

Agenda Item

NORTH LONDON WASTE AUTHORITY	
REPORT TITLE: NORTH LONDON WASTE AUTHORITY – ANNUAL REPORT 2009/10	
REPORT OF: MANAGING DIRECTOR	
FOR SUBMISSION TO: THE NORTH LONDON WASTE AUTHORITY	DATE: 30 TH JUNE 2010
SUMMARY OF REPORT: This is the Annual Report for the Authority covering the year 2009/10 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:

Date:

NORTH LONDON WASTE AUTHORITY ANNUAL REPORT 2009/10

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 4 extraordinary meetings during 2009/10.
- 1.3 In 2009/10, the Chair of the Authority was Councillor Clyde Loakes (LB Waltham Forest) and the Vice Chairs were Councillor Keith Moffitt (LB Camden) and Councillor Michael Lavender (LB Enfield).
- 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 However, 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, Haringey and Waltham Forest. The principal officer support and managers in post as at 31st March 2010 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)
Technical Adviser – Niall Bolger (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

- 1.8 At the end of 2009/10 the staff working full time for the Authority previously employed by LB Haringey transferred to the employment of LB Camden.

2. JOINT MUNICIPAL WASTES MANAGEMENT STRATEGY

Highlights

- First Annual Monitoring Report produced – December 2009.
- £192,000 funding secured for a pan-North London Love Food Hate Waste campaign – delivered in the year.
- Participated in the first European Week for Waste Reduction in November.
- North London's 'Watch Your Waste Week' 2008, won 'Best Regional Project/Initiative' in the national LARAC Celebration Awards 2009.

- 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 by 2010.
 - 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 2009/10 the Authority produced the first Annual Monitoring report of progress made with implementing the Strategy and accompanying Strategic Environmental Assessment; the report presented data up to 2008/09. A copy of the Annual Monitoring Report is available at www.nlwa.gov.uk.
- 2.3 The report showed for 2008/09:
- An overall recycling and composting rate of 27%.
 - That 100% of residents received a door-to-door or communal recycling service.
 - An average 49% recycling and composting diversion rate from all North London Reuse and Recycling Centres.
- 2.4 The Authority continues to have a duty to publish three 'National Indicators' or NIs by 30th June each year in relation to the previous year's performance, even though these will be subsequently refined and validated through WasteDataFlow during the following three months.
- 2.5 Performance for 2009/10 against these indicators was as follows:

NI 191 - Residual household waste per household*	634.8 kg
NI 192 - Percentage of household waste sent for reuse, recycling and composting	28.96%
NI 193 - Percentage of municipal waste landfilled	45.84%

*using latest available (provisional) figures from WasteDataFlow for March 2010. NI 191 will be updated when new figures are published.

- 2.6 The Partners missed achieving the 35% recycling and composting target contained within the joint waste strategy, however work continues to readdress this shortfall. A two season analysis of the waste collected in North London commenced with the aim of identifying which materials are not being fully captured by the recycling collection services. Any revisions to existing plans can be made as a result. Additionally section 3 outlines some of the other service improvements that were made in year by the Authority, which will result in improved recycling performance going forward.
- 2.7 During 2009/10 the Authority continued the process of implementing the North London Waste Prevention Plan 2008-10, which set out a range of activities aimed at the top of the waste hierarchy. The Plan was developed in full partnership with the constituent borough councils and the second year of the plan included the second Authority-wide waste prevention week and participation in the European Week for Waste Reduction. Additionally £18,972 was awarded to community composting, reuse and recycling projects during the year through the NLWA Community Projects Fund.

- 2.8 Funding for an extensive Love Food Hate Waste campaign was also secured from the Waste and Resources Action Programme in year and the initiative ran from June 2009 through to March 2010 with the aim of encouraging a reduction in food waste from households across North London.
- 2.9 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.
- 2.10 In relation to commingled dry recyclables the Authority arranged the centralised sorting of five boroughs' materials.
- 2.11 The longer-term implementation of the NLJWS is set out later in this document at Section 5.

Working in Partnership

- 2.12 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.
- 2.13 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
- 2.14 Additionally, individual officers are members or attend the meetings of a number of other officer based groups.
- 2.15 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

- 2.16 The Authority has also worked towards securing as favourable a long-term policy framework as possible, and in this regard reviewed 32 consultation documents in the year formally responding to 14 public consultations in 2009/10.

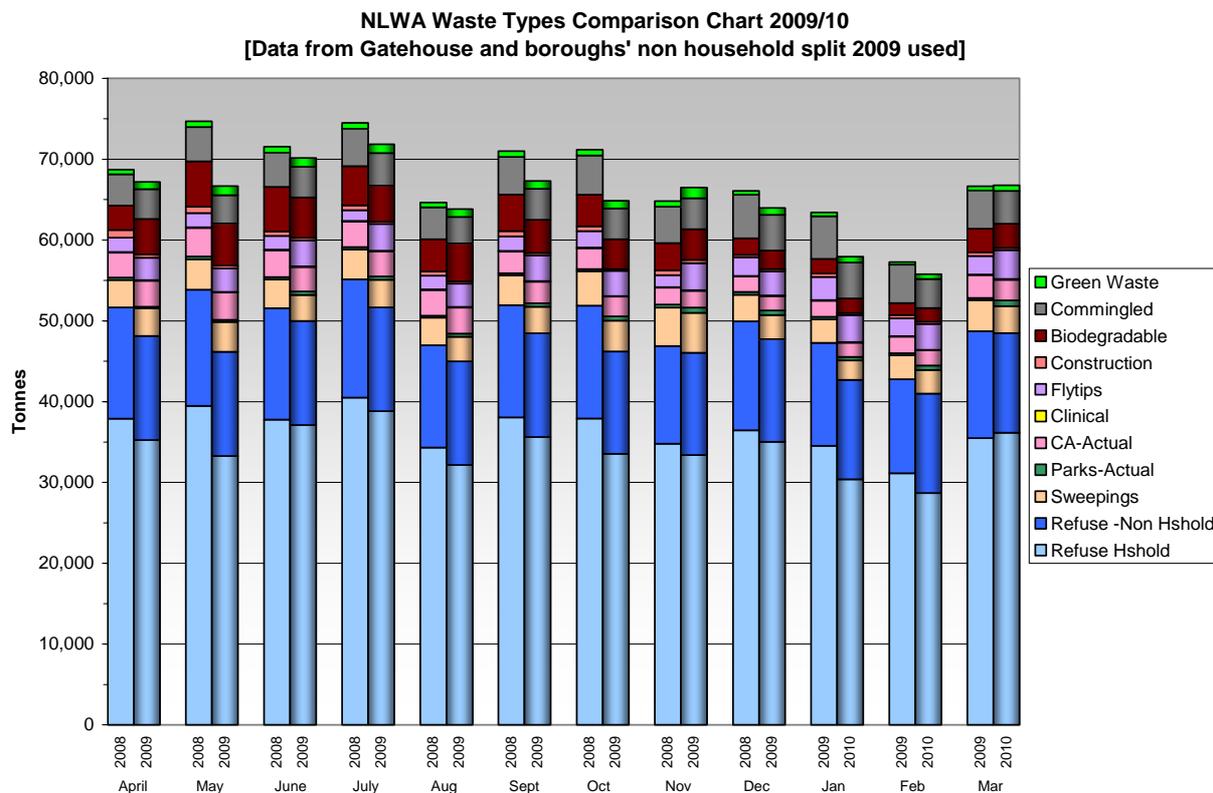
3. CONTRACTED SERVICES

Highlights

- A visit in March by officers from the Environment Agency to examine the Authority's systems and procedures to report and verify LATS (landfill allowances) data resulted in a classification of 'excellent'.
- New Materials Recycling Facility (MRF) service arrangements resulted in a full-year-equivalent saving on budgeted gate fees and the cost of bulking and transport of c. £232,000 along with an income-sharing arrangement that may deliver a further full-year-equivalent benefit of c. £800,000.
- MRF reject rates were also reduced by over 50% as a result, thereby increasing recycling rates overall.
- New contract for transporting waste from borough civic amenity sites awarded from June 2010 – expected to result in savings of approximately £50,000 per year.

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 2009/10, 782,705 tonnes of municipal waste were treated or disposed. This is some 31,000 tonnes less than 2008/09. 27,000 of which 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 2009/10 a total of 189 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. Five defaults were issued against the contract during the year. Three of the defaults were issued due to vehicles exceeding the agreed 20 minute turnaround time, and the other two were for inadequate maintenance of site standards.

- 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 2009/10. The vehicle monitoring data is then reconciled against claims for payment by LondonWaste Ltd. 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 101,556 tonnes in 2009/10 (included in the overall tonnage figure at 3.3 above). This is a reduction of some 7,500 tonnes on tonnage in 2008/09 largely due to the loss of commingled tonnage previously received from Enfield. While this tonnage is treated via a variation to the main waste disposal contract, the waste is reported by the 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 2009/10. 44,192 tonnes of biodegradable kitchen/garden waste, 11,271 tonnes of green waste and 46,093 tonnes of commingled waste were received. These figures are included in the overall tonnage figure at 3.5 above.
- 3.7 During 2009/10 the Authority completed the procurement of MRF services moving them outside the main waste disposal contract with LondonWaste Ltd, and achieved a full-year-equivalent saving on budgeted gate fees and the cost of bulking and transport of c. £232,000 along with an income-sharing arrangement that may deliver a further full-year-equivalent benefit of c. £800,000. At the same time these contracts broadened the range of materials that residents can recycle, to improve the overall efficiency and value for money, and established contracted services that can be extended beyond 2014 (when the contract with LondonWaste ends) if necessary. Residual (MRF reject) rates have also been reduced by more than 50% in the first six months of the contract. This has resulted in an additional 1,748 tonnes of material being recycled, which would have otherwise been disposed as rejects, in the first six months. The contracts were awarded in lots to Greenstar Environmental Ltd and Bywaters (Leyton) Ltd and commenced operationally in October 2009.

Civic Amenity Transport Contract (Household Waste Recycling Centres)

- 3.8 There are currently nine household waste recycling centres, or 'HWRCs' (originally called civic amenity sites) in the NLWA area generating 31,125 tonnes of residual waste in 2009/10, which was transported from the HWRCs under a separately tendered and relatively short transport contract that expires at the end of June 2010, but disposed of under the twenty-year main waste disposal contract above.

- 3.9 The contract for the transportation of this waste was held by LondonWaste during 2009/10 and the service was of a generally good standard; no defaults were issued during the period covered by this report. 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 257 visits were made to HWRCs in 2009/10.
- 3.10 In February 2010 a new contract was awarded to succeed the above from June 2010, and is expected to result in savings of approximately £50,000 in the first 12 months of the contract.

Ancillary Services

- 3.11 **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. The Authority currently contracts with DHL to collect electrical and electronic equipment from 16 Designated Collection Facilities, registered by the Authority on behalf of the constituent boroughs. Approximately 3,600 tonnes of WEEE was disposed via this method during 2009/10. Other than contract management costs, this service is free of charge to the Authority as it is a requirement under European ‘producer responsibility’ legislation. This contract is due to be retendered to commence 1st January, 2011.
- 3.12 **Tyres** - in 2009/10 approximately 160 tonnes of tyres were disposed of at McGrath’s in Hackney by the Authority; however some boroughs continued to make their own arrangements.

Other Responsibilities

- 3.13 **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 constituent 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. A visit in March 2010 by officers from the Environment Agency to examine the Authority’s systems and procedures to report and verify LATS data resulted in a classification of ‘excellent’.
- 3.14 The Authority participates in meetings of the 50% Club, an officer group that meets on a monthly basis to share thoughts and ideas on how to increase recycling in order to meet North London Joint Waste Strategy targets. As a result of this the Authority’s Contracts team commissioned an exercise in February this year to gauge the percentage of recyclable material within the street cleansing waste stream. The trial examined loads from each borough, but did not identify a sufficiently viable percentage of recyclables to justify continuing to explore this option.

3.15 The Contracts team also undertook an extensive exercise to establish a base year figure for NI 185, the National Indicator reporting the “percentage CO₂ reduction from local authority operations”; this work is ongoing. Whilst the Authority is exempt from the requirement to report against this NI our constituent boroughs are not. The data supplied by the Authority will enable boroughs to include this in their base line emissions for future monitoring. The data will be updated and reported to boroughs annually.

4. RELATIONSHIP WITH LONDONWASTE LTD

Highlights

- The Authority became the sole owner of LondonWaste Ltd during 2009/10.

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. The Authority now owns and contracts with an ‘inward facing company’. The reasons and benefits follow in section 5 below.

5. LONG-TERM PROCUREMENT ACTIVITY

Highlights

- Sites secured for bidders to consider for major new waste treatment facilities and work begun on land use planning.
- Successful acquisition of private sector shareholding in joint venture company that delivers current services.
- Outline Business Case for new facilities and services approved by the Authority and Government, including an innovative procurement strategy related to energy.
- Success in securing PFI credit award of £258.4m from Government to help pay for new facilities – twice the size of previous highest award for a local authority waste project.
- Contract and evaluation documentation drafted and approved by the Authority and OJEU notice published in April 2010.
- Substantial market work undertaken to ensure substantial and international market response to procurement.
- Procurement Information Day for potential bidders held in April 2010 and attended by 170 delegates.

The procurement

- 5.1 Through the year the Authority advanced its preparations for a flagship and substantial procurement exercise. The procurement was formally launched by the publication of a contract notice in the Official Journal of the European Union in April 2010.
- 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.

Preparing the way

5.5 2009/10 has been a period of delay in other local authority waste projects and other major infrastructure projects, largely as a result of turbulence in financial markets. The year has also seen significant challenges in delivering more sustainable waste management solutions as raw material markets – which have a significant impact on the economics of recycling – have been very volatile. And in different parts of the country planning delays have also frustrated the delivery of necessary new infrastructure.

5.6 In this year the Authority has therefore worked hard to ensure that the groundwork has been laid for a successful procurement and, subsequently, the delivery of new services and facilities.

5.7 There have been 6 key actions that the Authority undertook in the year in this regard:

- Securing potential sites for new waste management treatment facilities that have good prospects for securing planning permission. In particular the Authority has acquired a new site at Pinkham Way in Haringey and begun initial work to prepare for a planning application;
- Securing 100% Authority control of the Authority's existing contractor. This allows the Authority to make Company assets available through the procurement, saving costs on site acquisition, and providing good future prospects for those currently employed in delivering services;
- Undertaking substantial waste data and waste composition work. This will ensure that the Authority only pays for building the infrastructure that is essential and gets the right type of facilities to support the substantial increase in recycling, composting and generating green energy.
- Undertaking market sounding and marketing work to ensure that the procurement is designed to bring out the best that the market can provide, to attract the best bidders, and to ensure keen competition;
- Alongside waste data work, the Authority has undertaken work with the 7 North London boroughs with a view to an Inter Authority Agreement which will minimise the risks of a disconnect between waste collection and disposal services. Plans are being developed for a new financial framework which will provide incentives for all collection authorities to maximise recycling and minimise the presentation of unsorted waste;

- Securing and maintaining an Authority project team and advisory companies who have substantial experience of successfully delivering major waste services projects.

Innovation

- 5.8 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.
- 5.9 This strategy involves the production of a Solid Recovered Fuel 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.
- 5.10 The Fuel 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 a much more efficient than simply producing electricity.
- 5.11 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.
- 5.12 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

- 5.13 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.
- 5.14 The OBC approved by the Authority identified that the procurement should deliver a minimum cost saving of £201m compared to not pursuing the solution. This cost saving is projected to increase to £495m if the value of surplus Landfill Allowances are considered.
- 5.15 To assist in paying for the new infrastructure the Authority agreed to seek Government support under the Private Finance Initiative (PFI). Following a substantial review, Government approved a PFI credit award in March 2010 of £258.4m.

- 5.16 This credit award - which is expected to be worth £500m in cash terms over the life of the Authority's contract – was twice as big as the previous largest PFI credit award ever committed to a waste project.
- 5.17 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

- 5.18 In the second half of the year the Authority considered and approved relevant procurement documentation and the criteria that the Authority will use to evaluate bidder proposals. This evaluation framework includes a balanced view on cost and quality issues.
- 5.19 In April 2010 the Authority published a Contract Notice as the formal start to the procurement process and invited expressions of interest from potential contractors. In April the Authority also hosted a Procurement Information Day for potential bidders at the British Library. This was attended by 170 delegates.
- 5.20 The timetable for the procurement envisages that in July 2010 the Authority will announce the results of those bidders who have pre-qualified and will invite those bidders to submit proposed solutions. Following negotiations, dialogue and appropriate selection decisions, winning bidders will be selected in April 2012 and contract awards will be made in October 2012. This timetable is consistent with delivering the NLWA procurement more promptly than has previously been achieved on other waste PFI deals.
- 5.21 Further information, including 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

- Communications Strategy reviewed and extended to align with refreshed Outline Business Case.
- Increased media profile through strategic communications activity i.e. 100% acquisition of LondonWaste Limited and commencement of procurement process.
- Extensive media and marketing support to increase awareness of key waste prevention activities.
- Planning and preparation of Procurement Information Day held in April 2010, to inform and generate interest amongst potential bidders for the procurement opportunity.

Communications Strategy

- 6.1 The previous communications strategy developed for the period 2007 – 2009 has been reviewed and extended through to 2014, to coincide with the expiry of the Authority's existing disposal contract in December 2014. There are four elements to the communication strategy, with plans developed, to build and manage the NLWA's reputation and to facilitate proactive engagement with all stakeholders.
- 6.2 The communications strategy, noted by Members in February 2008 - is targeted at the industry (for the Authority's procurement process), residents, and boroughs, with a fourth over-arching plan common to all target audiences. The revised communications strategy was published as an Appendix item to the refreshed Outline Business Case published in January 2010 and can be viewed at:
http://www.nlwa.gov.uk/files/29b%20Appendix%20CC%20-%20communications%20strategy_final.doc
- 6.3 In January, the NLWA appointed its first Communications Manager and in March recruited a new Media and Marketing Officer, bringing a specific and dedicated focus to all NLWA marketing and communications requirements.

Press Work

- 6.4 Over the last year, in line with the communications strategy, the NLWA has proactively distributed seventeen press releases. The profile of the NLWA and industry interest in the Authority was significantly heightened during the year, as news of the Authority's intended procurement was announced and later confirmed with a Government funded PFI award in March 2010. A news release to confirm the 100% acquisition of LondonWaste Limited in December 2009 also generated coverage across the industry media.
- 6.5 Press coverage throughout the year has been generally positive in tone and has resulted in widespread coverage across key industry, regional and local media titles.

Overview of communications work

- 6.6 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 WRAP funded Love Food Hate Waste campaign which included bus shelter, bus back and billboard advertising in addition to press advertising, media releases and a new Love Food Hate Waste section of the Authority website. All the above was consistent with national branding for the campaign.
 - Producing a Love Food Hate Waste recipe book featuring winning recipes containing leftovers submitted by North London residents as part of the Love Food Hate Waste campaign.
 - Exhibiting at Futuresource 2009, the UK's leading waste and recycling show held at London's ExCel Centre in June 2009, to promote the forthcoming procurement process to interested organisations.
 - Updating the section of the Authority website and associated support materials for 'Watch Your Waste Week', including a residents' Challenge Pack and Business Waste Prevention Guide and an inside bus poster advertising campaign.
 - Planning and preparation of a Procurement Information Day, held at The British Library in April 2010, to communicate key elements of the Authority's procurement to interested organisations.
 - The preparation of reactive press statements to be used on an 'as required' basis.
 - Media monitoring via a press cuttings service

Coming up

- 6.7 Looking forward, communications work for the year ahead will focus on the procurement process, the North London Joint Waste Strategy and will be driving forward key messages around waste minimisation and recycling.
- 6.8 Key activities currently planned include:
- Development of a Leaders and New Members Briefing pack following the General and Local Elections on 6 May 2010.
 - Improve communications to Members, Borough Officers and Authority staff through the launch of a monthly newsletter bringing together key information surrounding Authority news and activities and issues impacting upon Local Authorities and the waste, recycling and energy industries.
 - Proactive communications activity in relation to the procurement timetable throughout the year.
 - Development of a summer 'Love Food, Hate Waste' roadshow campaign to encourage the reduction of food waste across the seven constituent boroughs.
 - A schools poster competition commencing in September and linked to European Waste Reduction Week in November.
 - Undertake a review of the Authority's website and make improvements.

7. FINANCE AND RESOURCES

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 £60.221m for 2009/10, to be financed by estimated revenue balances of £4.428m, charges to boroughs for non-household waste of £12.146m and a levy of £43.647m. The 2009/10 final outturn and draft Statement of Accounts, reported as part of the ordinary business of the June Authority meeting, indicates that the Authority's total expenditure for the year was £48.305m and that non-household charges were £11.200m. As the levy is fixed at the start of the year, this resulted in the Authority having a revenue surplus of £13.353m at 31 March 2010. Of this figure, a sum of £9.726m was projected to be available to assist with the funding of the 2010/11 budget. In February 2010 we set the budget for 2010/11 at £65.626m. It has been financed as follows: -

Use of revenue balances	£ 9,726,000
Charges to boroughs for non-household waste	£ 12,388,000
Levy	£ 43,512,000

7.3 The levy for the 2010/11 financial year of £43,512,000 has been apportioned between constituent councils as follows:-

Barnet	£8,328,573
Camden	£4,855,267
Enfield	£7,447,262
Hackney	£5,284,228
Haringey	£6,577,481
Islington	£5,102,068
Waltham Forest	£5,917,121
Total	£43,512,000

7.4 The Authority's budget and resource requirements have increased by £5.405m in 2010/11 compared with 2009/10. Whilst the budget allows for projected changes in the waste treatment services provided to its boroughs, some £5m of this increase relates to the revenue cost of funding the Authority's capital programme to support the procurement project. The budget comprises: £38.5m in respect of waste disposal and recycling services, Landfill Tax of £11m (now at £48/tonne and rising £8 per year to £80 by 2014/15), £0.8m (net) on various waste prevention initiatives and incentive payments to community groups and NLWA boroughs, £2.1m (net) for staff, offices and occasional external strategic support and other miscellaneous costs, £4.3m for the cost of the procurement process and £8.9m in respect of the revenue cost of funding the NLWA capital programme to support the procurement project.

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 2010 the Authority held in the region of 160,000 surplus allowances. As 2009/10 has been designated by the Government as a LATS scheme target year it is not possible to carry forward this surplus to supplement the Authority's 2010/11 LATS allocation. As most waste disposal authority's 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 2009/10 was therefore very low. Each scheme year is followed by a period of reconciliation and the Authority has so far sold 35,000 allowances. Allowances are issued free of charge by the Government and therefore allowances not sold will be written-off at no cost to the Authority.

7.6 The charge for non-household waste in 2010/11 is estimated to be £81.11 per tonne and includes a LATS premium charge of £3.08 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 2010/11 is as follows:

Barnet	£ 1,635,502
Camden	£ 3,483,837
Enfield	£ 1,166,930
Hackney	£ 2,045,756
Haringey	£ 1,368,975
Islington	£ 1,925,551
Waltham Forest	£ 761,623
Total:	£12,388,174

(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 2010 Members were advised that assuming full use of balances by 31 March 2011, and projected changes in the waste stream and costs that the percentage increase in the cost to the Boroughs in 2011/12 was estimated to rise by 25.6%, a further increases of 7.4% in 2012/13 and a reduction of 9% in 2013/14. The forecast increase for 2011/12 reflects the fact that surplus balances of £9.726m have been used to part fund the 2010/11 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.

Tonnage Levels

7.9 Allowing for a continuation of borough recycling and composting activity (c. 216,000 tonnes in 2010/11) the 2010/11 budget allows for the disposal of c. 690,000 tonnes of residual waste, composting arrangements for 75,000 tonnes of green/kitchen wastes and a bulking arrangement for some 46,000 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. 85% of the Authority's relevant budget) and an 'other' costs element (15%). 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 of c. £615,000 has yet to be paid. The reason for the delay was originally due to a concern expressed by LondonWaste Ltd, primarily in regard to loss of control over the access way to the site. As a consequence LondonWaste has secured agreement with Transport for London to purchase part of the frontage land so that it can be used either as an access to the Edmonton site or for vehicle parking. Whilst there have been a number of administrative delays the legal process for completing the formalities is now progressing and as a consequence should now enable the CPO process and payment to the Authority to be completed shortly.

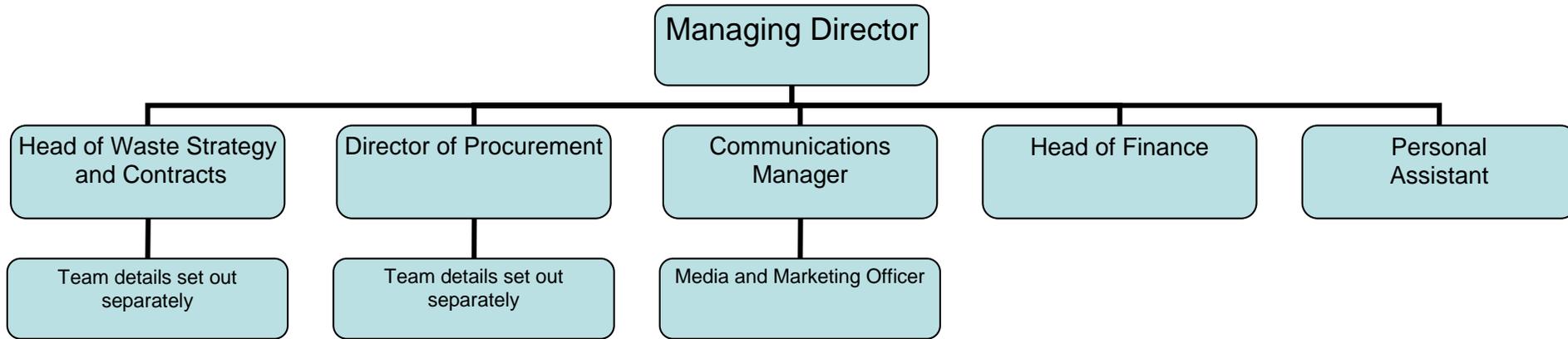
7.13 **Other Property Issues** - The Authority formalised new tenancy arrangements with Freightliner Heavy Haul in relation to the Hendon rail transfer station and with LB Haringey in relation to office accommodation at the Lee Valley Technopark. Also, as part of the main procurement of future long-term 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:

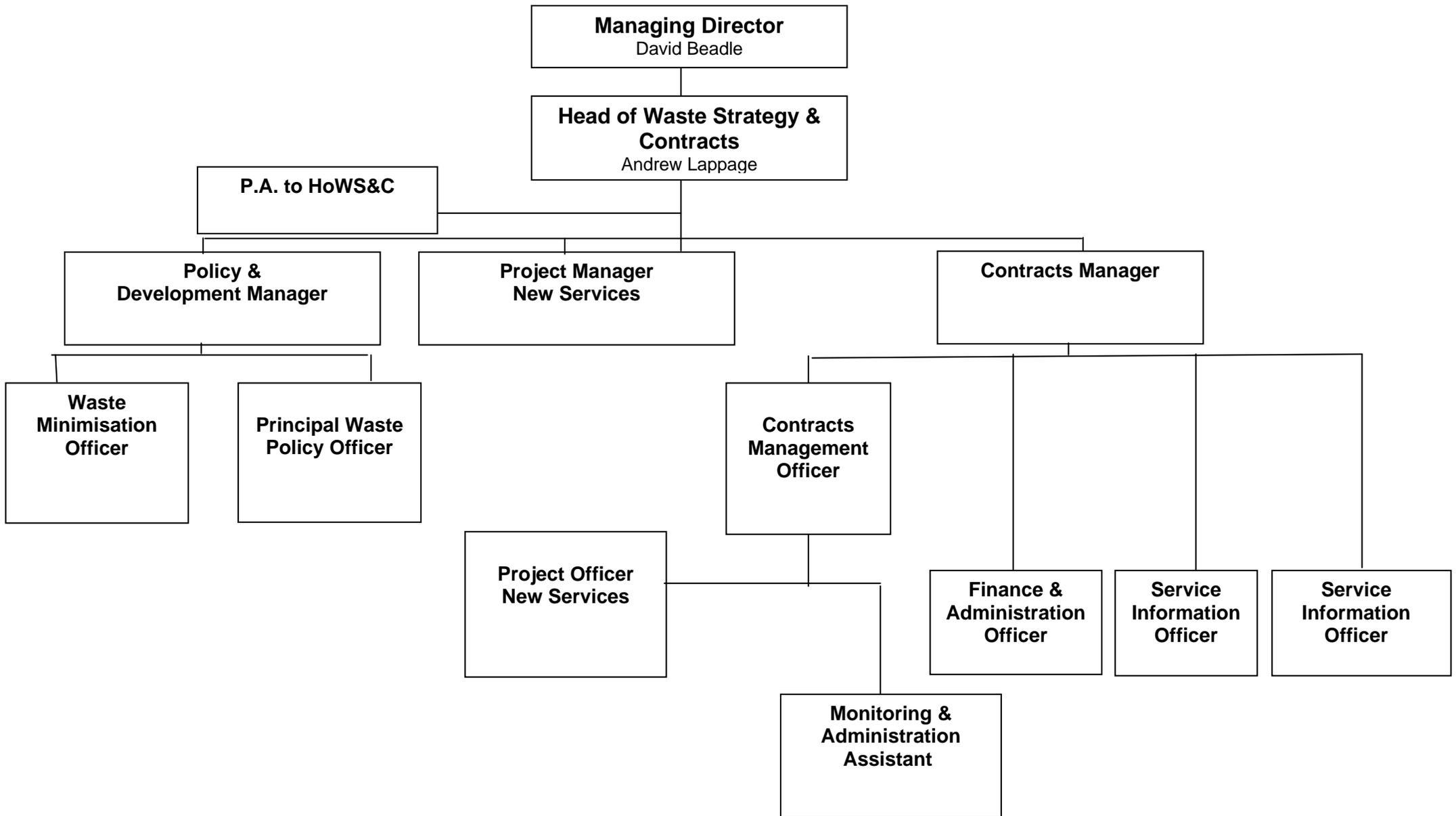
- Hornsey Street, Islington
- Picketts Lock Lane, Edmonton (Formalities to transfer the freehold interest of four flats previously sold under right-to-buy legislation were completed on 19 April 2010)
- A406, Edmonton (CPO)
- Tilling Road, Hendon
- Hendon Waste Transfer Station

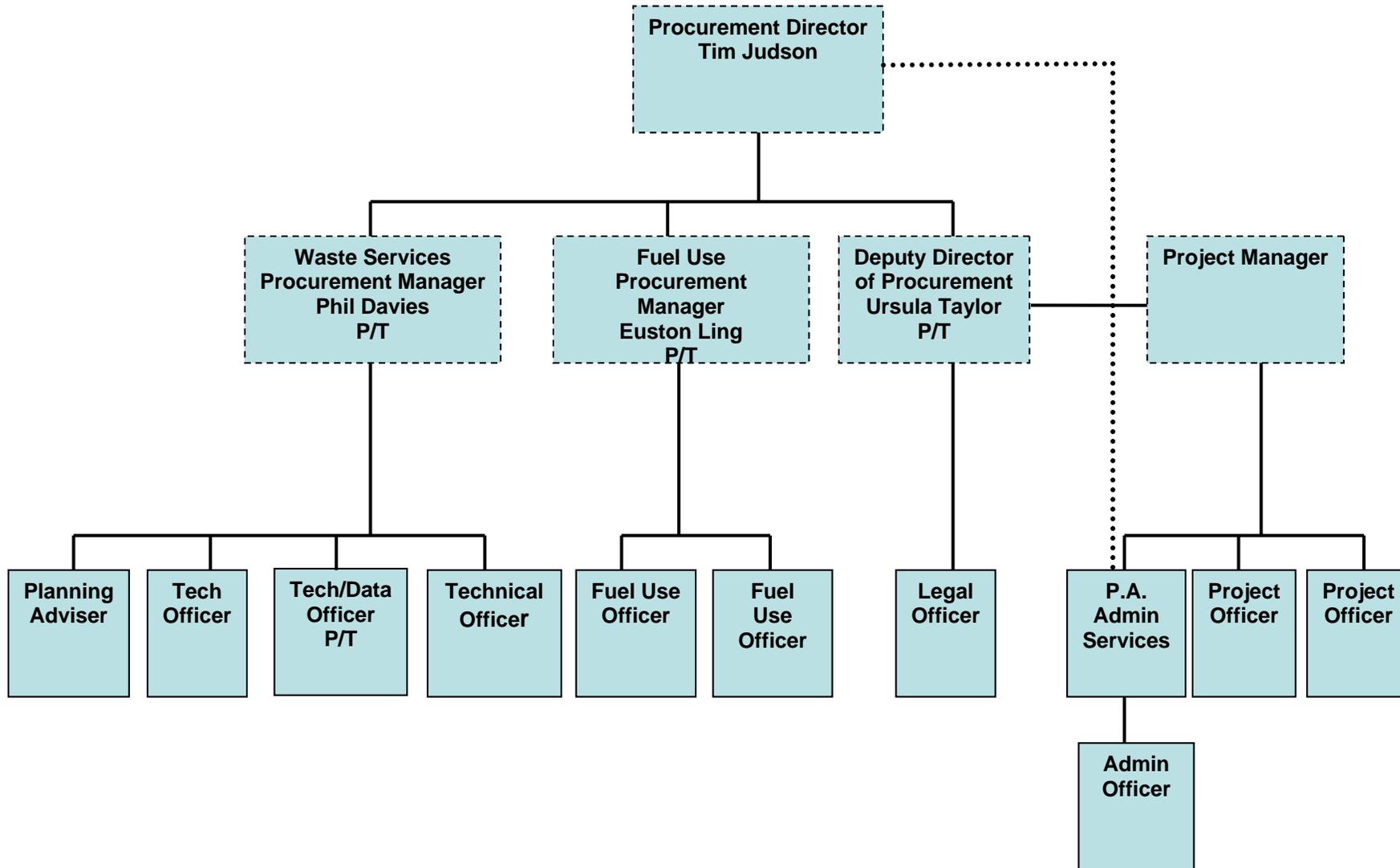
Appendix 1

NORTH LONDON WASTE AUTHORITY – STAFFING ARRANGEMENTS AT 31ST MARCH 2010



NLWA Waste Strategy and Contracts Team





NLWA Procurement Team

P/T = Part Time



Appendix 2

NORTH LONDON WASTE AUTHORITY LEVIES AND NON-HOUSEHOLD CHARGES 1986/87 TO 2010/11

	Levy	Non-household Charges	Total
	£'000	£'000	£'000
1986/87	13,872	-	13,872
1987/88	11,301	-	11,301
1988/89	12,962	-	12,962
1989/90	13,602	-	13,602
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

- 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