

Agenda Item

NORTH LONDON WASTE AUTHORITY	
REPORT TITLE: NORTH LONDON WASTE AUTHORITY – ANNUAL REPORT 2010/11	
REPORT OF: MANAGING DIRECTOR	
FOR SUBMISSION TO: THE NORTH LONDON WASTE AUTHORITY	DATE: 28 TH JUNE 2011
SUMMARY OF REPORT: This is the Annual Report for the Authority covering the year 2010/11 which gives an overview of some of the main issues dealt with by the Authority. This Annual Report has been reviewed by the Authority's Legal and Financial Advisers. Local Government Act 1972 – Access to Information: No documents required to be listed. Contact Officer: David Beadle, Managing Director, NLWA Lee Valley Technopark, Unit 360, Ashley Road, Tottenham, London N17 9LN Tel:020 8489 5665 Email: post@nlwa.gov.uk	
RECOMMENDATION: That the Authority approves this report.	

Signed by Managing Director:

Date:17th June 2011.....

NORTH LONDON WASTE AUTHORITY ANNUAL REPORT 2010/11

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 extraordinary meetings as required. There were no extraordinary meetings during 2010/11.

1.3 In 2010/11, the Chair of the Authority was Councillor Clyde Loakes (LB Waltham Forest) and the Vice Chairs were Councillor Melvyn Cohen (LB Barnet) and Councillor George Meehan (LB Haringey).

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. The Authority selected SITA (GB) Ltd (now called SITA (UK) Ltd) as its preferred partner, and a joint venture company, called LondonWaste Ltd was set up. The Authority subjected its waste disposal needs for twenty years to competitive tender with LondonWaste Ltd being one of the bidders.

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 incineration and disposal of the Authority's waste was awarded to LondonWaste Ltd.

1.6 The requirement for local authorities to contract out waste disposal functions was effectively repealed by section 47 of the Clean Neighbourhoods and Environment Act 2005. This meant that the Authority could again own waste disposal facilities, and in December 2009 the Authority acquired Sita's shares in LondonWaste and became the sole owner as part of its wider approach to procuring the next generation of waste services for North London (as set out further in section 5).

- 1.7 The Authority does not employ any staff directly, but makes cross-borough arrangements for support services, involving the boroughs of Camden, Enfield, Haringey and Waltham Forest. The principal officer support and managers in post as at 31st March 2011 are set out below. Structure charts for each of the officer teams are given in Appendix 1.

Clerk – Moira Gibb (part-time NLWA)
Financial Adviser – Mike O'Donnell (part-time NLWA)
Legal Adviser – Andrew Maughan (part-time NLWA)
Technical Adviser – Niall Bolger (part-time NLWA) until 11 March 2011,
succeeded by Ian Davis (part-time NLWA)
Valuation Adviser – Dinesh Kotecha (part-time NLWA)
Planning Adviser – Shifa Mustafa (part-time NLWA)
Managing Director – David Beadle
Head of Waste Strategy & Contracts – Andrew Lappage
Head of Finance – Bob Bench
Director of Procurement – Tim Judson
Deputy Director of Procurement – Ursula Taylor

2. JOINT MUNICIPAL WASTES MANAGEMENT STRATEGY

Highlights

- Second Annual Monitoring Report produced February 2011.
- North London's Love Food Hate Waste was selected as one of the top twenty good practice examples and use of indicators in Europe, and was also shortlisted for two national awards.
- Participated in the European Week for Waste Reduction in November.

- 2.1 The North London Joint Waste Strategy sets the strategic framework for the partner authorities (the NLWA and the seven constituent borough councils). The strategy includes a number of implementation actions and targets including:
- To achieve a 35% recycling and composting target for household waste by 2010 and a 50% target by 2020
 - Reduce municipal waste sent to landfill to 15% of arisings.
 - To provide door-to-door recycling services to 95% of relevant households
 - To provide all residents in multiple occupancy housing with either door-to-door collection services or a minimum of one 'near-entry' recycling site per 500 households as soon as possible
 - To achieve 60% recycling and composting diversion rates at all North London Reuse and Recycling Centres by 2015

2.2 During 2010/11 the Authority produced the second Annual Monitoring report of progress made with implementing the Strategy and accompanying Strategic Environmental Assessment; the report presented data up to 2009/10. A copy of the Annual Monitoring Report is available at www.nlwa.gov.uk.

2.3 In 2009/10 there was:

- 622kg residual waste per household collected.
- A 29% recycling and composting rate for household waste.
- 40% of municipal waste sent to landfill.
- 100% of residents received a door-to-door or communal recycling service.

2.4 The Authority continues to have a duty to publish three 'National Indicators' (NIs) by 30th June each year in relation to the previous year's performance, even though these will be subsequently as they are finally reported to WasteDataFlow three months after the year end, and are then validated by WasteDataFlow within approximately one further month.

2.5 Current data and reports from constituent boroughs show that performance in 2010/11 was as follows:

NI 191 - Residual household waste per household	649 kg
NI 192 - Percentage of household waste sent for reuse, recycling and composting	29 %
NI 193 - Percentage of municipal waste landfilled	29 %

2.6 100% of residents continued to receive a door-to-door or communal recycling service.

2.7 The Partners remain behind the 35% recycling and composting target contained within the NLJWS, however work continues to address this shortfall. On a positive note, there was a return to more normal landfill rates for the Authority. Section 3 outlines some of the other service improvements that were made during the year by the Authority, which will result in improved recycling performance going forward.

2.8 During 2010/11 the Authority commenced the implementation of the initiatives outlined in the North London Waste Prevention Plan 2010/12, which set out a range of activities aimed at the top of the waste hierarchy. The Plan was developed in partnership with the constituent borough councils and was guided by the results of an internal workshop, various developments in the waste sector and the publication of a number of recent reports. Through the Plan, a number of opportunities for cross-regional programmes were identified as well as actions that can be delivered by the Authority in partnership with the constituent borough officers.

- 2.9 The first year of the plan included participation in the European Week for Waste Reduction from 20th to 28th November 2010; continuation of the Love Food Hate Waste programme to reduce food waste, which had previously been bought using funding from WRAP; development of a waste prevention education programme in schools across north London; promotion of 'no junk mail' schemes; development of a Smart Shopping programme to encourage waste prevention amongst local businesses; and further work on textile and furniture reuse, including bringing registered social landlords and social enterprise furniture projects together to boost re-use.
- 2.10 The 'Love Food, Hate Waste' programme was shortlisted in the Best Partnership category for the LARAC Celebration Awards 2010, and in the Communications Campaign of the Year for the CIWM Awards for Environmental Excellence 2010.
- 2.11 In relation to biodegradable wastes the Authority continued to arrange the composting of seven boroughs' mixed food and green waste and four boroughs' pure green waste. LondonWaste processed most of this at their in-vessel composting facility at Edmonton or they took it to other suitable facilities outside of London.
- 2.12 In relation to commingled dry recyclables the Authority arranged the sorting of five boroughs' materials at Materials Recycling Facilities.
- 2.13 The longer-term implementation of the NLJWS is set out later in this document at Section 5.

Working in Partnership

- 2.14 The Authority continues its support for recycling and sustainable waste management practices by working with both the constituent borough councils and by supporting and engaging in active dialogue with a number of other national and regional organisations, including the Greater London Authority, the Chartered Institution of Wastes Management and the Waste and Resources Action Programme.
- 2.15 The Authority is also a member of a number of organisations as follows:
- Association of Cities and Regions for Recycling and Resource Management (ACR+)
 - Local Authority Recycling Advisory Committee (LARAC)
 - National Household Hazardous Waste Forum
 - Waste Watch
- 2.16 Additionally, individual officers are members or attend the meetings of a number of other officer based groups.
- 2.17 The Authority also actively engages with the work of London Councils, although for technical reasons cannot be a formal member with voting rights.

Influencing European, National, Regional and Borough policy frameworks

2.18 The Authority has also worked towards securing as favourable a long-term policy framework as possible, and in this regard reviewed 60 consultation documents in the year formally responding to 25 public consultations in 2010/11.

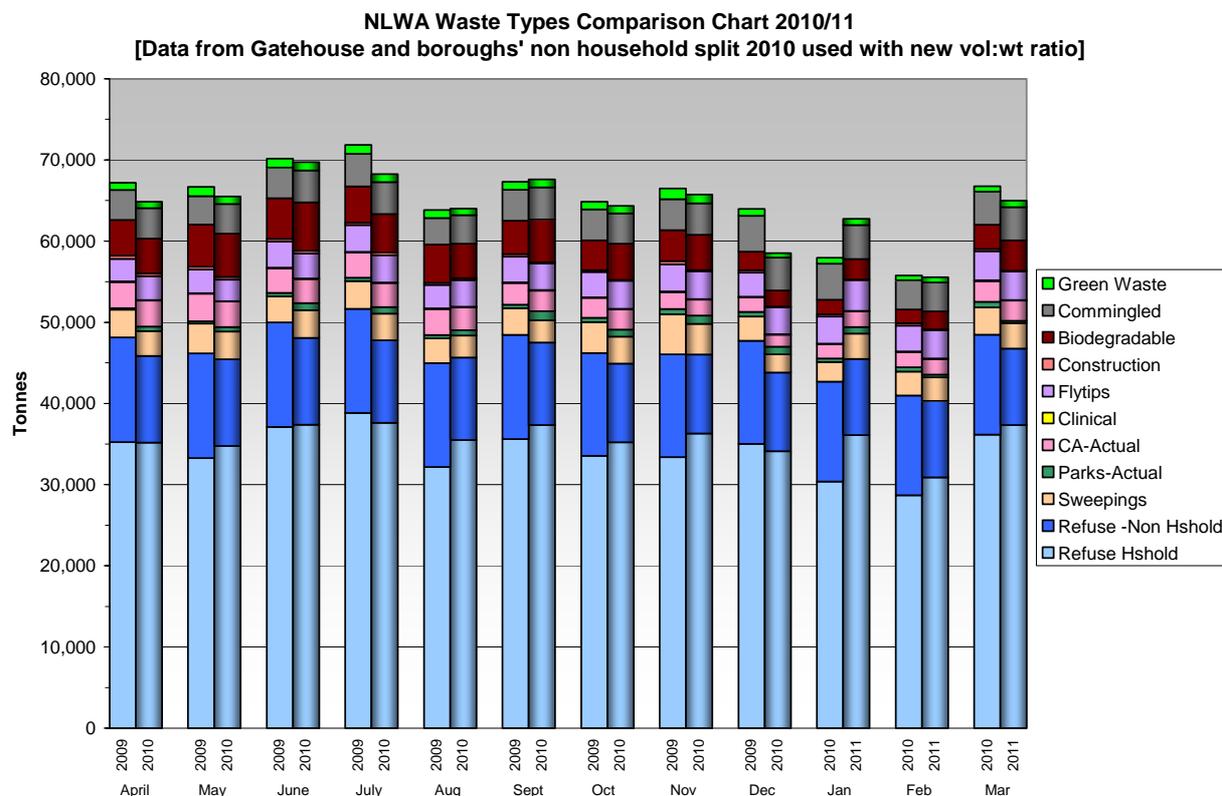
3. CONTRACTED SERVICES

Highlights

- Materials Recycling Facility (MRF) service arrangements providing an income return to Boroughs that participate in excess of £1.5 million.
- New contract for transporting waste from borough civic amenity sites awarded in June 2010 on course to achieve savings of approximately £60,000 in the first year.
- WEEE contract awarded with enhanced benefits and at no cost to the Authority.

3.1 The Authority implements many of the objectives of the NLJWS in the short-term (as well as discharging its statutory duties) through contracted services. This is mainly the main waste disposal contract for all residual household, commercial, clinical and civic amenity waste produced by the constituent boroughs, but the Authority has for some years been increasingly managing recycling and composting services too. There are also some relatively minor ancillary contracts.

Tonnage Information



NB. This chart excludes Boroughs' own waste to reprocessors

Please note that independent borough recycling data is not included in this comparison.

Main Waste Disposal Contract

- 3.2 The main waste disposal contract with LondonWaste Ltd. encompasses the disposal of nearly all the waste collected by the seven constituent boroughs through front-line services and reuse and recycling centres. Services are delivered mostly by LondonWaste directly, but the Hendon rail transfer station is operated by WRG Ltd as LondonWaste's sub-contractor (although WRG is the tenant of the Authority).
- 3.3 During 2010/11, 771,942 tonnes of municipal waste were treated or disposed. This is 10,776 tonnes less than 2009/10. Approximately 6,700 tonnes was due to a reduction in residual tonnages. This contract is monitored using random routine inspections of each LondonWaste site. The target is to visit each site on a weekly basis but where this is not possible emphasis is given to the busier sites. During 2010/11 a total of 167 visits were made across the three sites at Edmonton, Hendon and Hornsey Street. These inspections are designed to highlight issues of health and safety, check vehicle turnaround times and ensure the sites are running efficiently. Two defaults were issued for minor matters against some 225,600 transactions during the year.

- 3.4 During these visits, the movement of borough vehicles is monitored by sampling approximately 1100 transactions a month which is in excess of 6% of the monthly total and is statistically representative. Performance against this target was exceeded during 2010/11. The vehicle monitoring data is then reconciled against claims for payment by LondonWaste Ltd and cost adjustments totalling £3627 were made against these monitored transactions. Tonnage data is sent to borough technical officers each week, month and quarter so that they may carry out their own checks on transactions and highlight problems for the Authority's Contracts team to investigate.
- 3.5 This monitoring includes vehicles delivering organic wastes for composting and commingled dry recyclables for sorting and recycling. This amounted to 105,703 tonnes in 2010/11 (included in the overall tonnage figure at 3.3 above). This is an increase of 4,037 tonnes on tonnage in 2009/10. While this tonnage is treated via a variation to the main waste disposal contract, the waste is reported by the constituent boroughs to the centralised national database, WasteDataFlow and forms part of their own National Indicators.
- 3.6 The in-vessel composting of mixed food, the windrow composting of green waste and the bulking of commingled recyclable wastes to third party facilities continued in 2010/11. 49,183 tonnes of biodegradable kitchen/garden waste (an increase of 4,991 tonnes from 2009/10), 10,277 tonnes of green waste (a reduction of 994 tonnes from 2009/10) and 46,244 tonnes of commingled waste (an increase of 41 tonnes from 2009/10) were received. These figures are included in the overall organic wastes and commingled recycling tonnage figure at 3.5 above. During 2010/11 LondonWaste Ltd, assisted by the Authority, undertook a procurement for the oversupply of organic waste (the amount delivered in excess of the amount that can be processed at the Edmonton IVC), although the prices achieved were better than previous arrangements any anticipated savings are reliant on continued similar tonnages being delivered to the Authority.
- 3.7 The two merchant capacity contracts for commingled material continue to perform well, however sixteen defaults were issued in 2010/11 against one of these contracts, all for vehicles exceeding the contracted turnaround time limits; officers are currently working with the contractor to improve these times. Since being in receipt of an income-share from the MRF contractors, the Authority has made commingled income payments (CIPs) to contribute to the additional costs of collection of those constituent borough councils delivering commingled dry recyclables to the Authority to the same value. Each quarter Authority officers audit the income the MRF contractors receive and pay CIPs to the constituent boroughs; the last quarter of 2010/11 has recently been finalised and the total income for 2010/11 will be in excess of £1.5 million, this has resulted in a nett cost to the public purse of under £7 per tonne for MRF services.
- 3.8 Extended negotiations with LondonWaste Ltd that pre-date the company being wholly owned were concluded in relation to the Hornsey Street transfer station and the additional costs to the company of operating this facility as opposed to the former Ashburton Grove. Terms have been agreed up until December 2010 that have permitted the release of financial provisions. Arrangements in relation to the Hendon transfer station were brought close to finalisation too.

Civic Amenity Transport Contract (Household Waste Recycling Centres)

- 3.9 There are currently nine household waste recycling centres, or 'HWRCs' (originally called civic amenity sites) in the NLWA area generating 29,869 tonnes of residual waste in 2010/11 (a net reduction of 1,256 tonnes from 2009-10), which was transported from the HWRCs and disposed of under the twenty-year main waste disposal contract above.
- 3.10 The target is to visit each site on a twice-monthly basis on average to ensure service levels remain high and to check the condition of the containers ensuring all health and safety requirements are met. This target was exceeded during the year. A total of 241 visits were made to HWRCs in 2010/11.
- 3.11 Following a competitive tender, the Authority awarded LondonWaste Ltd the new contract for the transportation of residual waste which commenced in June 2010, the service is of a good standard; no defaults were issued during the period covered by this report and this new contract is on course to achieve full year savings of approximately £60k when compared to previous arrangements.

Ancillary Services

- 3.12 **Waste Electrical and Electronic Equipment (WEEE)** – Under this legislation, producers of electrical and electronic equipment bear the costs of recycling and/or disposal for this waste stream. Electrical and electronic equipment is collected from 17 Designated Collection Facilities, registered by the Authority on behalf of the constituent boroughs. Approximately 3,066 tonnes of WEEE was disposed via this method during 2010/11. Other than contract management costs, this service is free of charge to the Authority as it is a requirement under European 'producer responsibility' legislation. Following a competitive procurement this contract was awarded to the DHL Producer Compliance Scheme and commenced on 1st January, 2011. As set out in the Authority report to Members in February 2011 other benefits were secured under this new contract, one of which, the free provision of sWEEE bring banks has been rolled out to various locations in two of the constituent boroughs while arrangements are being progressed with a further four constituent boroughs.
- 3.13 **Tyres** – Following a competitive procurement the Authority awarded a contract to McGrath Bros which commenced 1st November 2010. Two sites, one in Hackney and one in Barking are now available for constituent boroughs to deliver and in 2010/11 approximately 116 tonnes of tyres were disposed (a net reduction of 45 tonnes from 2009-10; however some constituent boroughs continued to make their own arrangements. The contract has delivered some savings through the cessation of the previous minimum load provisions.

Other Responsibilities

- 3.14 **Data** – The Authority continued to manage data on wastes and over thirty categories of recycling in relation to the national WasteDataFlow system (for landfill allowances and National Indicator targets), recycling credits to third parties, and for the local incentive scheme for diverting biodegradable waste. Along with the need to verify data so that the Authority can validate Boroughs' submissions to WasteDataFlow and ensure compliance under 'duty of care' legislation of all UK destinations of waste, this has required a significant number of site visits and audit work. The Contracts team has also made significant progress in streamlining the data functions. Previously weekly, monthly and quarterly reports were compiled manually from raw data. Officers have designed, produced and implemented automated systems that aggregate and validate the necessary data ready for onward reporting.
- 3.15 During 2010/11 Authority officers continued to conduct surveys of DIY wastes from HWRCs, user surveys and weight-to-volume surveys on non-household wastes for each of the Boroughs, as well as conducting audits for WasteDataFlow and non-household waste validations at each Borough.
- 3.16 The Contracts team previously calculated its CO₂ emissions from the base year 2008/09 under the NI185 reporting regime. Whilst these emissions were not reported directly, they were apportioned to each constituent Borough so they could, at the constituent borough's discretion, be included in their NI185 totals. NI185 has now been withdrawn and replaced by discretionary reporting under the DECC-DEFRA Greenhouse Gas reporting Guidelines. These new guidelines are sufficiently different to the NI185 methodology to make comparison between the two regimes unrealistic. The team therefore analysed this new guidance and liaised with DECC before producing a new CO₂ reporting model with 2010/11 being the base year used for onward comparison.

Pinkham Way

- 3.17 Much work was done during 2010-11 on the pre-application consultation and the preparation of the joint outline planning application for the Pinkham Way site with LB Barnet, which has since been submitted.

4. RELATIONSHIP WITH LONDONWASTE LTD

Highlights

- Authority's Shareholder Group active
- New non-executive director appointed to LondonWaste Ltd
- £5.5m dividends announced by LondonWaste Ltd

- 4.1 Whereas the Authority had held a 50% shareholder interest in LondonWaste Ltd since the company's creation in 1994, in December 2009 the relationship fundamentally changed, as set out in section 1 above.
- 4.2 The Shareholder Group comprising Cllrs Loakes, Cohen and Meehan now oversees the Authority's interest in LondonWaste Ltd, in particular scrutinising the Business Plan before it is formally presented to the full Authority for approval. The Authority also appointed a new non-executive director, Michael Dunn, to the board of LondonWaste Ltd, giving additional commercial experience.
- 4.3 From its 2010 financial year LondonWaste Ltd has paid £5.5m in dividends to the Authority. The company has also been developing new recycling opportunities for civic amenity site wastes.

5. LONG-TERM PROCUREMENT ACTIVITY

Highlights

- Substantial market interest in the procurement, leading to competitive bids and proposals for high quality solutions
- Outline solutions received from five bidders for waste services and five bidders for the fuel use contract. Solutions overachieve against the Authority's recycling targets, landfill diversion targets and financial benchmark. There are good prospects for an efficient and renewable energy solution.
- Procurement being pursued despite the government's withdrawal of PFI credit support in October 2010 from Authority's project and 6 other local authority projects as part of Government's Spending Review measures.
- Selection completed of three bidders for each of waste services and fuel use procurements for detailed solutions stage.
- Progress with procurement in line with ambitious procurement timetable except for delay arising from Government decision on withdrawal of PFI credits and extended outline solution stage required by that decision.
- Action taken as planned to support successful outcome including site acquisition, substantial waste data work and review of market development options for use of recycle.

Procurement

- 5.1 The procurement started in April 2010 with the publication of an OJEU notice for two contracts, one for waste services including the production of a solid recovered fuel, and the second for the use of that fuel.
- 5.2 The procurement is designed to deliver a sustainable waste management solution which substantially increases recycling, recovers value from waste that cannot be recycled, minimises the amount of waste that goes to landfill and reduces North London's carbon footprint. North London's ambitions are set out in detail in the North London Municipal Waste Strategy.
- 5.3 The procurement seeks to secure the investment in new treatment facilities that are required by greater levels of recycling and recovery and, where necessary, to replace the current ageing infrastructure. This includes the existing Energy from Waste plant at Edmonton which has been a mainstay of the Authority's waste disposal solution since the 1970s.
- 5.4 In planning for new facilities and the best waste disposal services, the procurement aims to mitigate the cost increases that North London would otherwise face as a result of increasing landfill costs, substantially increasing landfill taxes and the higher quality services that are necessary to deliver a more sustainable waste management solution.
- 5.5 In April 2010, Government awarded £258.4m PFI credits, and this award was confirmed in July 2010 following the General Election. However, at the Spending Review in October 2010, the Government announced that those credits were withdrawn.
- 5.6 At that point, the Authority was in the process of evaluating outline solutions from bidders. A decision was taken to extend the outline solution stage, with a view to considering further with bidders how the best value for money for the Authority could be achieved. The bids from that process were received in February 2011.
- 5.7 In April 2011, the Authority agreed to pursue the procurement as the most likely prospect of securing appropriate future service delivery and value for money for local council taxpayers. At the same time the Authority selected three bids on both the waste services and fuel use procurements to be taken forward to the detailed solutions stage.
- 5.8 Progress throughout the year was consistent with the Authority's ambitious procurement timetable except for the delay arising from the Government's decision on PFI credit support and the resulting extension to the ISOS dialogue.

Innovation

- 5.9 In approving an Outline Business Case (OBC) for the procurement the Authority has agreed a technical solution and an innovative procurement strategy that is designed to secure the best possible renewable energy solution and good prospects for delivery.

- 5.10 This strategy involves the production of a Solid Recovered Fuel (SRF) from the treatment of waste that cannot be recycled and the potential use of Anaerobic Digestion as part of that treatment – a process which itself generates green electricity.
- 5.11 The SRF created by the treatment process – reduced significantly in volume and weight from the untreated waste - is a refined and stable material which can be transported to where energy demand exists for both heat and electricity. As heat is a natural product of energy derived from waste, a solution of this type is much more efficient than simply producing electricity.
- 5.12 The Authority's approach means that an energy solution might be located in an industrial context or as part of major regeneration schemes that require renewable energy sources. There is geographical flexibility and a good prospect of securing the best energy and commercial solution. The flexibility is supported by the Authority's transport strategy which envisages rail and/or water transport.
- 5.13 The agreed procurement approach involves separating the procurement of the waste and energy solutions and a defined fuel specification. This means that the energy procurement can be opened up to those with a substantial energy demand or expertise in power generation. In turn this creates a more competitive procurement process and a better prospect of replacing fossil fuel use.

Costs

- 5.14 The cost of waste disposal is increasing year-on-year largely as a result of reducing landfill capacity, sharply increasing landfill taxes and demands for better quality services.
- 5.15 The OBC approved by the Authority identified that the procurement should deliver a minimum cost saving of £201m compared to not pursuing the solution. Since that time Government have announced further increases in Landfill Tax taking it to £80/ tonne in 2014.
- 5.16 The Authority's OBC included financial assumptions that were prudent and took account of the current challenging conditions in the finance markets. The Authority also considered sensitivity tests relating to any project delay and higher than anticipated inflation. This provides a robust platform for the procurement.

Moving forward

- 5.17 The timetable for the procurement envisages that the dialogue for the detailed solutions stage will continue until the October/November 2011, and that evaluation outcomes will be considered by the Authority in December 2011 or January 2012, with a view to selecting two bidders in each procurement to go to the next stage. Calls for Final Tenders will be issued in June/July 2012, the preferred bidder announced in October that year, and financial close taking place in March 2013. This would lead to the start of the new facilities in April 2016

- 5.18 Further information, including press notices with details of the bidders selected to the outline and detailed solutions stages, the Authority's Outline Business Case and video material from the Procurement Information Day is available on the Authority's website at: <http://www.nlwa.gov.uk/procurement>.

6. COMMUNICATIONS

Highlights

- Managed communications activities during a period of significant change following the withdrawal of PFI funding.
- Communications Strategy developed in support of the Pinkham Way planning application.
- Media and marketing support to increase awareness of key waste prevention activities.

Communications Strategy

- 6.1 The current communications strategy was noted by Members in February 2008 and following an update in 2009/10 now runs up to 2014, coinciding with the expiry of the Authority's existing disposal contract in December 2014. The strategy includes plans to build and manage the NLWA's reputation and to facilitate proactive engagement with all stakeholders.
- 6.2 The communications strategy is divided into four separate plans, three of which are targeted at different groups of stakeholders and a fourth over-arching plan which is common to all target audiences. The three stakeholder groups targeted by the individual plans are: the industry (for the Authority's procurement process), residents, and boroughs. During 2010/11 a separate new plan was also produced for communications associated with the Authority's proposed outline planning application for a waste facility at Pinkham Way in Haringey. The communications strategy is published as an Appendix to the refreshed Outline Business Case for the Authority's procurement process published in January 2010. It can be viewed at:
http://www.nlwa.gov.uk/files/29b%20Appendix%20CC%20-%20communications%20strategy_final.doc

Press Work

6.3 Over the last year, in line with the communications strategy, the NLWA has distributed seventeen press releases. The profile of the NLWA and industry interest in the Authority was significantly heightened during the year as the Authority announced the long list of bidders for its procurement of waste services and fuel use services in July 2010 and then the shortlist of bidders in April 2011. At a local level a good amount of positive press coverage was received about waste prevention, and in particular a schools poster competition to promote waste reduction during December. The press coverage from January onwards however was dominated by local opposition to the Authority's proposals for submitting an outline planning application for a waste facility at Pinkham Way Haringey together with a vehicle depot for the London Borough of Barnet.

Overview of communications work

6.4 Other communications work undertaken in the last 12 months includes:

- Updating information on the Authority website, particularly in the areas of waste prevention and procurement.
- Providing media and marketing support for the waste prevention programme. This included bus advertising, proactive media work and web updates in support of a school poster competition which was launched in September with the winning posters displayed on buses during the European Week for Waste Reduction in November; press advertising and website updates for a textiles reuse campaign and advertising and website updates in support of a no 'junk mail' campaign.. All the above was consistent with national branding guidelines and creative work developed in conjunction with the constituent boroughs.
- Communication work to support food waste reduction using the national 'Love Food Hate Waste' campaign branding. A series of Love Food Hate Waste roadshows was held in July across the area supported by communications work in conjunction with the seven constituent boroughs.
- Creating a new section of the website, assisting in the development of display materials for a series of public exhibitions and proactive and reactive media work for the Authority's planning application for a waste facility at Pinkham Way.
- The preparation of reactive press statements to be used on an 'as required' basis.
- Media monitoring via a press cuttings service and as required internal reviews of social media coverage such as blogs, online forums, public Facebook groups, and Twitter.

- Introduction of an e-newsletter for Members, Borough Officers and Authority staff. This brings together key information surrounding Authority news and activities and issues impacting upon Local Authorities and the waste, recycling and energy industries

Coming up

6.5 Looking forward, communications work for the year ahead will focus on the procurement process and the Pinkham Way planning application and will be driving forward key messages around waste minimisation and recycling.

6.6 Key activities currently planned include:

- Ongoing communications support for the Authority's waste prevention programme.
- Ongoing media activity and resident communications in relation to the Pinkham Way site planning application, including the publication and distribution of a residents' newsletter.
- Proactive communications activity regarding the procurement timetable throughout the year.
- Communications support for a series of summer 'Love Food, Hate Waste' roadshows to encourage the reduction of food waste across the seven constituent boroughs.
- Providing communications support as required for a waste electrical and electronic waste and battery reuse and recycling promotional campaign delivered in conjunction with the Authority's compliance scheme, DHL.
- Development of a new content management system (CMS) for the Authority's website improving our ability to manage web content and for residents to engage with us on our procurement and waste prevention activities.
- Recruitment of a Communications and Consultation Officer following the promotion of the existing officer to a new position in Camden.

7. FINANCE AND RESOURCES

Highlights

- 2010/11 and 2011/12 levy held at £43.512m, i.e. no increase.

Budget

7.1 The annual net revenue budget of the Authority is 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 for non-household waste.

7.2 The Authority agreed an original budget of £65.626m for 2010/11, to be financed by estimated revenue balances of £9.726m, charges to boroughs for non-household waste of £12.388m and a levy of £43.512m. The 2010/11 final outturn reported as part of the ordinary business of the June Authority meeting, indicates that the Authority's total expenditure for the year was £51.385m and that non-household charges were £9.882m. As the levy is fixed at the start of the year, this resulted in the Authority having a revenue surplus of £15.362m at 31 March 2011. Of this figure, a sum of £9.514m was projected to be available to assist with the funding of the 2011/12 budget. In February 2011 the Authority set the budget for 2011/12 at £63.087m. It has been financed as follows: -

Use of revenue balances	£9,514,000
Charges to boroughs for non-household waste	£10,061,000
Levy	£43,512,000

7.3 The levy for the 2011/12 financial year of £43,512,000 has been apportioned between constituent councils as follows:-

Barnet	£8,286,193
Camden	£5,116,423
Enfield	£6,329,317
Hackney	£5,411,984
Haringey	£6,800,185
Islington	£5,055,971
Waltham Forest	£6,511,927
Total	£43,512,000

7.4 The Authority's budget and resource requirements reduced by £2.539m in 2011/12 compared with 2010/11 mainly due to a net reduction in the budgeted cost to support the capital programme and dividend receipts. The budget comprises: £49m in respect of waste disposal and recycling services (including Landfill Tax of £11m - now at £56/tonne and rising £8 per year to £80 by 2014/15); corporate and other support service costs of £2m; payments on various waste prevention initiatives and incentive payments to community groups and NLWA boroughs of £1.9m; £3.8m for the cost of the procurement process; and £9m in respect of the revenue cost of funding the NLWA capital programme to support the procurement project. The Authority also expects to receive a dividend payment of £2.5m from LondonWaste Ltd and other income of £0.1m.

- 7.5 The Landfill Allowance Trading Scheme (LATS) came into effect in April 2005. This allows the Authority to landfill biodegradable waste without penalty up to the limit of the allowances issued each year by the Government to the Authority. The Authority, however, is able to buy or sell surplus allowances from or to other waste disposal authorities. At 31 March 2011 the Authority held in the region of 143,000 surplus allowances which can be sold or carried forward to supplement the Authority's 2011/12 LATS allocation. As most waste disposal authorities have surpluses the value that can be obtained for selling allowances to the few waste disposal authorities that need to purchase additional allowances in the 2010/11 was therefore very low. Each scheme year is followed by a period of reconciliation, however there have been no sales by the Authority to date. Allowances are issued free of charge by the Government and therefore allowances not sold will be written-off at no cost to the Authority if they remain unused and not sold by 31 March 2012 (2012/13 has been designated a target year and therefore no surpluses can be carried forward to 2012/13). The Government has announced that as LATS is no longer the major driver for diverting waste from landfill the scheme will end after 2012/13.
- 7.6 The charge for non-household waste in 2011/12 is estimated to be £89.68 per tonne and includes a LATS premium charge of £2.07 per tonne. The latter represents the opportunity cost of using LATS Allowances in excess of those deemed attributable to the non-household waste stream.
- 7.7 The estimated cost for each constituent council in 2011/12 is as follows:

Barnet	£ 1,576,036
Camden	£ 3,119,250
Enfield	£ 1,025,760
Hackney	£ 1,827,320
Haringey	£ 370,916
Islington	£ 1,652,191
Waltham Forest	£ 489,473
Total:	£10,060,946

(A summary of the levies raised since the formation of the Authority is attached as **Appendix 2**.)

7.8 At the Authority's budget meeting in February 2011 Members were advised that assuming full use of balances by 31 March 2012, and projected changes in the waste stream and costs that the percentage increase in the cost to the Boroughs in 2012/13 was estimated to rise by 31.6%, a further increases of 3.9% in 2013/14 and an increase of 3.1% in 2014/15. The forecast increase for 2011/12 reflects the fact that surplus balances of £9.514m have been used to part fund the 2011/12 budget. 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 £8 per year. The medium term budgets also allow for the continued transfer of recyclates to the Authority for treatment and the continuation of the procurement processes. Although the medium term forecast allows for the revenue cost of funding a sites acquisition programme through prudential borrowing, no other additional allowance is made for the substantive costs of implementing the North London Joint Waste Strategy. The outlook for future years will be updated over the coming year in the light of progress made with the procurement project. However, in view of the higher level of surplus balances brought forward from 2010/11 of £5.848m (see 7.2 above) the Authority should have scope and flexibility to reduce the cost to the Boroughs in 2012/13.

Tonnage Levels

7.9 Allowing for a continuation of borough recycling and composting activity (c.232,000 tonnes in 2011/12) the 2011/12 budget allows for the disposal of some 646,000 tonnes of residual waste, composting arrangements for 71,000 tonnes of green/kitchen wastes and a bulking and sorting arrangement for some 58,000 tonnes of dry-recyclable wastes.

Apportionment of the Levy

7.10 Although it is open for the Authority's constituent borough councils to decide how the levy will be apportioned between them, provided they are unanimous, this has not happened over the life of the Authority. As a consequence, prior to 2006/07, the Levying Bodies (General) Regulations 1992 prescribed the default arrangements that would apply in such circumstances i.e. the levy was apportioned in proportion to each council's tax base. In March 2006, in response to widely shared concerns about the inequity of these default apportionment arrangements, the Government (after consultation) changed the default arrangements for apportioning the levy to one primarily based upon tonnage with transitional arrangements for 2006/07 and 2007/08.

7.11 For the Authority there are now effectively two elements to the levy, a household waste element (c. 87% of the Authority's relevant budget) and an 'other' costs element (13%). In 2006/07, the first year of transition, the household waste element was apportioned one-third tonnage and two-thirds council tax base, and in 2007/08 two-thirds tonnage and one-third council tax base. From 2008/09 the household waste element of the levy has been apportioned wholly on a tonnage basis whilst the 'other costs' element continues to be apportioned on a council tax basis.

Property Issues

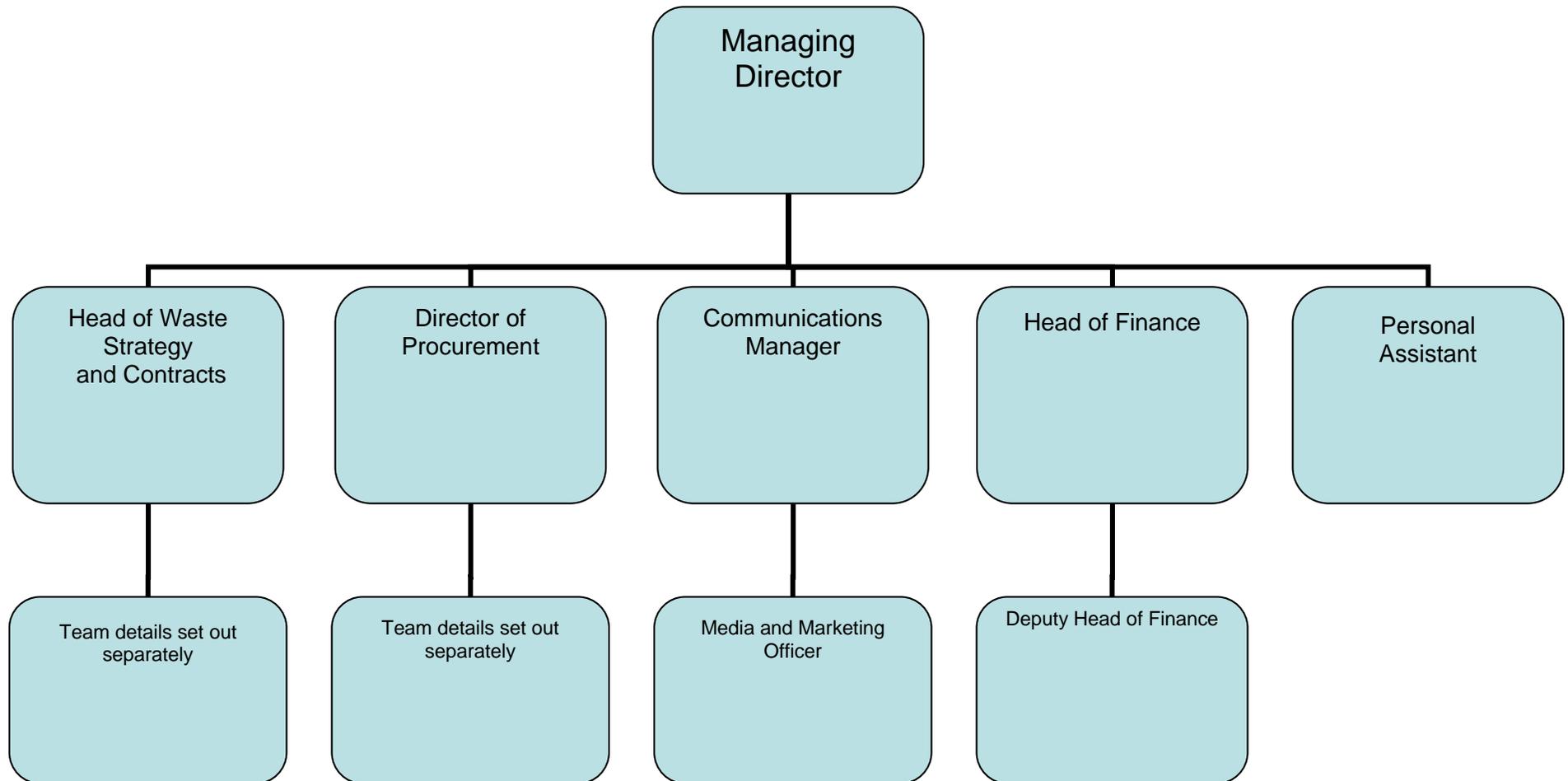
7.12 **A406 Edmonton Compulsory Purchase Order (CPO)** - The amount due to be paid to the Authority has been agreed for some time and is set at £1,155,000. A sum of £346,500 was paid on account in 1998, however, a sum of £808,500 plus interest has yet to be paid. Whilst there have been a number of administrative delays it is envisaged that the legal process for completing the formalities should soon recommence and enable the CPO process and payment to the Authority to be completed in the near future.

7.13 **Other Property Issues** - The Authority formalised new tenancy arrangements with Freightliner Heavy Haul in relation to the Hendon rail transfer station and with LB Haringey in relation to office accommodation at the Lee Valley Technopark. Also, as part of the main procurement of future long-term services the Authority has also secured an interest in a part of a 6.97 hectare site at Pinkham Way and, in purchasing the shares of Sita in LondonWaste, has become the sole owner of this company which in turn owns the c.15 hectare site at Edmonton.

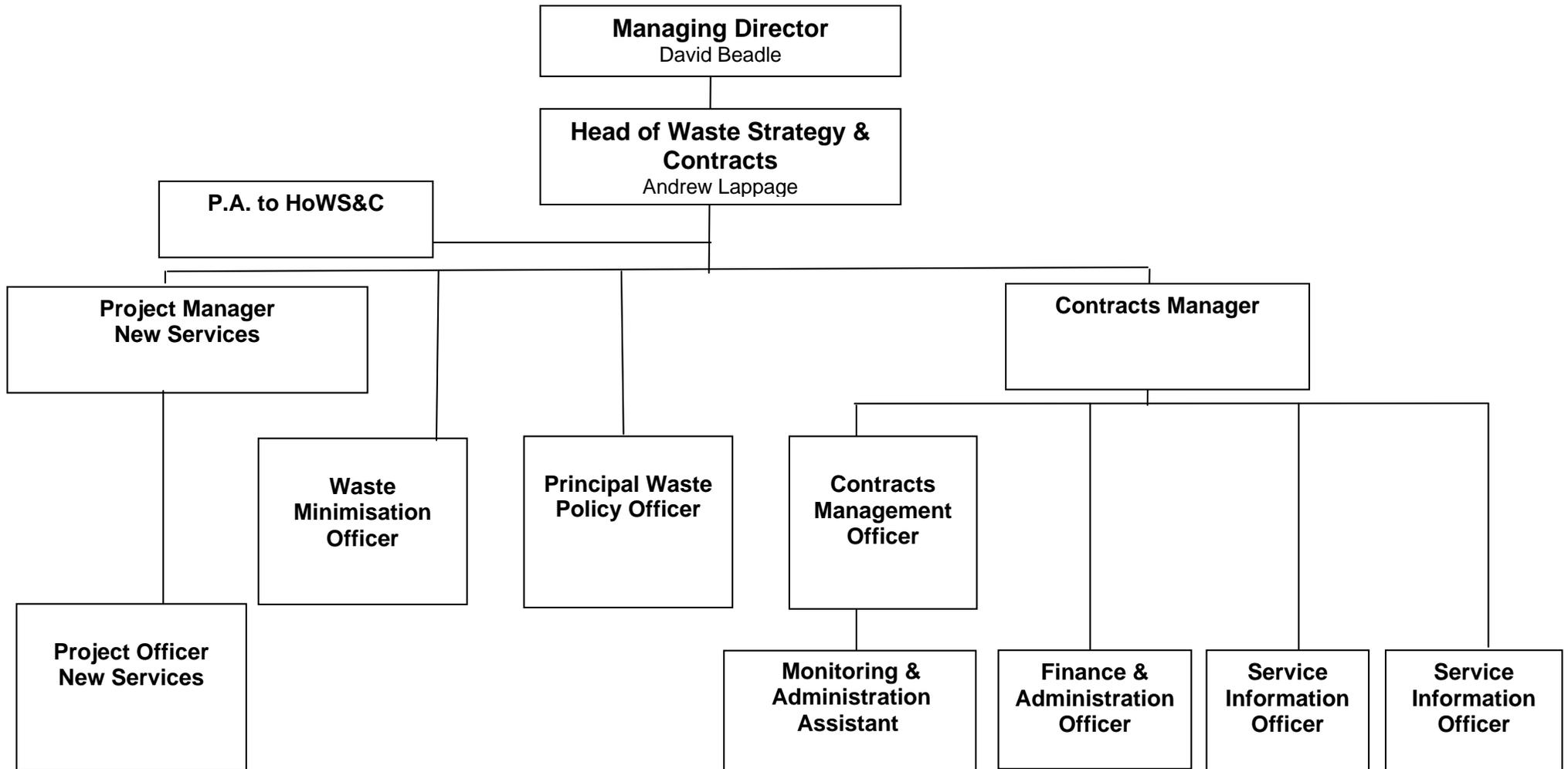
7.14 **Property Holdings** - The Authority has varying property interests at:

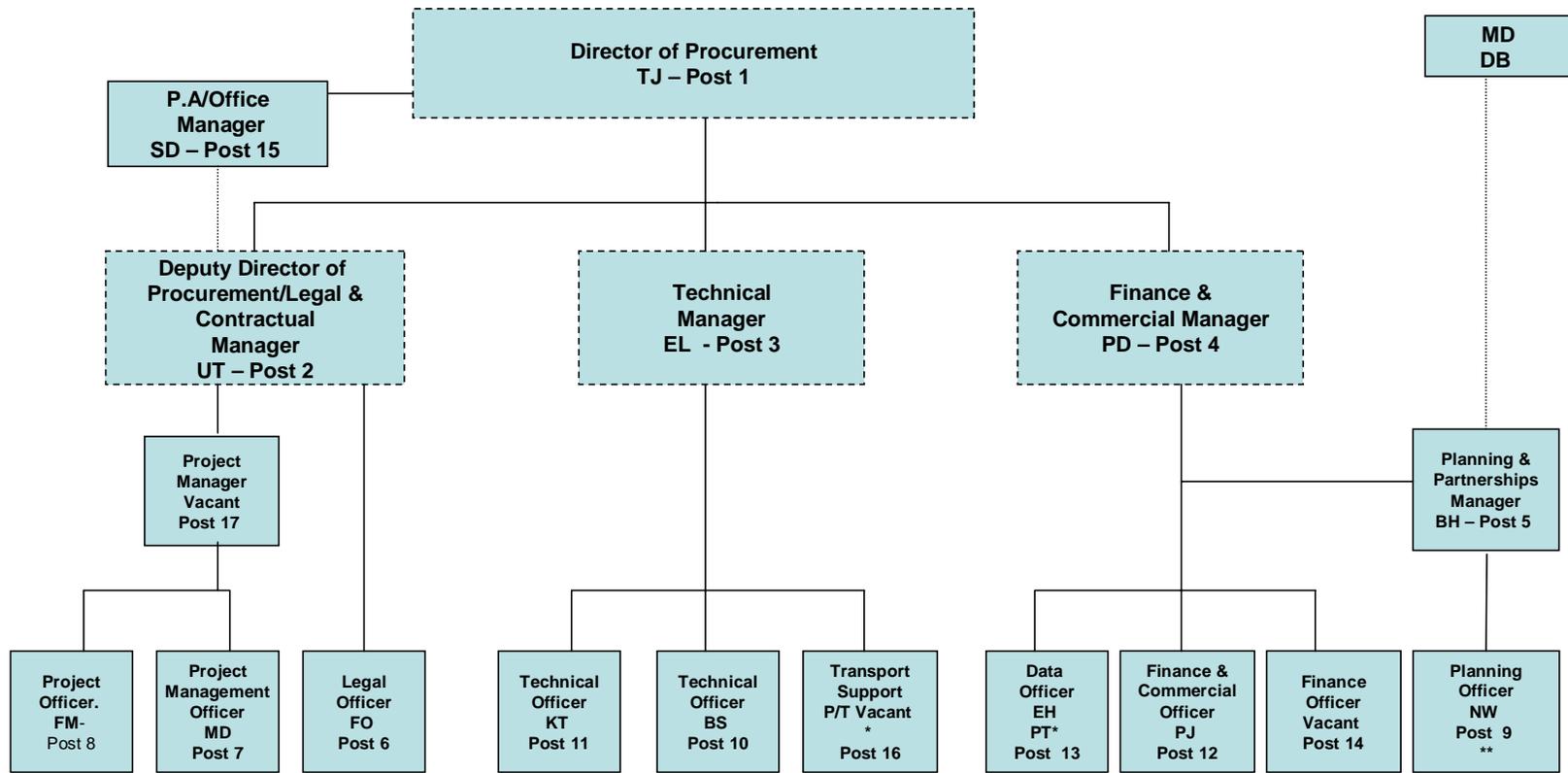
- Hornsey Street, Islington
- Picketts Lock Lane, Edmonton (Formalities to transfer the freehold interest of four flats previously sold under right-to-buy legislation were completed on 19 April 2010)
- A406, Edmonton (CPO)
- Tilling Road, Hendon
- Hendon Waste Transfer Station
- Pinkham Way - Land at part of the former Friern Barnet Sewage Treatment Works

NORTH LONDON WASTE AUTHORITY – STAFFING ARRANGEMENTS AT 31ST MARCH 2011



NLWA Waste Strategy and Contracts Team





*Part Time

** Nicola White F/T to 31.5.11

Katie Kerr P/T from 3.5.11

NLWA Procurement Team Structure from May 2011



Appendix 2

NORTH LONDON WASTE AUTHORITY LEVIES AND NON-HOUSEHOLD CHARGES 1986/87 TO 2011/12

	Levy £'000	Non-household Charges £'000	Total £'000
1986/87	13,872	-	13,872
1987/88	11,301	-	11,301
1988/89	12,962	-	12,962
1989/90	13,602	-	3,602
1990/91	14,180	-	14,180
1991/92	13,250	-	13,250
1992/93	11,646	-	11,646
1993/94	9,370	-	9,370
1994/95	10,221	-	10,221
1995/96	13,006	-	13,006
1996/97	11,675	3,335	15,010
1997/98	15,342	3,573	18,915
1998/99	18,229	3,644	21,873
1999/00	22,187	3,913	26,100
2000/01	24,677	4,007	28,684
2001/02	26,229	4,711	30,940
2002/03	29,744	5,370	35,114
2003/04	35,094	6,393	41,487
2004/05	38,374	6,776	45,150
2005/06	41,837	7,450	49,287
2006/07	33,231	8,647	41,878
2007/08	34,901	8,884	43,785
2008/09	37,829	10,880	48,709
2009/10	43,647	12,146	55,793
2010/11	43,512	12,388	55,900
2011/12	43,512	10,061	53,573

- During the period 1986/87 to 1995/96 the cost of non-household waste disposal was recovered through the levy from constituent councils.

Report Ends