

10. Finance and Resources

- 10.1** The net revenue budget of the North London Waste Authority (NLWA) (the Authority) for 2018-19 was funded mostly by a levy on constituent boroughs that covers the cost of disposal of household waste and the core costs of running the Authority. There is a separate charging arrangement in place for non-household waste and for certain other categories of household waste.
- 10.2** In February 2018, the Authority agreed an original budget of £66.752million (m) for 2018-19, to be financed by estimated revenue balances of £8.019m, charges to boroughs for non-household waste of £8.510m, household waste of £1.712m and a levy of £48.511m. In setting the 2018-19 budget and levy, it was recognised that, subject to favourable circumstances outside of its control, the Authority might enjoy a small level of surplus revenue balances by the time the Authority would need to take decisions on the 2019-20 budget and levy.
- 10.3** The 2018-19 final outturn reported as part of the ordinary business of the June 2019 Authority meeting indicates that the Authority's total expenditure for the year was £62.176m, and that charges for non-household and chargeable household waste were £8.217m and £1.706m respectively. As the levy is fixed at the start of the year, this resulted in the Authority having a revenue surplus, including balances brought forward of £8.221m at 31 March 2019. This is £2.844m better than previously forecast in February 2018 (£5.376m). The in-year financial improvement arose mainly from a decrease in the net cost of recycling, resulting from lower tonnages, savings on corporate and support services and non-use of the contingency.
- 10.4** The 2018/19 gross expenditure comprised:

	£m
Waste disposal and recycling services (including landfill tax)	46.053
Reuse and recycling centres (including disposal costs from these sites)	4.661
Corporate and support services	2.662
Waste prevention initiatives (including work with community groups and constituent councils)	0.938
North London Heat and Power Project (development costs)	2.675
Revenue cost of funding the capital programme	6.789
Expenditure	63.778
Less	
Sale of recyclables	(1.351)
Other income	(0.251)
Net expenditure	62.176

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10.5 Looking forward, in February 2019, the Authority set the budget for 2018-19 at £69.504m. The Authority decided that the £5.377m revenue balance forecast available would be used to help fund the budget. As a consequence, the 2019-20 budget has been financed as follows:

	£m
Use of revenue balances	5.377
Charges to boroughs for non-household waste	9.111
Charges to boroughs for household waste	1.834
Levy	53.182
Total	69.504

10.6 The levy for the 2018-19 financial year of £53.182m has been apportioned between the constituent boroughs as follows:

	£m
Barnet	10.371
Camden	5.556
Enfield	7.135
Hackney	6.998
Haringey	8.019
Islington	5.986
Waltham Forest	9.117
Total	53.182

10.7 The 2018-19 budget of £69.504m is higher than 2017-18 by £2.752m. This is due to increases in waste disposal contract costs, and an increase in capital financing costs as the delivery of the North London Heat and Power Project gets under way.

Tonnage levels

10.8 Allowing for a continuation of constituent borough recycling and composting activity, the 2018-19 budget allows for the disposal of some 581,500 tonnes of residual waste, composting arrangements for 46,000 tonnes of green/kitchen waste and a bulking and sorting arrangement for some 113,300 tonnes of dry recyclable waste.

10.9 The Authority can charge the seven constituent boroughs for some types of waste - principally non-household or trade waste, but recovers most of its costs via a levy - principally ordinary household and major project costs. The 'Joint Waste Disposal Authorities (Levies) (England) Regulations 2006' (the Regulations) provide that the

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Authority's constituent boroughs decide on the apportionment of the levy. Under the Regulations, unless all seven constituent boroughs can agree unanimously on the way the levy is to be apportioned, the Regulations provide a default way in which the levy is to be apportioned. However, through an inter-authority agreement the constituent boroughs have agreed an alternative method of apportionment.

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

Property issues

10.11 In relation to the Hendon rail transfer station, the Authority had a tenancy with Freightliner Heavy Haul that was taken over by Network Rail (the original superior landlord). The Authority also has an interest in part of a 6.97 hectare site at Pinkham Way in Haringey, and the Authority wholly owns LondonEnergy Ltd, which in turn owns the approximately 15 hectare site at Edmonton EcoPark in Enfield.

10.12 During 2018-19, the Authority leased land at Lower Hall Lane, Edmonton, to facilitate the North London Heat and Power Project.

Property holdings

10.13 The Authority has varying property interests at:

- Hornsey Street, Islington
- A406, Edmonton (residual land)
- Pickets Lock Lane (residual land)
- Hendon Waste Transfer Station
- Pinkham Way - land at part of the former Friern Barnet Sewage Treatment Works
- Deephams Farm Road and land to the north of the Edmonton EcoPark
- Land beside Lower Hall Lane, Edmonton
- Berol House, Tottenham Hale

10.14 Throughout 2018-19 work to manage two invasive plant species, Japanese knotweed and giant hogweed, continued at the Pinkham Way site and at Deephams Farm Road. This is ongoing in 2019-20.