cost items and the element of the levy to which they relate. The draft budget includes the following factors:

3.6 Inflation

3.6.1 The majority of the Authority's contracts are linked to changes in the Retail Price Index (RPI) with the most significant of these linked to the December Index. The increase in RPI in December 2017 was 4.1%. The summary of independent forecasts published by HM Treasury in December 2017 puts the December 2018 annual RPI increase at 3.2% and the draft budget reflects this level of increase in the relevant costs. Other categories of expenditure particularly those subject to an RPI increase in April 2018 have been increased by 3.5%.

3.7 Employee Resources

3.7.1 The employee resource budget is based on 27 full time equivalent posts. It includes provision for a 1.5% pay award in April 2018.

3.8 Transport and disposal

3.8.1 The 2018/19 draft transport and disposal budget is based on a residual waste stream of 596,530 tonnes, i.e. an increase of 3,573 tonnes over the 2017/18 forecast outturn. This relatively modest increase reflects planned increases in recycling activity reported by some boroughs. Were these increases not to be achieved this could result in a larger increase in residual waste. Authority and borough officers will need to monitor the situation carefully as the year unfolds.

3.8.2 On the basis of tonnage projections provided by boroughs, the 2017/18 residual tonnage forecast includes a reduction in growth of 7,624 tonnes to reflect the boroughs' forecast increase in recycling and treatment of biodegradable waste.

3.8.3 The overall increase in this budget of £1.931m reflects effect of higher general inflation plus a contract price increase of 3% for the main waste contract that takes effect from 1 January 2018. It also includes reductions in amount of residual waste that LEL is likely to be able to transport from Hendon for processing at Edmonton and the cost of processing contaminated

dry recyclable waste that was included in the MRF Services budget in 2017/18. Also, the estimate of the compensation payable to LEL under the electricity income claim provisions of the main waste contract has increased. The increase reflects an anticipated forward selling of electricity.

3.9 Landfill Tax

3.9.1 The standard rate of landfill tax will rise from £86.10 to £88.95 per tonne on 1 April 2018.

3.10 Biodegradable and MRF Waste Services

3.10.1 The draft budget reflects the intention of the constituent boroughs to deliver 50,729 tonnes of biodegradable waste to the Authority in 2018/19. Compared with the 2017/18 estimate this represents a decrease of 6,098 tonnes.

3.10.2 Boroughs have indicated that they will need treatment capacity for 121,419 tonnes of dry recyclable material in 2018/19, a reduction of 9,505 tonnes in the tonnage that informed the 2017/18 budget.

3.11 Re-use and Recycling Centres

3.11.1 The draft budget provides for the operation of seven (the 2017/18 budget was based on eight) Re-use and Recycling Centres. The reduced costs reflect the full year effect of the closure of the Park View Road facility and an assumption that it is unlikely the Authority's purchase of the Western Road RRC will take place until the end of 2018/19. The amounts charged to the relevant boroughs through the 2018/19 levy will also reflect the forecast additional balances at 31 March 2018. An analysis by borough is provided in table B2 in Appendix B.

3.12 Waste Prevention Programme

3.12.1 The draft budget provides for the first year costs of the two-year programme that is the subject of a report elsewhere on this meeting's agenda. This includes £0.062m to support the real nappy initiative.

3.13 Joint Communications Initiative

3.13.1 The draft budget represents the final year of the three year Communications Campaign on Household Recycling in North London agreed at the Authority meeting in February 2015.

3.14 Recycling Initiatives

3.14.1 The Authority has the power to pay third party re-use and recycling credits. Charitable bodies wishing to join the scheme for 2018/19 have estimated that claims in 2018/19 will total some £0.235m.

3.15 North London Heat and Power Project

3.15.1 The budget forecast reflects the resources required to deliver the ongoing project in 2018/19.

3.16 Revenue Funding – Capital Programme

3.16.1 The budget forecast provides for the financing of:

- the Authority's investment in LondonWaste Ltd
- the acquisition of Pinkham Way
- the acquisition of Land adjacent to the EcoPark for the North London Heat & Power Project
- the future acquisition of the RRC site at Western Road
- the future construction of the new Resource Recovery Facility
- the possible acquisition of an additional RRC site and the refurbishment of other RRC sites

3.17 Income from the sale of Recyclates

3.17.1 Although the sales value per tonne increased in the second quarter of 2017/18, it is not clear whether this will continue into 2018/19. In addition, China's decision to restrict the import of some types of waste has been considered. A cautious view therefore has been taken in preparing the draft budget and the figure of £20.90 per tonne has been used to inform the budget.

3.18 Non-household Waste Charges

3.18.1 Based upon estimates provided by the boroughs the Authority is expecting to receive 107,243 tonnes in 2018/19 comprising 95,443 tonnes of residual waste, 10,782 tonnes of dry recyclable waste and 1,018 tonnes of food waste.

3.18.2 The Authority has estimated charges for the treatment of such waste to be £82.76 per tonne for residual waste, £49.31 for dry-recyclable waste and £78.01 for food waste. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with the MRF providers.

3.18.3 Based on the advised tonnages the estimated cost to the boroughs is £7.899m for residual waste, £0.532m for dry recyclable waste and £0.079m for food waste. This is analysed by borough in table B4 in appendix B.

3.19 Chargeable Household Waste

3.19.1 Boroughs have advised the Authority that they will collect 21,781 tonnes of chargeable household waste comprising 18,110 tonnes of residual waste, 2,563 tonnes of recyclable and 1,108 tonnes of food waste.

3.19.2 The Authority has calculated the estimated charges for the treatment of chargeable household waste as £82.76 for residual waste, £49.31 for dry-recyclable waste and £78.01 for food waste.

3.19.3 Based on the advised tonnages the estimated cost to the boroughs is £1.499m for residual waste, £0.126m for dry recyclable waste and £0.086m for food waste. The cost is analysed by borough in table B5 in Appendix B.

3.21 Contingency

3.21.1 Previous sections of this report have advised Members of the robustness of individual budget heads to meet the Authority's statutory waste disposal obligations. Whilst these budgets are soundly based, the Authority needs to consider how it would fund any additional

costs. In particular, if there are concerns about the level of the waste stream delivered to the Authority by constituent councils, its ability to generate income from the sale of recycling or its ability to ensure that there are sufficient resources to fund the costs of The North London Heat and Power Project.

- 3.22.2 In coming to a view on this, Members should bear in mind that once the levy is set the Authority would not be in a position to secure additional funds from its constituent councils. Because over three-quarters of the Authority's expenditure in any year in the life of the budget and medium term plan is driven by the amount of waste collected by the constituent boroughs, it has limited scope to make compensating savings for additional costs that may arise in meeting its waste disposal obligations. Although the Authority has responsibility for the disposal of the waste from its constituent councils, it has no direct control over the volumes of waste entering the waste stream. A variance to the budgeted tonnages could arise by either a higher than expected growth in the waste stream or constituent councils not recycling as much as forecast. These factors place greater emphasis on the need to have robust budgets and adequate contingencies to deal with such eventualities.
- 3.23.3 Members will also be aware that the Local Government Act 2003 places a formal duty on the Financial Adviser to report to Members on the adequacy of the Authority's reserves (see section 8 below). As noted in the third review of the budget in December 2017, there is a high degree of uncertainty about the scale of a number of budget pressures in the coming year. This is particularly the case for income generated from the sale of recyclates as well as electricity compensation payments that the Authority pays to LEL. The latter is strongly influenced by prevailing electricity prices. The Authority continues to take steps to safeguard future waste transfer arrangements for waste currently delivered to the Hendon Rail Transfer Station and work in connection with the Lee Valley Heat Network, however, unplanned costs could arise during the year. It is proposed that a contingency of £1m be reserved for the North London Heat & Power Project and related matters in addition to a 2% operational base contingency provision of £1.289m. This is consistent with previous years. This budget cannot be used without further Authority approval.

4. **Levy Apportionment Arrangements**

- 4.1 All boroughs formally agreed to adopt a menu price based levy for 2016/17 onwards.
- 4.2 Table 4 on the following page, summarises the estimated levy impact for each council after any balances available have been taken into account (further details of the calculation for 2018/19 can be found in tables B2 and B3 in Appendix B):

Table 4	2017/18 Levy			2018/19 Proposed Levy			Total estimated levy change (Column 6 minus Column 3)	
	Base	RRC	Total	Base	RRC	Total	£'000	%
Column	(1)	(2)	(3)	(4)	(5)	(6)	£'000	%
Barnet	8,157	1,063	9,220	9,859	1,180	11,039	1,819	19.73
Camden	4,786	422	5,208	4,611	551	5,162	(46)	(0.88)
Enfield	5,597	83	5,680	6,485	32	6,517	837	14.74
Hackney	6,574	280	6,854	6,500	265	6,765	(89)	(1.30)
Haringey	6,878	997	7,875	5,527	228	5,755	(2,120)	(26.92)
Islington	4,552	749	5,301	5,014	780	5,794	493	9.30
Waltham Forest	6,696	1,114	7,810	6,418	1,061	7,479	(331)	(4.24)
Total	43,240	4,708	47,948	44,414	4,097	48,511	563	1.17

5. Medium Term Forecast for 2019/20 to 2021/22

- 5.1 The medium term forecast allows for inflation at 2.5% year on year, a 2.0% year on year growth in the underlying waste stream and borough amendments to waste streams to reflect changes to their waste collection strategies. Although prudent provision has been made for these costs, the Authority's budget is exposed to a number of factors outside its control. A 1% variance in inflation could add or subtract costs of approximately £0.7m in a full year. Similarly, a 1% variation in tonnages could have a further impact of £0.6m per annum.
- 5.2 The Authority's contract with LEL includes an annual price adjustment, which is linked to the sale value of electricity obtained by the Company. The medium term forecasts reflect what officers consider to be a reasonable assumption about future sale prices. A 0.1p per kilowatt-hour change in electricity prices would add or subtract approximately £0.2m in a full year.
- 5.3 The outlook for the levy has been discussed with both the Member Finance Working Group and Borough Directors of Finance. The Medium Term Forecast assumes that there will be no balances at the end of 2018/19. Appendix C contains the medium term forecast and shows that the net expenditure requirement is forecast to increase to £69.212m (3.69%) in 2019/20, £71.495m (3.30%) in 2020/21 and £74,509m (4.22%) in 2021/22.
- 5.4 Assuming that no balances are available to support budgets for 2019/20 and beyond, net expenditure and levies are forecast as in table 5 on the following page:

Table 5	2018/19	2019/20	Variance	
	Proposed	Budget		
	Levy	Forecast		
	£'000	£'000	£'000	%
Barnet	11,039	11,916	877	7.94
Camden	5,162	6,464	1,302	25.22
Enfield	6,517	7,478	961	14.75
Hackney	6,765	8,144	1,379	20.38
Haringey	5,755	8,639	2,884	50.11
Islington	5,794	6,819	1,025	17.69
Waltham Forest	7,479	9,179	1,700	22.73
Total	48,511	58,639	10,128	20.88

Table 6	Net	Base	RRC	Total	Increase
	Expenditure	Levy	Levy		
	£'000	£'000	£'000	£'000	%
2019/20	69,212	53,903	4,736	58,639	20.88
2020/21	71,495	55,553	4,850	60,403	3.01
2021/22	74,509	57,996	4,967	62,963	4.24

5.5 It should be noted that the 2019/2020 levy apportionment in tables 5 and 6 (above) is based on forecast household waste tonnages for each borough. The forecasts have been informed by the boroughs' own forecasts of their future plans for both residual waste and recycling activity in 2019/20 and the amount of recyclable materials that they plan to send to the Authority for treatment. The table therefore provides a guide based on current information.

6. Prudential Indicators

6.1 The Authority determines its capital investment needs to meet its service obligations. In doing so, it must have regard to *The Prudential Code for Capital Finance in Local Authorities*. The Code is designed to ensure that local authorities have capital investment plans that are affordable, prudential and sustainable. To demonstrate that they have fulfilled these objectives the Code sets out indicators that must be used.

6.2 Indicators for Affordability

6.2.1 The Authority's capital programme for 2018/19 to 2020/21 includes:

- Purchase of the Western Road RRC.
- Commencement of the preliminary works to construct the Resource Recovery Facility and EcoPark House at the Edmonton EcoPark.
- Possible acquisition of a RRC site should the opportunity arise and refurbishment works at existing sites.

6.2.2 Based on this revised capital programme of £81.0m the following ratios of financing costs to net revenue stream are recommended for approval:-

Ratio of Financing Costs to Net Revenue Stream					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	14.49%	14.08%	14.48%	14.19%	14.50%

For the Authority, Net Revenue Stream is the Levy.

- 6.2.3 The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have been previously taken by the Authority are:

Impact on the NLWA Levy					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	Nil	-£0.841m	-£0.839m	-£1.485m	-£2.223m

6.3 Indicators for Prudence

- 6.3.1 The Capital Financing Requirement measures the underlying need to borrow. The Code provides that over the medium term net external borrowing does not exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for the current and next two years. This provides assurance that borrowing will be incurred only for capital purposes. I confirm that the Authority met this requirement in 2016/17 and no difficulties are envisaged in 2017/18 or subsequent years. The following Capital Financing Requirements are therefore recommended for approval:

Capital Financing Requirement					
	31.03.17 Actual	31.03.18 Estimate	31.03.19 Estimate	31.03.20 Estimate	31.03.21 Estimate
	£71m	£69m	£86m	£96m	£132m

- 6.3.2 The Code requires that treasury management is carried out in accordance with good practice. The prudential indicator is that a local authority has adopted the *CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*. Members will be aware that the Authority's cash resources are pooled with those of LB Camden and that LB Camden undertakes treasury management activities on the Authority's behalf. Camden has adopted this code and its treasury management policies and procedures conform to the Code's requirements. I am satisfied that through the arrangement that the Authority has with LB Camden that treasury management activities undertaken on behalf of the Authority also meet the requirements of this Code.

6.4 Indicators for capital expenditure, external debt and treasury management

- 6.4.1 There was no capital expenditure in 2016/17. In 2017/18, the Authority has purchased a strip of land and a pumping station to the North of the EcoPark at Deepphams Farm Road. Planned capital expenditure for 2018/19 to 2020/21 is as follows:
- Purchase of the Western Road RRC.
 - Commencement of preliminary works to construct the Resource Recovery Facility and EcoPark House at the Edmonton EcoPark.
 - Possible acquisition of a RRC site should the opportunity arise and refurbishment works at existing sites.

Accordingly, the following estimated capital expenditure is recommended:-

Capital Expenditure					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	Nil	£3m	£22m	£14m	£42m

- 6.4.2 The next two Prudential Indicators (PI's) govern the Authority's ability to borrow funds in the money markets or from the Public Works Loans Board. They must be set at a level that allows sufficient headroom for the capital programme to be achieved. The following authorised limits for external debt are recommended for approval: -

Authorised Limit for External Debt					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Borrowing	£100m	£100m	£125m	£150m	£150m
Other long term liabilities	Nil	Nil	£1m	£1m	£1m

- 6.4.3 The following operational boundaries for external debt are recommended for approval-

Operating Boundary for External Debt					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Borrowing	£100m	£100m	£125m	£150m	£150m
Other long term liabilities	Nil	Nil	£1m	£1m	£1m

- 6.4.4 The following prudential indicators are relevant for the purpose of setting a treasury management strategy. The Authority has currently only taken fixed interest loans but the indicators are set at a level that will enable the Authority to react to changing circumstances that may favour the use of variable rate loans.

Net Principal re. Fixed Rate Borrowings					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£60m	£100m	£125m	£150m	£150m

Net Principal re. Variable Rate Borrowings					
	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	Nil	£100m	£125m	£150m	£150m

- 6.4.5 In order to ensure flexibility in the loans that might be taken it is recommended that the following maturity structure of fixed rate borrowing is set for 2018/19. Given the Authority's particular investment needs, the limits provide maximum flexibility for short-term borrowing.

Maturity structure of fixed rate borrowing during 2018/19	Upper Limit %	Lower Limit %	Current %
Under 12 months	50	0	0
12 months and within 24 months	100	0	0
24 months and within 5 years	100	0	50
5 years and within 10 years	100	0	33

10 years and above	100	0	17
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6.5 The indicators will be kept under review.

7 **Minimum Revenue Provision**

7.1 The Authority is required to set aside a sum from revenue each year for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). Regulations require that the sum set aside is prudent and associated guidance provides a number of methodologies that local authorities can adopt. Whichever method an authority chooses, the regulations require that it be formally adopted each year. For 2018/19, the Authority is recommended to adopt a method which makes provision in equal instalments over the estimated life of the asset concerned. This is unchanged from the methodology adopted for 2017/18.

8. **Advice on Reserves and Balances and Robustness of the Budget Process**

8.1 Advice is usually provided at this time on the level of reserves and balances available to the Authority, and on the robustness of the estimates that have been used to arrive at the proposed budget. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Financial Adviser) to report to the Authority on:

- (i) The adequacy of the proposed reserves
- (ii) The robustness of the budget

8.2 The level of balances and the robustness of estimates are closely linked. Balances and reserves should be set at a level that takes account of the financial risks facing the Authority; the greater the level of uncertainty, the more likely balances will be needed. A budget is prepared on the best information available at the time, and inevitably includes some uncertainty.

18.3 It is important that in setting the budget Members take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and also in setting an overall strategy for the budget. This involves, for example, ensuring that only resources likely to be available in the long-term are used to accomplish long-term objectives.

8.4 Taking account of the issues raised above, and the proposed retention of revenue balances, the Authority's budget estimates (including contingencies) are sufficiently robust to deal with the current risks and uncertainties facing the Authority. Future budgets will need to be considered on merit and where necessary, strengthened in a period of greater instability.

9. **Conclusion**

9.1 The detailed budgets are soundly based and allow for the inclusion of prudent levels of contingency in both the 2017/18 revised budget and the 2018/19 draft budget. The budgets as set out in this report should be sufficiently robust to meet the Authority's expenditure requirements over this period.

9.2 The Authority is forecast to have surplus balances of £8.019m at 31 March 2018. The reasons for this position are set out in this report. The report to the December meeting stated that it was likely that there would be an increase of 9.47% in the levy for 2018/19. Since then, Authority officers have reviewed underpinning assumptions and have liaised with the Members' Finance Working Group and borough Directors of Finance. Both groups were content with the proposed approach and the 2018/19 proposed budget reflects this

approach. Members will be advised of progress against the budget in regular budget review reports to the Authority.

- 9.3 The Authority is in a position to agree the 2018/19 levy at £48.511m (comprising a base levy element of £44.414m and an RRC element of £4.097m). In total, this represents an increase of 1.17% compared with the 2017/18 budget.
- 9.4 The decision on the level of the levy is one that only the Authority can make and in reaching their decision, Members should have regard to the advice contained in this report. Members must therefore satisfy themselves that the proposed budget and levy is sufficient to meet the Authority's statutory obligations in the year ahead.

10. **Comments of the Legal Adviser**

- 10.1 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.
- 10.2 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:
- 9.2.1 Apportioning costs in proportion to the tonnage of household waste delivered by each of council; and
 - 9.2.2 For non-household waste and other costs, apportioning costs on the basis of the council tax base.
- 10.3 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:-

Reports to the Authority dated 22 June, 28 September and 7 December 2017.
2017/18 budgetary control and 2018/19 budget working papers

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2017/18 Forecast Outturn and Forecast Balances

1.1 Table 1 below provides a summary of the current financial position against budget and with a comparison to the third and fourth reviews:

Table A1	2017/18 Original Budget	2017/18 Third Review	2017/18 Fourth Review	Variance between Third and Fourth Reviews
	£'000	£'000	£'000	£'000
Expenditure				
Main Waste Disposal Contract (ex CA Waste)	33,526	33,534	33,311	(223)
Civic Amenity (RRC) Residual Waste	1,131	1,091	1,106	15
Landfill Tax	1,937	1,691	1,682	(9)
Biodegradable Waste Services	2,614	2,645	2,432	(213)
MRF Services	7,512	7,123	6,716	(407)
Transfer Station and Other Sites	1,562	1,560	1,511	(49)
Re-use and Recycling Centre Operations	3,541	3,592	3,419	(173)
Corporate and Other Support Service Costs	2,507	2,429	1,993	(436)
Operations Team	491	473	478	5
Waste Prevention Programme – New Initiatives	340	340	340	0
Technical and Planning Team	433	433	433	0
Joint Communications Initiative	305	294	294	0
Recycling Initiatives	267	246	246	0
North London Heat & Power Project	2,463	3,287	2,018	(1,269)
Revenue Funding – Capital Programme	7,590	6,791	6,749	(42)
	66,219	65,529	62,728	(2,801)
Less				
Income				
Rents	(111)	(111)	(111)	0
Sale of Recyclates	(3,142)	(2,978)	(3,031)	(53)
Other Income	0	(191)	(191)	0
Interest on Balances	(60)	(60)	(60)	0
	(3,313)	(3,340)	(3,393)	(53)
Net Expenditure	62,906	62,189	59,335	(2,854)
Contingency	2,258	2,258	2,258	0
Total Net Expenditure	65,164	64,447	61,593	(2,854)
Financed by:				
Use of Balances	(7,217)	(12,074)	(12,074)	0
Charges to Boroughs (non-household waste)	(8,491)	(8,153)	(7,990)	163
Charges to Boroughs (household waste)	(1,508)	(1,626)	(1,600)	26
Levy – Base Element	(43,240)	(43,240)	(43,240)	0
Levy - RRC Element	(4,708)	(4,708)	(4,708)	0
Total Resources Available	(65,164)	(69,801)	(69,612)	189
Estimated Revenue Balance at 31 March 2018	0	(5,354)	(8,019)	(2,665)

2 Re-use and Recycling Centre (RRCs) Balances:

- 2.1 Under the menu price based levy the net costs of operating each RRC is attributed to boroughs in accordance with a visitor survey. Under or over spends continue to be attributable to individual sites and are carried forward to the levy calculation in the following year so the net cost to each borough in any year also reflects the changes in its balance position.
- 2.2 In setting the budget and levy for 2017/18, the Authority estimated that it would have balances of £0.183m to offset the cost of RRCs in 2017/18. The 2016/17 outturn produced balances at 31 March 2016 of £0.172m, a decrease of £0.011m.
- 2.3 The Authority's purchase of the Western Road RRC is not expected to take place until late 2018/19 at the earliest.
- 2.4 Table 2 below provides a summary of the current financial position for each borough:

Table A2	Change in RRC Balances at 1 April 2017 (As reported in June)	Total Operating Costs – 2017/18 Original Budget	Total Operating Costs - 2017/18 Fourth Budget Review	Change in 2017/18 Total Operating Costs	Estimated RRC Balances at 31 March 2018 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	16	1,068	1,098	30	46
Camden	9	483	505	22	31
Enfield*	0	85	67	(18)	(18)
Hackney	1	270	266	(4)	(3)
Haringey	(14)	1,219	812	(407)	(421)
Islington	13	667	705	38	51
Waltham Forest	(14)	1,099	1,071	(28)	(42)
Total	11	4,891	4,524	(367)	(356)

* 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.

- 2.5 RRC balances of (£0.356m) will be taken into account in calculating the RRC element of the 2018/19 levy.

3 Base Levy Balances at 31 March 2018

- 3.1 The menu price based levy requires the Authority to attribute all of its costs to the boroughs and to hold borough specific balances. A positive balance for a borough can be used to support a future year's levy but if negative will be recovered through an addition to the levy. The following table sets out the forecast balance position excluding RRCs. It should be noted the costs in columns 2 and 3 are those that are attributable to the levy; they do not include the costs of processing non household and chargeable household waste. The 2017/18 levy included estimated balances of £7.217m which enabled the Authority to set a base levy of £43.240m. Since the levy is fixed for the year, the additional balances arising from the 2016/17 outturn feed into the estimated balance at 31

March 2017 and can be taken into account together with any in-year savings when the Authority determines its 2017/18 levy.

Table A3	Additional balance at 1 April 2017 (reported In June)	2017/18 Budget Levy	2017/18 Levy Forecast - Fourth Budget Review	Forecast Change in 2017/18 Levy Costs	Estimated Balance at 31 March 2018 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(680)	8,157	7,991	(166)	(846)
Camden	(629)	4,786	4,216	(570)	(1,199)
Enfield	(463)	5,597	5,444	(153)	(616)
Hackney	(702)	6,574	6,188	(386)	(1,088)
Haringey	(1,011)	6,878	6,083	(795)	(1,806)
Islington	(589)	4,552	4,353	(199)	(788)
Waltham Forest	(794)	6,696	6,170	(526)	(1,320)
Total	(4,868)	43,240	40,445	(2,795)	(7,663)

4 Charges to Boroughs for Non-Household Waste:

- 4.1 Although charges for non household waste must be separate from the levy, the calculation methodology for these charges is set out in the provisions of the menu price based levy.
- 4.2 Forecast charges to boroughs for the disposal of non-household waste in 2017/18 compared with the original budget assumptions are shown in the table below: -

Table A4	2017/18 Budget Estimate	2017/18 Fourth Review	Estimated Variance
	£'000	£'000	£'000
Barnet	1,066	878	(188)
Camden*	2,534	2,133	(401)
Enfield	761	726	(35)
Hackney*	1,622	1,650	28
Haringey *	302	292	(10)
Islington *	2,094	2,203	109
Waltham Forest	112	108	(4)
Total	8,491	7,990	(501)

* Including income from non-household recyclable wastes.

5 **Charges to Boroughs for Chargeable Household Waste:**

5.1 Forecast charges to Boroughs for the disposal of Chargeable household waste in 2017/18 compared with the original budget assumptions are shown in the table below

Table A5	2017/18 Budget Estimate £'000	2017/18 Fourth Review £'000	Estimated Variance £'000
Barnet	180	178	(2)
Camden*	327	357	30
Enfield	113	111	(2)
Hackney*	425	480	55
Haringey *	203	216	13
Islington *	260	258	(2)
Waltham Forest	0	0	0
Total	1,508	1,600	92

2018/19 Budget Forecast of Levy & Charges

1.1 Table 1 below provides a summary of the 2018/19 budget forecast:

Table B1	2017/18 Original Budget £'000	2018/19 Draft Budget £'000	Variance between years £'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	33,526	35,457	1,931
Landfill Tax	1,770	1,822	52
Biodegradable Waste Services	2,614	2,546	(68)
MRF Services	7,512	7,310	(202)
Transfer Station and Other Sites	1,562	1,520	(42)
Corporate and Other Support Service Costs	2,872	2,836	(36)
Operations Team	491	522	31
Waste Prevention Programme	470	480	10
Joint Communications Initiative	305	305	0
Recycling Initiatives	205	235	30
North London Heat and Power Project	2,463	2,500	37
Revenue Funding – Capital Programme	7,320	7,026	(294)
	61,110	62,559	1,449
Reuse and Recycling Centre Expenditure			
RRC Residual Waste	1,131	1,102	(29)
RRC Landfill Tax	167	162	(5)
RRC Operations	3,541	3,332	(209)
Revenue Funding – Capital Programme	270	0	(270)
	5,109	4,596	(513)
Less			
Income			
Rents	(111)	(115)	(4)
Sale of Recyclates	(3,142)	(2,537)	605
Interest on Balances	(60)	(40)	20
	(3,313)	(2,692)	621
Net Expenditure	62,906	64,463	1,557
Contingency	2,258	2,289	31
Total Net Expenditure	65,164	66,752	1,588
Financed by:			
Use of Balances	(7,217)	(8,019)	(802)
Charges to Boroughs (Non-household waste)	(8,491)	(8,510)	(19)
Charges to Boroughs (Chargeable household waste)	(1,508)	(1,712)	(204)
Estimated Levy – Base Element	(43,240)	(44,414)	(1,174)
Estimated Levy – RRC Element	(4,708)	(4,097)	611
Total Estimated Levy	(47,948)	(48,511)	(563)
Total Estimated Resource Requirement	(65,164)	(66,752)	(1,588)

2. Re-use and Recycling Centre Levy

- 2.1 The amounts charged to the relevant boroughs through the 2018/19 levy allow for the balances that arose from the closure of the 2016/17 accounts and forecast additional balances from 2017/18.

Table B2	Forecast balances at 1 April 2018	2018/19 Estimated operating costs	2018/19 Estimated Levy
	£'000	£'000	£'000
Barnet	46	1,134	1,180
Camden	31	520	551
Enfield	(18)	50	32
Hackney	(3)	268	265
Haringey	(421)	649	228
Islington	51	729	780
Waltham Forest	(42)	1,103	1,061
Total	(356)	4,453	4,097

3. Base Levy

- 3.1 The amounts charged to the relevant boroughs through the 2018/19 base levy allow for the additional balances that arose from the closure of the 2016/17 accounts and forecast additional balances from 2017/18.

Table B3	Forecast balances at 1 April 2018	2018/19 Estimated Levy Requirement	2018/19 Estimated Levy
	£'000	£'000	£'000
Barnet	(846)	10,705	9,859
Camden	(1,199)	5,810	4,611
Enfield	(616)	7,101	6,485
Hackney	(1,088)	7,588	6,500
Haringey	(1,806)	7,333	5,527
Islington	(788)	5,802	5,014
W. Forest	(1,320)	7,738	6,418
Total	(7,663)	52,077	44,414

4. Non-household Waste Charges

4.1 The cost to boroughs in 2018/19 is estimated to be: -

Table B4	2018/19 Estimated Tonnes	2018/19 Estimated Cost (£)
Barnet*	11,951	947
Camden*	28,331	2,191
Enfield	9,316	771
Hackney*	22,214	1,752
Haringey *	3,983	316
Islington *	29,765	2,394
Waltham Forest	1,683	139
Total	107,243	8,510

* Including tonnages and income from non-household recyclable wastes.

4.2 The final charges will be calculated as part of the 2017/18 final accounts process and reported to the Authority in June 2018. Any under or over payment by boroughs will be collected from or repaid to boroughs at the conclusion of the final accounts process.

5. Chargeable Household Waste

5.1 The cost to boroughs in 2018/19 is estimated to be:

Table B5	2018/19 Estimated Tonnes	2018/19 Estimated Cost (£)
Barnet	2,280	189
Camden*	4,883	383
Enfield	1,431	119
Hackney*	6,566	513
Haringey*	3,081	233
Islington*	3,540	275
Waltham Forest	0	0
Total	21,781	1,712

* Including tonnages and income from non-household recyclable wastes.

Waltham Forest has indicated that it does not collect such waste.

5.2 Arrangements for the settling of over or under payments by the boroughs are the same as for non-household waste.

MEDIUM TERM BUDGET FORECAST FOR 2019/20 TO 2021/22

	2019/20 Budget Forecast £'000	2020/21 Budget Forecast £'000	2021/22 Budget Forecast £'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	34,754	35,934	37,607
Landfill Tax	1,868	1,915	1,962
Biodegradable Waste Services	3,062	3,243	3,359
MRF Services	8,316	8,807	9,089
Transfer Station and Other Sites	1,596	1,624	1,652
Corporate and Other Support Service Costs	2,925	2,999	3,074
Operations Team	509	521	535
Waste Prevention Programme	492	504	517
Joint Communications Initiative	305	0	0
Recycling Initiatives	242	249	257
North London Heat and Power Project	2,562	2,627	2,692
Revenue Funding – Capital Programme	8,323	8,756	9,289
	64,954	67,179	70,033
Reuse and Recycling Centre Expenditure			
RRC Residual Waste	1,130	1,158	1,187
RRC Landfill Tax	166	170	174
RRC Operations	3,415	3,501	3,588
Revenue Funding – Capital Programme	0	0	0
	4,711	4,829	4,949
Less			
Income			
Rents	(118)	(121)	(124)
Sale of Recyclates	(2,814)	(2,912)	(2,934)
Interest on Balances	(40)	(40)	(40)
	(2,972)	(3,073)	(3,098)
Net Expenditure	66,693	68,935	71,884
Contingency	2,519	2,560	2,625
Total Net Expenditure	69,212	71,495	74,509
Percentage change in net expenditure	3.69%	3.30%	4.22%
Financed by:			
Use of Balances	0	0	0
Charges to Boroughs (Non-household waste)	(8,843)	(9,333)	(9,733)
Charges to Boroughs (Chargeable household waste)	(1,730)	(1,759)	(1,813)
Estimated Levy – RRC Element	(4,736)	(4,850)	(4,967)
Estimated Levy – Base Element	(53,903)	(55,553)	(57,996)
Total Estimated Levy	(58,639)	(60,403)	(62,963)
Total Estimated Resource Requirement	(69,212)	(71,495)	(74,509)
Percentage Increase in the Levy	20.88%	3.01%	4.24%