

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: 2024/25 FINANCE UPDATE

REPORT OF: THE FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 13 FEBRUARY 2025

SUMMARY OF REPORT:

This report provides an update on the Authority's finances and forecast outturn at the end of March 2025.

RECOMMENDATIONS:

The Authority is recommended to note this review of the 2024/25 revenue budget.

SIGNED: Jon Rowney, Financial Adviser

DATE: 3 February 2025

1. EXECUTIVE SUMMARY

- 1.1. This report contains a review of the 2024/25 budget, with tables detailing other key budget information including forecast balances in Appendix A.
- 1.2. The net expenditure outturn forecast for 2024/25 is £91.175m, a projected £2.700m underspend compared to the budget. The report concludes that the Authority is currently forecasting to have a revenue surplus of £4.440m at 31 March 2025. These balances will be used to reduce the 2025/26 levy.
- 1.3. This paper summarises the overall 2024/25 position in advance of agreeing the 2025/26 budget, the key strategic factors which have shaped the financial position across the year are detailed in section 2 of this paper.
- 1.4. In 2024/25 the Authority's budget has supported the following key achievements:
- 1.5. **Opening the new EcoPark South facilities safely:** this included transitioning from delivery of the Resource Recovery Facility, Reuse and Recycling Centre and EcoPark House to operations.
- 1.6. **Maintained our offer for recycling:** the Authority successfully negotiated the new Biffa contract, that will continue to deliver recycling across the boroughs, at a very competitive cost.
- 1.7. **Mobilising our corporate resourcing:** the Authority has worked to improve internal capabilities in staffing, which has led to savings on the North London Heat & Power Project by reducing our reliance on consultants. In light of continued risks associated with the aging facility, we continue to review and improve our financial resilience to cope with future risks.
- 1.8. **Improving our data offer:** The continuing improvements in our data and the roll out of the Waste Data Management System has enabled improved sharing of waste data with our seven boroughs and enabled the creation of better tools for the continued monitoring of services to drive improvements.
- 1.9. **Improved ability to engage and influence Government:** The Authority has increased attention on influencing regulatory and financial decisions which affect local authorities and the waste sector, in particular increasing our engagement with Central Government.

2. VARIANCES COMPARED TO THE 2024/25 BUDGET

- 2.1. The Main variances compared to the 2024/25 budget are as follows.

- 2.2. **Revenue Funding – Capital Programme: (-£3.634m)** Updated NLHPP cost forecasts and assumptions relating to the opening of the different assets created within the Eco Park South project has resulted in a reduction on the interest to be recognised in the accounts in 2024/25.
- 2.3. **Charges for Household & Non-Household Waste: (-£1.893m)** Updated forecasts of tonnages from boroughs for chargeable household wastes and non-household wastes have risen from budgeted levels. The majority of this increase arises from the London Borough of Hackney who will receive an additional charge, payable after the end of the financial year. Tables A9 and A10 in Appendix A reflect the forecast expectation for non-household and chargeable waste for each borough.
- 2.4. **Income from Sale of Recyclates: (-£1.011m)** The unit rate for recyclates income is based on market rates. The rates we have earned April – December 2025 have been higher than included in the original budget. This led to a revision upwards in expected income in latest forecast.
- 2.5. **Corporate and Other Support Service Costs: (-£0.915m)** The main driver of the variance is a reduction in staff costs of (£0.829m). This is due to delayed recruitment for vacant posts and a reduction due to increased staff costs now charged to the North London Heat and Power Project (NLHPP) following an internal review of the staff capitalisation policy. Further reductions are due to decreased consultancy usage (£0.235m). These savings are partially offset by £0.080m spent on emerging technologies and methods to decarbonise waste. £0.120m has been carried forward to 2025/26 to fund the completion of this work.
- 2.6. **Carbon Capture: (-£0.548m)** The Strategic Assessment phase was completed in April 2024, allowing the project to progress to Phase 1. A primary focus of this stage is investigating feasible transport routes and modes (pipeline, road, rail, barge, and shipping). This work is heavily influenced by third-party engagement, which in some cases has been slower than expected, resulting in project delays.
- 2.7. **North London Heat and Power Project revenue costs: (-£0.415m)** Following the opening of the Resource Recovery Facility, Reuse and Recycling Centre and EcoPark house, a review of ongoing activities relating to the project has been undertaken. Some costs have been reclassified from operating to capital expenditure, reducing the costs impacting the levy.
- 2.8. **Transfer Station and Other Sites: (+£3.838m)** Updated running costs for the EcoPark South (EPS) facilities have been included. These charges cover the estimated running cost of the new facilities at EPS for the first year and are based on a cost-plus approach in the first year. In future, costs will be reviewed by officers and counterparts in LEL to agree a fixed cost for running and maintaining the facilities for the next four years.

2.9. **Main waste disposal contract: (+£2.212m)** The cost increase has been predominately driven by increased residual tonnage forecasts from the boroughs, primarily relating to non-household waste. This increase in waste is largely offset by an increase in charges for non-household waste (see section 1.12 below). In addition, £0.120m of the increase is driven by the new service to collect nitrous oxide cannisters for recycling. Works budgeted for 2024/25 covering improvement works at Hornsey Street are now expected to happen in 2025/26. £0.1m has been carried forward to 2025/26 to complete this work.

2.10. **Reuse and Recycling Centre (RRCs): (+£0.218m)**

2.10.1. RRC Residual Waste and Disposal: (+£0.054m) Residual tonnage is up by an average of 12% compared to the budget across all sites, excluding Gateway Road. Tonnage increases vary by site, with Western Road (34%) and Hornsey Street (32%) seeing the largest rises. This is partially offset by reduced costs at Gateway Road, as the site closed in November.

2.10.2. RRC Operating Costs and recycling: (+£0.164m) Site operating costs include net recycling, site operations, and reuse shop expenses have increased. Net recycling costs have increased by £0.438m against the budget (excluding Gateway Road). Recycling tonnage has risen by 3,658 tonnes (19%), driven by a 20% increase in wood tonnage and a 22% increase in green waste. The largest increase in green waste occurred at Hornsey Street (an 85% increase). Wood tonnage saw the most significant increases at Western Road (29%) and South Access Road (29%). Site operating costs are projected to be £0.062m higher. The reuse shop is forecast to generate a profit of £0.056m. The overspend is partially offset by reduced costs at Gateway Road due to the site's closure in November.

3. BALANCES AT 31 MARCH 2025

3.1. The menu price-based levy requires the Authority to apportion all of its costs to the boroughs based on the types of waste and the tonnage delivered by each borough and to hold borough specific balances. Tables A7 and A8 in Appendix A show how in-year levy balances are apportioned between the boroughs and can be used to reduce the levy for 2025/26.

Conclusion

3.2. Allowing for the factors outlined above, the total net expenditure in 2024/25 for the Authority is estimated to be £91.175m. This represents a decrease of £2.700m compared with budget and £0.277m compared with the December update.

4. EQUALITIES IMPLICATIONS

- 4.1. Budgets and forecasts are considered an allocation of resources. Approval to spend is sought separately by officers. The equalities implications are considered as part of the spending approval.

5. COMMENTS OF THE LEGAL ADVISER

- 5.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

Report to the Authority 8 February 2024 – Budget and Levy 2024/25
Report to the Authority 5 December 2024 – Finance Update
2024/25 Budgetary Control working papers

Contact officer:

Paul Gulliford – Head of Finance
Unit 1b Berol House
25 Ashley Road
London N17 9LJ
020 8489 5833
Paul.Gulliford@nlwa.gov.uk

APPENDIX A FINANCIAL TABLES TO SUPPORT THE REPORT

Table A1 shows the variance between the December update and, budget and the current forecast.

	2024/25 Budget	2024/25 December Forecast	2024/25 Current Forecast	Variance to Budget	Variance to December Forecast
	£'000		£'000	£'000	£'000
Expenditure					
Main Waste Disposal Contract (ex RRC Waste)	45,919	47,721	48,131	2,212	409
Composting Waste Services	2,205	1,730	1,707	(498)	(23)
MRF Services	12,755	13,263	13,315	560	53
Transfer Station and Other Sites	5,009	8,960	8,846	3,838	(114)
Corporate and Other Support Service Costs	6,097	5,505	5,182	(915)	(323)
Waste Prevention and Communications Programme	816	806	782	(34)	(24)
Recycling Initiatives	206	206	206	0	0
Carbon Capture	1,152	748	604	(548)	(144)
North London Heat and Power Project	633	634	218	(415)	(415)
Revenue Funding – Capital Programme	14,834	11,371	11,200	(3,634)	(171)
	89,626	90,945	90,191	565	(753)
Additional LEL Support					
LEL Support	0	1,750	1,750	1,750	0
Release of Maintenance Provision	0	0	0	0	0
	0	1,750	1,750	1,750	0
Reuse and Recycling Centres Expenditure					
Residual Waste Disposal	1,336	1,400	1,389	54	(11)
Operating Costs	4,908	5,181	5,072	164	(109)
	6,244	6,581	6,462	218	(119)
Income					
Rents	(141)	(156)	(155)	(14)	0
Sale of Recyclates	(4,477)	(5,900)	(5,487)	(1,011)	413
Interest on Balances	(198)	(756)	(751)	(553)	5
Miscellaneous Income	0	(12)	(12)	(12)	0
Additional Charges to Boroughs	0	(2,070)	(1,893)	(1,893)	177
	(4,816)	(8,895)	(8,299)	(3,483)	595
Net Expenditure	91,054	90,381	90,104	(950)	(277)
Contingency	2,821	1,071	1,071	(1,750)	0
Total Net Expenditure	93,875	91,452	91,175	(2,700)	(277)
Financed By					
Use of Balances	(8,829)	(10,570)	(10,570)	(1,741)	0
Charges to Boroughs (Non-household waste)	(10,253)	(10,253)	(10,253)	0	0
Charges to Boroughs (Chargeable Household Waste)	(1,925)	(1,925)	(1,925)	0	0
2024/25 Levy - Base Element	(66,383)	(66,383)	(66,383)	0	0
- RRC Element	(6,484)	(6,484)	(6,484)	0	0
Total Levy	(72,867)	(72,867)	(72,867)	0	0
Total Resources Available	(93,875)	(95,615)	(95,615)	(1,741)	0
Estimated Additional Revenue Balances at 31 March	(0)	(4,164)	(4,440)	(4,440)	(277)

Tables A2-A6 contain tonnage forecasts for the financial year. The budget and subsequent forecasts have been prepared in conjunction with borough officers.

TABLE A2 – RESIDUAL WASTE FORECAST

	2023/24 Actual Tonnes	2024/25 Budget Tonnes	2024/25 Forecast Tonnes	Change Tonnes	Change %
Barnet	105,207	106,269	106,312	43	0.0%
Camden	69,076	69,937	70,280	343	0.5%
Enfield	91,376	91,079	88,925	(2,154)	(2.4%)
Hackney	85,211	85,013	105,311	20,299	23.9%
Haringey	69,987	70,264	69,685	(578)	(0.8%)
Islington	68,490	68,279	69,395	1,115	1.6%
Waltham Forest	66,704	64,460	66,989	2,529	3.9%
	556,051	555,302	576,898	21,597	3.9%

TABLE A3 – MIXED ORGANIC (FOOD AND GREEN) WASTE FORECAST

	2023/24 Actual Tonnes	2024/25 Budget Tonnes	2024/25 Forecast Tonnes	Change Tonnes	Change %
Barnet	0	0	0	0	N/A
Camden	0	0	0	0	N/A
Enfield	0	0	0	0	N/A
Hackney	0	0	0	0	N/A
Haringey	200	246	49	(197)	(80.3%)
Islington	3,989	4,232	20	(4,212)	(99.5%)
Waltham Forest	8,204	4,377	5,630	1,253	28.6%
	12,394	8,855	5,698	(3,157)	(35.7%)

TABLE A4 – FOOD WASTE FORECAST

	2023/24 Actual Tonnes	2024/25 Budget Tonnes	2024/25 Forecast Tonnes	Change Tonnes	Change %
Barnet	2	0	0	0	N/A
Camden	3,217	3,111	2,749	(362)	(11.6%)
Enfield	6,846	6,951	6,628	(322)	(4.6%)
Hackney	4,840	4,777	4,607	(170)	(3.6%)
Haringey	3,470	3,546	3,636	90	2.6%
Islington	0	0	2,306	2,306	N/A
Waltham Forest	405	1,905	2,595	690	36.2%
	18,781	20,290	22,522	2,232	11.0%

TABLE A5 – GREEN WASTE FORECAST

	2023/24 Actual Tonnes	2024/25 Budget Tonnes	2024/25 Forecast Tonnes	Change Tonnes	Change %
Barnet	11,630	12,618	10,841	(1,777)	(14.1%)
Camden	1,801	2,090	1,768	(322)	(15.4%)
Enfield	6,786	6,743	6,527	(216)	(3.2%)
Hackney	2,617	2,599	1,549	(1,050)	(40.4%)
Haringey	2,643	2,732	2,709	(23)	(0.8%)
Islington	390	706	1,392	686	97.1%
Waltham Forest	419	4,569	1,056	(3,513)	(76.9%)
	26,286	32,056	25,841	(6,215)	(19.4%)

TABLE A6 – DRY MIXED RECYCLING WASTE FORECAST

	2023/24 Actual Tonnes	2024/25 Budget Tonnes	2024/25 Forecast Tonnes	Change Tonnes	Change %
Barnet	24,748	25,759	25,121	(638)	(2.5%)
Camden	16,467	15,362	16,975	1,613	10.5%
Enfield	17,565	17,411	17,507	96	0.6%
Hackney	17,191	17,337	16,855	(481)	(2.8%)
Haringey	16,495	16,985	16,322	(663)	(3.9%)
Islington	14,547	14,245	14,313	68	0.5%
Waltham Forest	17,401	16,266	17,179	913	5.6%
	124,414	123,364	124,272	908	0.7%

Table A7 - Re-use and Recycling Centre (RRCs) Balances at 31 March 2025

Under the menu-price based levy, the net costs of operating each RRC is attributed to boroughs in accordance with a visitor survey. Under or overspends continue to be attributable to individual sites and are carried forward to the levy calculation in the following year so the net cost to each borough in any year also reflects the changes in its balance position.

In setting the budget and levy for 2024/25, the Authority estimated that it would have balances owed by the boroughs to NLWA of £0.240m to amend the cost of RRCs in 2024/25. The 2023/24 outturn contained reduction in balances of £0.022m.

Table A7 below provides a summary of the current financial position for each borough:

	Revised RRC Balances at 1 April 2024	Total Operating Costs – 2024/25 Original Budget	Total Operating Costs - 2024/25 Current Forecast	Change in 2024/25 Total Operating Costs	Estimated RRC Balances at 31 March 2025 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	21	1,523	1,617	94	116
Camden	12	775	799	24	36
Enfield*	(14)	132	158	26	12
Hackney	(8)	376	377	1	(8)
Haringey	(30)	1,151	1,259	108	78
Islington	5	908	968	59	65
Waltham Forest	(9)	1,619	1,579	(40)	(49)
Total	(22)	6,484	6,757	273	250

* The Authority does not manage Enfield's RRC; the cost of disposing of this site's residual waste is recharged to Enfield and is not allocated by using the outcome of the visitor survey.

The RRC balances owed to the Authority of -£0.250m are taken into account in calculating the RRC element of the 2025/26 levy, as discussed in the budget paper elsewhere on this agenda.

Table A8 - Base Levy Balances at 31 March 2025

The menu-price based levy requires the authority to attribute all of its costs to the boroughs and to hold borough specific balances. A negative balance for a borough can be used to support a future year's levy but if positive will be recovered through an addition to the levy. The following table sets out the forecast balance position excluding RRCs. Since the levy is fixed for the year, the additional balances arising from the 2023/24 outturn feed into the estimated balance at 31 March 2025 and can be taken into account together with any in-year savings when the Authority determines its 2025/26 levy, as discussed in the budget Paper elsewhere on this agenda.

	Revised balance at 1 April 2024	2024/25 Budget Levy Costs	2024/25 Levy Costs - Current Forecast	Forecast Change in 2024/25 Levy Costs	Estimated Balance at 31 March 2025 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(396)	13,495	12,640	(855)	(1,251)
Camden	(273)	5,986	5,723	(263)	(535)
Enfield	(412)	12,025	11,511	(514)	(926)
Hackney	(122)	9,336	8,963	(373)	(496)
Haringey	(187)	8,947	8,376	(571)	(758)
Islington	(67)	7,380	7,194	(186)	(253)
Waltham Forest	(261)	9,214	9,003	(211)	(473)
Total	(1,718)	66,383	63,410	(2,973)	(4,691)

Tables A9 and A10 contain the costs to be charges to boroughs for chargeable household and non-household waste. Boroughs declare the tonnages of these types of waste that they have collected to the Authority. As reported to the Authority in December, Camden have recategorized tonnage as being non household waste, which is not recharged via the levy.

Table A9 - Charges to Boroughs for Non-Household Waste

	2024/25 Budget Estimate £'000	2024/25 Current Forecast £'000	Repayment due (to) / from borough £'000
Barnet	1,243	1,281	38
Camden*	2,807	2,806	(0)
Enfield	1,098	947	(151)
Hackney*	2,192	4,668	2,476
Haringey *	379	386	7
Islington *	2,351	2,057	(294)
Waltham Forest	182	170	(12)
Total	10,253	12,316	2,064

* Including income from non-household recyclable wastes.

Table A10 - Charges to Boroughs for Chargeable Household Waste

	2024/25 Budget Estimate £'000	2024/25 Current Forecast £'000	Repayment due (to) / from borough £'000
Barnet	253	266	13
Camden*	88	99	11
Enfield	174	176	1
Hackney*	700	648	(52)
Haringey *	323	317	(6)
Islington *	388	250	(138)
Waltham Forest	0	0	0
Total	1,925	1,755	(170)

* Including income from non-household recyclable wastes.