

24 November 2022

If you require further information about this agenda please contact: Alison Atherton, Tel: 07825 726493. E-mail: alison.atherton@harrow.gov.uk.

West London Waste Authority

A meeting of the West London Waste Authority will be held in Meeting Room 4, First Floor - Harrow Council Hub, Forward Drive, Harrow on Friday 2 December 2022 at 10.00 am

Membership

Councillor Deirdre Costigan, London Borough of Ealing
Vacancy, London Borough of Hounslow
Councillor Eddie Lavery, London Borough of Hillingdon
Councillor Anjana Patel, London Borough of Harrow
Councillor Krupa Sheth, London Borough of Brent
Councillor Julia Neden Watts, London Borough of Richmond

Agenda

PART I - ITEMS FOR CONSIDERATION WHILE THE PRESS AND PUBLIC ARE IN ATTENDANCE

1. Apologies for absence
2. Declarations of interest

Members are reminded that if they have a pecuniary interest in any matter being discussed at the meeting they must declare the interest. They may not take part in any discussion or vote on a matter in which they have a pecuniary interest.

3. Minutes of the meeting held on 23 September 2022 (Pages 5 - 8)
4. WLWA Business Plan (Pages 9 - 16)
5. 2023/24 Budget (Pages 17 - 48)
6. Projects 2023/24 Introduction (Pages 49 - 54)
7. Food Project Update (Pages 55 - 58)
8. Contracts and Operations Update (Pages 59 - 62)
9. Health and Safety: Annual Review of Performance in 2022 and the Plans for 2023 (Pages 63 - 76)

PART II - ITEMS FOR CONSIDERATION AFTER THE EXCLUSION OF THE PRESS AND PUBLIC

Nil

Useful Information

Joining the Meeting virtually

The meeting is open to the public and can be viewed online at [London Borough of Harrow webcasts](#)

Attending the Meeting in person

The venue is accessible to people with special needs. If you have specific requirements, please contact the officer listed on the front page of this agenda.

You can access the agenda online at [Browse meetings - West London Waste Authority](#)

Recording and reporting on public meetings

Please note that members of public can choose to record or report in other ways, on this public meeting. If you wish to do so then please read the Authority's protocol which can be found [online](#). Copies of the protocol are also available at the meeting.

The Authority asks that you avoid recording members of the audience who are not participants at the meeting. The Authority will seek to facilitate this. However, anyone attending a public meeting does so in the knowledge that recording may take place and that they may be part of that record.

Hugh Peart
Clerk to the Authority

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At a meeting of the West London Waste Authority held on Friday 23 September 2022 at 10.00 am at the Council Chamber, Harrow Civic Centre, Station Road, Harrow, HA1 2XY.

Present:

Councillor Deirdre Costigan, Councillor Eddie Lavery, Councillor Anjana Patel, Councillor Krupa Sheth and Councillor Julia Neden Watts

Absent: Councillor Guy Lambert

18. Apologies for absence

There were no apologies for absence.

19. Declarations of interest

RESOLVED: To note that there were no declarations of interests made by Members.

20. Minutes of the meeting held on 24 June 2022

RESOLVED: That the minutes of the meeting held on 24 June 2022 be taken as read and signed as a correct record.

21. Contracts and Operations Update

Members received a report which provided an update on the Authority's waste treatment arrangements and procurements.

In response to a question about the number of fires at various facilities, the Head of Service Delivery advised that fire suppression work was included in the HRRC improvement plan and that engagement with residents and the systems at two major facilities should assist. Following a Member's comment that boroughs should be encouraged to do a communications piece in terms of the risks relating to firework disposal, the Head of Service Delivery undertook to raise the issue with the Borough Operation Group.

A Member requested an update on Persistent Organic Pollutants and was advised that interpretation of the legislation was the issue. Lobbying through the industry association was on going and there had been discussions with the Environment Agency and there was also due to be a meeting with DEFRA on this matter.

RESOLVED: That the report be noted.

22. Finance Update July 2022

Members received a report which provided an update on financial and operational matters.

Jay Patel, Finance Director, outlined the content of the report and highlighted that the main variance was in relation to waste disposal transport costs; this was a similar pattern to the previous year. In addition, two Key Performance Indicators were not green, one of which was food waste tonnage per person collected.

RESOLVED: That (1) the current financial position and forecast for 2022/23 be noted; (2) the Key Performance Indicators to date be noted; (3) the delegated decisions be noted; (4) the Treasury Management outturn for 2021/22 and update for 2022/23 be noted.

23. Projects and Circular Economy Update

Peter Tilston, Projects Director, introduced the report which provided an update on the Authority's projects.

Members welcomed the fixing factory project and the material diversion from Abbey Road HRRC (bicycles and buggies) and sought clarification in terms of the Bin Wash and Swap Station at Transport Avenue. Peter Tilston advised that Hounslow Council were utilizing the bin wash and swap and this was an operational change.

RESOLVED: That the report be noted.

24. Health and Safety Policy Change

Members received a report which sought approval to the Authority's Health and Safety Policy and Guidance to enable work placements for people with increased duty of care, including both young and vulnerable people, on sites.

The proposed change was welcomed by Members but it was recognised that this would need to be monitored, particularly due to the risks associated with machinery. In addition, a Member sought clarification in terms of Looked After Children and Disclosure Barring Service (DBS) checks in that it was not known who would need them and therefore there were the cost implications.

RESOLVED: That the amendment to the Health and Safety Policy and Guidance to enable Vulnerable Persons to access the Abbey Road site to include work experience and work placements be approved.

25. Food Recycling Projects Update

Members received a report which provided an update on the Authority's Food Waste investment in Borough Business Cases that had been approved in September 2020.

Peter Tilston, Projects Director, introduced the report and advised that the overall capture rate for food waste was improving but acknowledged the concern expressed that residents were still placing food waste into residual waste. The Member stated that Richmond had prepared a hard-hitting video on this matter as there were barriers to overcome. Emma Beal, Managing Director, advised that the issue was that few people used the food waste system well and many did not use it at all.

The Projects Director advised that officers did try to operate best practice forums so that boroughs could learn from each other and that assistance may also be possible via procurement. He undertook to provide Members with the breakdown of contamination by food waste across housing type and borough. The Managing Director added that she

was happy to give a presentation to borough colleagues/ Councillors who do not deal with waste to raise awareness.

RESOLVED: That (1) an extension to the timeframe for project return evaluation from 3 to 5 years be approved;
(2) the report be noted.

26. Finance Strategy

Jay Patel, Finance Director, outlined the content of the report which provided the Finance Strategy and highlighted that the key message was in relation to financial stability in the long term.

RESOLVED: That (1) the Finance Strategy, set out at Appendix 1 to the officer report, be approved;
(2) the distribution of new income and excess reserves, as detailed in section 3 of the officer report, be approved.

27. West London Waste Authority Business Plan

Emma Beal, Managing Director, introduced the Authority's Business Plan for 2022/23, highlighted the key points and indicated that she would submit progress updates to future meetings.

RESOLVED: That (1) the Business Plan activities for inclusion in the annual report be approved;
(2) the framework for the Joint Plan for 2030, as set out in section 4 of the officer report be approved.

The meeting finished at 11.00 am.

The minute taker at this meeting was Alison Atherton.

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WEST LONDON WASTE AUTHORITY

Report of the Managing Director

6 December 2022

WLWA Business Plan

SUMMARY

This report provides an update of the Authority's Business Plan for 2022/23. The key points are:

- The first review of the WLWA business plan 2022/23 demonstrates one red risk: The proportion of residents using the food waste recycling service has not increased for 15 months. This prevents WLWA from demonstrating reduced cost in the 2023 budget.
- If Boroughs can find ways to ensure all residents use the food waste recycling services, the WLWA budget could reduce by c£2m per annum and recycling rates would increase.
- WLWA has identified potential savings of between £6m and £13m linked to service changes and reduced waste to be realised by Boroughs. Needing greater collaboration, these savings will be investigated further through the Environment Directors Board.
- WLWA and Boroughs are waiting for multiple government responses to consultations and draft Regulations to follow the Environment Act 2021. These are all crucial information to inform our route map to deliver the JMWMS.
- The risks identified in the Business Plan have prompted a full review of the WLWA strategic risk register. This will be reported to the Audit Committee in January 2023.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) *Request Boroughs communicate to residents the urgency and importance of using the food waste recycling systems.*
- 2) *Note the updated risk register which will be reported to the Audit Committee in January.*
- 3) *Request Environment Directors and Finance Directors include the potential WLWA savings for consideration during Borough budget setting processes.*

1. Background – During several years of fast moving change the West London Waste Authority business plan has focused on outcomes. The organisation has developed and cemented its values of Leadership, Empowerment, Agility and Partnership to support these outcomes. Lattice software was introduced in July 2022 which allows all employees' strategic objectives to be self-input, linked to the organisations strategic goals, visible to all employees and self-reported. The Managing Director's three strategic objectives to which all employees' objectives are linked are: Resilience and preparation, Projects and Investments and Communicating the Vision.

2. The Business Plan activities are detailed in appendix 1. The Food Waste Programme has been identified as a red risk. WLWA has made its investments and the KPIs were established

but the recent waste composition analysis indicates that the proportion of residents using the food waste recycling service has not increased. This is preventing WLWA from demonstrating reduced cost in the budget for 2023. If Boroughs can find ways to ensure all residents use the food waste recycling services, the WLWA PaYT charges could reduce by c£2m per annum, recycling rates would increase, there would be better use of existing infrastructure and less waste for disposal. WLWA will continue to work with the Environment Directors Board to increase the uptake of food waste recycling. More detail is provided in the Food Waste project update and in sections 3, 4 and 5 below.

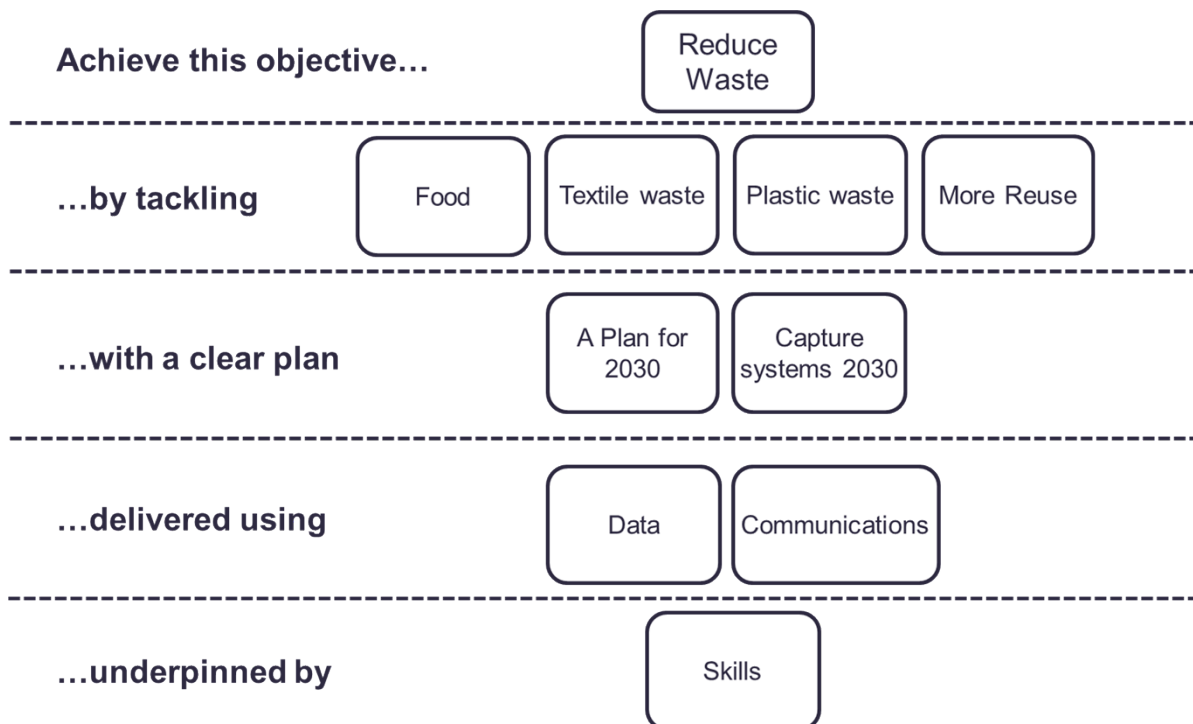
3. Environment Directors Priorities for the next two years were re-established in September 2022 following a WLA workshop attended by all WLWA Boroughs. Four key priority areas were established and there was common ground on the key priorities and the supporting information and ideas generated. The four priorities for the next two years are shown below, supported by examples:

Bringing the community with us (inc. behaviour change)	Sustainable decision making (eg Doughnut model) across West London	Climate Adaptation and Decarbonisation	Dealing with financial challenges whilst delivering on climate change
<ul style="list-style-type: none"> • Make it work for everyone • Creating the change needed to meet net zero • Impacts on residents • Green economic development and growth 	<ul style="list-style-type: none"> • Aligning decision making priorities • Social value evaluation • Data gathering • Resilience and skills • Carbon credits/tax 	<ul style="list-style-type: none"> • Infrastructure (Energy/Waste) • Energy capacity • Neighborhood decarbonisation • Future proofing • Service reform (Waste/Transport/Parking) 	<ul style="list-style-type: none"> • Cost of delivery crisis • Generating income • Reform services to self finance change • Pilot / test projects • Collaboration

4. Joint Municipal Waste Management Strategy – The framework of a joint plan for 2030 to be developed by WLWA and Boroughs was agreed in March 2022. The joint plan must incorporate managing the rising cost of inflation which can only be countered in WLWA by reducing the amount of waste collected. It is vital in this year that we

- Increase the proportion of residents using the food waste service and
- Prevent waste at source in the recycling centres.

The agreed framework is shown below:



5. Risks - The inflationary pressure and budget deficits Boroughs are facing are substantial and will require transformational change if not addressed through new funding. The WLWA business plan focuses on reducing the carbon impact of services and reducing the cost of services. WLWA has identified potential savings of between £6m and £13m linked to service changes and reduced waste. Needing greater collaboration, these savings will be investigated further through the Environment Directors Board. In addition:

- The Emissions Trading Scheme has the potential to increase costs by around £36 per tonne, a significant cost increase of £14.5m pa or c.£2.5m pa to each Borough. To mitigate this cost WLWA must reduce the proportion of fossil waste in waste. The WLWA finance strategy supports investment in waste reduction and Borough recycling services.
- Multiple changes are being considered to our waste system concurrently but responses to consultation and direction is not being published promptly e.g. packaging extended producer responsibility, consistency, deposit return schemes, digital waste tracking, reform to carriers, brokers and dealers regulations, including energy from waste facilities in the BEIS Emissions Trading Scheme (ETS) and more.
- The use of statutory guidance to interfere at a tactical level e.g. removing charges for “diy” construction waste at recycling centres (HRRCs) deemed to be household waste, and preventing the use of booking systems will have unintended consequences and make it harder to achieve nationally set targets. The unintended consequences include increased cost to taxpayers and more CO2eq spent on waste management activities.
- The Environment Agency (EA) approach to separation of soft domestic seating containing persistent organic pollutants (POPs) places increased expense directly onto Local Authorities. The EA indicates more guidance will follow relating to more materials.

6. Financial Implications – The implications of most residents not using the food waste recycling services is c.£2m per annum additional unnecessary spend on residual waste. If Boroughs can reduce food waste now, we can use that saving to remove more fossil waste from waste and mitigate the future cost of our inclusion in the emissions trading scheme (ETS). The future cost risk is calculated by tonnes of waste and proportion of fossil waste in the waste. ETS

could cost WLWA c£14.5m per annum and is effectively a tax on waste produced by residents. This business plan supports our financial principles of reducing costs, providing stability around WLWA levies, effective management of financial risk and where appropriate, creating infrastructure and collaborative projects with Boroughs.

- 7. Risk Management** – The biggest risk is the financial cost of not driving change. Individual projects carry risks and these will be considered on a project by project basis.
- 8. Health and Safety Implications** – Food waste recycling is an existing service, there are no new H&S implications.
- 9. Legal Implications** – The Environment Bill 2021 makes it law that all households must receive a food waste recycling service. The date for compliance has not yet been set but is expected to be c.2025. In the WLWA area some flats and flats above shops do not yet have this service. The problem we are finding however, is that even when offered, most residents are not using the food waste recycling service. The outstanding consultations indicate a need for us to create incentives for more reuse, more recycling and less waste and this supports our financial principles of reducing waste to reduce costs and provide stability around WLWA levies.
- 10. Impact on Carbon reduction** – Increasing food waste recycling reduces food waste because people realise how much they are throwing away. The carbon reduction impact is felt throughout the supply chain including production, transport and waste. Food waste reduction also saves money in residents’ pockets.
- 11. Impact on Environment Directors Priorities** – Ensuring all residents use the food waste recycling services addresses the key priorities of Bringing residents with us, Sustainable decision making, Decarbonisation and Dealing with financial challenges whilst delivering on climate change.
- 12. Impact on Joint Municipal Waste Management Strategy** – Ensuring all residents use the food waste recycling services address the framework of our plan for 2030 by reducing waste, by tackling food waste, delivered using data and communications.
- 13. Impact on statutory, national and London targets** - Ensuring all residents use the food waste recycling services addresses the target 65% recycling by 2035 (2030 in London). It reduces our carbon footprint, greenhouse gas emissions vehicle emissions.

Background Papers	
	Emma Beal Managing Director 07766 147 978 emmabeal@westlondonwaste.gov.uk

Appendix 1 Business Plan 2022/23

A. Resilience and preparation

WLWA must be prepared for significant change resulting from legislation and social and economic needs. We must remain aligned with our supply chain and Boroughs as all organisations in the resources and waste sector manage significant change.

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Item	Responsible Owner	Progress to date	Outcome
Training / development opportunities for core skills are prioritised.	Managing Director	<p>Insights training for half employees carried out and ongoing.</p> <p>Coaching training for half employees carried out and ongoing.</p> <p>Lean Six Sigma white belt for most employees carried out.</p> <p>Data driven decision making training carried out for Managing Director and Finance Director. Power BI training carried out for MI Team.</p>	Skills plan updated and delivered.
Chair West London Climate Emergency Officers Group	Managing Director	<p>Updated plan post Build and Recover</p> <p>Industry webinars carried out.</p> <p>Presentation opportunities secured with Future Places conference.</p>	Presentations to WL CE Board and Leaders Board, webinars and conferences.
A Joint Plan for 2030	Head of Service Delivery	<p>Draft legislative risk assessment created.</p> <p>3 year waste programme included in budget for 2023 to support reduction of waste and increased recycling.</p>	<p>Risk Assessment</p> <p>Timetable</p> <p>Legislative matrix</p> <p>5 year MTFS</p>
Develop an HR Strategy	Finance Director	Initial scoping considered with leadership and completion planned for Q4	HR Strategy

Prioritising Lean Six Sigma and Data driven decision making for HRRC projects	Head of Service Delivery	Lean Six Sigma and Data Driven Decision Making skills/culture roll-out plans developed. Dashboard developed for monitoring HRRC improvements	Training outcomes
Attend and present at West London Treasurer meetings	Finance Director	Regular Finance Updates and strategic information shared at quarterly meetings	5 year MTFS WLT support for the Joint Plan for 2030
Build partnerships through collaborative procurements	Procurements and Contracts Manager	Procurements delivered for waste transport, green waste management and rubble management, all with a strong carbon and social value focus, and leading to savings.	Economies of scale, circular economy, low carbon and social value outcomes
Theme lead for pan-London Reducing Consumption missions programme	Project Manager (E Hall)	Theme lead activities ongoing	Develop complimentary WLWA e-waste and textiles strategies

B. Projects and Investments

WLWA has invested £3m in food waste projects and £1.2m in HRRC recycling and reuse projects. We must demonstrate the waste reduction and recycling outcomes and build trust in future investment programmes.

Item	Responsible Owner	Progress to date	Outcome
WLWA Finance Strategy.	Finance Director	Finance Strategy agreed with West London Treasurers and draft presented to WLWA Members in June 2022	Agreed Finance Strategy
Optimise income from the PPP contract	Finance Director	Work and negotiations ongoing to scrutinise income sources on the contract.	Investment in WLWA and Borough projects
Infrastructure Investment Plan	Finance Director	To be commenced Q3	Draft Infrastructure investment plan
Food Waste Programme	Projects Director	Investments made, KPIs established. Waste composition booked for Sept 2022.	Reduced food waste and / or increased recycling
5 IRRCs waste diversion programme	Operations Manager	Detailed plans improvement plans developed for two Boroughs. Plans under development for other Boroughs.	Reduced waste and / or increased recycling
Prepare for Consistency, EPR and DRS impacts on Boroughs	Senior Project Manager	Mapping software purchased Modelling complete in one Borough	Digital twin of collection system
Create a joint Extended Producer Responsibility Strategy with Boroughs	Projects Director	To be established through Environment Directors and West London Treasurers Boards	Agreed Joint EPR Strategy

C. Communicating the Vision

WLWA must ensure the link between waste and climate is understood, build partnerships, articulate what success looks like and discuss the steps and challenges with Boroughs and supply chains along the way.

Item	Responsible Owner	Progress to date	Outcome
Circular Economy Hub at Abbey Road	Projects Director	Operational with multiple materials offtakers and fixing factory workshops. Social value analysis underway.	CE Hub to communicate the vision in Brent
Borough Circular Economy Hub	Projects Director	Business Case and design stage for Ealing Inclusion in project team for Harrow and Hounslow. Scoping opportunities in remaining Boroughs	CE Hub to communicate the vision in Borough(s)
Create a virtual circular economy hub	Net Zero Carbon Manager	New website launched in June. The Electric Repair Directory is incorporated on the website listing +100 local businesses.	Website delivered Online virtual CE Hub
Lead WLWA Strategy Away Days	Head of Service Delivery	First strategy away day delivered on 25 March.	Progress on the joint Plan for 2030 First draft / outline of a new JMWMS
Procure a communications project to measure baseline and improve levels of understanding in West London of the link between climate emergency, waste and resources.	Net Zero Carbon Manager	Draft options appraisal for discussion Soft market testing underway	Communications Agency Programme

2023/24 Budget

SUMMARY

This report sets out the 2023/24 budget proposal for consultation with boroughs and the key points are as follows:

- The Authority is budgeting to pay boroughs PPP income (i.e. electricity) totalling £6.3 million in July 2023.
- Costs and levies growth is contained to 1.8% (£2.6 million) in context of inflation running in excess of 10%.
- A programme of work totalling £2.8m over 3 years (£1.1. million in 2023/24) is to be funded from the Authority's share of PPP income and will deliver carbon and financial savings directly to boroughs

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the 2023/24 budget for consultation
- 2) Note the programme of work to be met from the PPP income
- 3) Note the Pay As You Throw (PAYT) rates in section 15 and the PAYT levy made up of two components totalling of £53.1 million
- 4) Note the Fixed Cost Levy (FCL) of £14.0 million in section 16
- 5) Note the recommended trade and construction prices in section 17 and delegated authority to the Finance Director to change these in year should the need arise
- 6) Note the anticipated PPP income and payment to boroughs of approximately £1.0 million per borough in July 2023 of their share of PPP income.
- 7) Note the new proposed capital budgets in section 18
- 8) Note the target level of reserves of £10.3 million to act as a buffer for managing risks (including the risk around the level of PPP income), in section 19
- 9) Note the Medium and Long Term Financial Plan in section 20

1. Introduction

1.1 The Authority is required to set an annual budget including levies and charges. This report sets out the 2023-24 draft budget which will be subject to consultation with constituent boroughs.

1.2 Following consultation, the final budget will be reported to the January Authority meeting for approval. The PAYT and FCL charges will then be levied.

- 1.3 The budget incorporates tonnage forecasts received from boroughs and the spending plans received from Authority managers which include delivery of business plan objectives. The draft budget has been scrutinised and adjusted following a budget challenge session with the Chair, Vice Chair and Chief Officers on 9 November.
- 1.4 The report has also been shared with borough Environment Directors and borough Finance Directors and meetings are ongoing as part of the consultation process.

2. Executive Summary

- 2.1 This year amidst greater economic uncertainty and financial challenge, the 2023/24 budget proposal takes a step further in the Authority's approach to providing boroughs with greater stability and better predictability (a key theme identified in the Finance Strategy).
- 2.2 The 2023/24 budget anticipates PPP income and proposes to pay boroughs £6.3 million in July 2023 apportioned using the final approved council tax base (i.e. approx. £1 million each).
- 2.3 Previously, sharing income in this way has only taken place after income has been received. Budgeting for the payment of £6.3 million will therefore require the Authority to manage the risk of lower than anticipated income (e.g. due to low electricity prices, actual impact of windfall taxes) by using its reserves.
- 2.4 Most of the Authority's spending relates to borough activity levels which are met/served through contracts. So the key drivers of costs and therefore levies are the borough's own forecast activity levels and the contractual inflation.
- 2.5 For 2023/24 the rise in overall costs and therefore levies has been contained at 1.8% or £2.6 million. This is in context of inflationary forecasts of 10.6% (HM Treasury) for price rises next April. This year's high inflationary impact has been partly offset by lower budgeted borough activity levels.
- 2.6 The key long term mitigation of spend and therefore levies is managing the wasteflows. These are largely within the control of boroughs so the budget also identifies 3 new key programmes of work to be met from the Authority's share of PPP income already received. £1.1 million is budgeted to be invested in this work in 2023/24.
- 2.7 The programmes of work will identify interventions where boroughs will see the benefits in their own budgets - essentially spend (Authority) to save (boroughs) programmes. For example the existing programme of removing food waste from residual waste streams so more residents use the food waste services already there. These programmes of work will be developed and agreed with stakeholders in due course.
- 2.8 The potential value of programmes of similar work across West London using an analysis from 2019 as the basis, shows the change required and the potential savings on offer of millions of pounds per year across all constituent boroughs. This can be found in appendix 2 which identifies the areas of work along with key borough priorities and feedback overlaid for each area. The savings are presently an indicative figure. A more detailed and up to date analysis will be undertaken over coming months as we develop the joint waste strategy. Never-the-less, it is clear that the sums/opportunity is significant, as is the challenge.

2.9 The table over the page sets out the 2023/24 budget and the movement from the 2022/23 budget. The latest 2022/23 forecast is also included to provide context and illustrate the current level of activity. The spend lines have also been split out to separate the spend from business as usual activities and those from the programme of work funded by PPP income, providing better transparency.

	2022-23 budget £ 000's	2022-23 forecast £ 000's	2023-24 budget £ 000's	Changes in budgets £ 000's
Business As Usual Costs				
WTD - Waste Transport and Disposal	49,558	48,059	51,531	1,973
Funding of HRRC project	1,200	1,200	0	(1,200)
Depreciation	9,809	10,469	10,375	566
Financing Cost	5,105	5,105	4,971	(134)
Premises	2,672	2,516	2,603	(69)
Employees	2,516	2,660	2,617	101
Supplies and Services	1,198	1,098	1,187	(11)
MRF Service Costs	2,148	2,027	2,256	108
Revenue Funding of Debt	962	962	984	22
Concession Accounting Adjustments	(4,473)	(4,473)	(4,570)	(97)
BAU costs	70,695	69,623	71,954	1,259

Programme of work funded by PPP income				
Depreciation	0	0	107	107
Premises	0	0	45	45
Employees	132	98	308	176
Supplies and Services	0	0	660	660
Programme costs	132	98	1,120	998

Total costs	70,827	69,721	73,074	2,247
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Income				
Levies	64,551	63,538	67,116	2,565
MRF service income	2,148	2,027	2,256	108
Other Income	2,128	3,092	2,582	454
PPP one off benefit	2,000	9,450	0	(2,000)
Programme costs funded by PPP income	0	0	1,120	1,120
Total income	70,827	78,107	73,074	2,247

Total (surplus)/deficit	0	(8,386)	0	0
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PPP income disbursed to boroughs	0	7,100	6,300	6,300
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2.10 Otherwise the budget headings are per our usual format for regular budget monitoring reports and accounting categories. The most notable movements relate to the growth in waste transport and disposal costs and levies, the removal of one off items from the

previous year, the inclusion of PPP income payable to boroughs and the funding of 3 programmes of work.

2.11 Note that the MRF activities have a neutral effect with costs being passed through to Ealing for the services provided.

2.12 Plans for the coming year and an explanation of budget items follows.

3. Programme of work funded by PPP income

3.1 The Finance Strategy approved in September identified that two thirds of PPP income would be passed through to boroughs and one third of PPP income would be set aside for Authority Strategic projects.

3.2 On this basis for the Authority's share of PPP income, 3 programmes of work have been identified:

- Digital Twin – to decarbonise collection services and find immediate cost savings for boroughs
- Social Value and Reuse – to decarbonise HRRC services and create social value
- Communications – To better inform residents of complex recycling challenges and inform boroughs of recycling opportunities

Brief summaries follow. The programmes will be developed with borough colleagues and reported to stakeholders for approval in due course.

3.3 Digital Twin - The objective is to create a digital twin of on the ground waste and recycling services and achieve rapid decarbonisation and cost savings for Boroughs through data led efficiency savings. The programme will be evaluated over 3 years, cost £855,000 which will be fully covered by in Borough savings during the period and will identify future annual costs and savings in the next steps.

Year 1 and 2 Deliverables:

- a) A digital version of the kerbside services, communal services, street cleansing routes and trade services for all 6 west London boroughs.
- b) Integration of data eg tonnages, carbon, demographics for these services into our reporting systems in Power BI and the self-service platform so real time data is available to boroughs.
- c) ANPR integration at HRRC sites.
- d) Collection of new data to enable better understanding of capture and participation in services.
- e) Route optimisation of existing services across Harrow and Hounslow.
- f) Creation of user-friendly data sets that can be used to model all the data requirements for the proposed EPR system and to underpin the procurement of new contracts to recycle and transport a wider range of materials.
- g) Development of links with planning data and permits for waste sites to better understand capacity and impact of new developments on service provision.

3.4 Social Value and Reuse - The objective is to increase separation of materials, innovate new handling and storage methods to retain the value of the item not just the material it is made from. The aim is to deliver immediate changes to existing infrastructure and measure the social and financial value of circular economy projects. We will test our ability to invest directly into borough sites not owned by WLWA and measure the co-benefits of efficiencies. The programme will test service resilience to change

The Authority have created this opportunity with a combination of several projects at Abbey Road and working closely with operatives at Townmead Road. They have invested in solar panels, created the fixing factory, built a circular economy relationship with Petit Miracles, extracted bicycles, children's toys and NHS equipment from waste and recirculated it creating social value. Most Boroughs have identified similar circular economy projects This programme starts to pull the whole system together to scale up and create additional value with a hub and spoke model

3.5 Communications - The objective is to test citizen knowledge and attitudes to recycling services. It will create content to provide more and better information on some of the more complex issues and test knowledge and attitudes again at the end. Recycling, reuse, social value and waste data will also be used to evaluate the work. Food waste recycling is the service that most citizens don't use. Persuading every household to recycle food waste will reduce waste, reduce cost, increase recycling and contribute to global and UK decarbonisation. It will result in cost savings for citizens, Boroughs and WLWA. Cost savings for WLWA and Boroughs means more money available to invest in other recycling services. We want to normalise food waste recycling and ban food waste from the bin. Similarly this programme of work will also look at plastics, textiles, electricals / batteries, reuse / social value and dry mixed recycling.

3.6 The above provides an outline of the 3 programmes of work. The programme spending totalling £2.8 million is to be met from the WLWA share of PPP income already received and will run over three years delivering both financial and carbon benefits directly to boroughs.

4. Waste Transport & Disposal (WTD)

3.1 The WTD budget accounts for the majority of the entire WLWA budget and makes up 72% of the spending. Strategically, this is where most of the significant saving opportunities can be found.

3.2 The 2023/24 WTD budget is £51.5 million, an increase of £1.9 million.

3.3 The residual waste budget is the key driver and represents 80% of the WTD costs (or 58% of all Authority costs – hence the strategic significance). For 2023/24 this is based on boroughs' forecasts of residual waste which are 3.7% lower than the 2022/23 budget and reflecting the current level of activity.

3.4 Looking at the complete picture, the 2023/24 budgeted tonnage is made up of the following materials:

Material	2022/23 Budget Tonnes	2023/24 Budget Tonnes	Change
Residual	433,711	417,757	(15,954)
Green	53,610	45,799	(7,811)
Wood	17,694	16,121	(1,573)
Kitchen	39,300	32,616	(6,684)
Other	11,849	4,745	(7,104)
Budgeted tonnages	556,164	517,038	(39,126)

3.5 No significant service changes were identified by boroughs. Borough forecast volumes are lower than last year's budget setting exercise but in overall terms show a small growth on current activity levels.

- 3.6 To calculate the budgeted spend, RPIX of 10.6% (a mid-range forecast from HM treasury) has been applied to contractor prices where there is a contractual indexation requirement. Published forecasts including HM Treasury range from 7.8% to 12.6% with Septembers RPIX standing at 12.6%.
- 3.7 It is worth noting that within the main PPP contract this impact is partly mitigated by the pricing mechanism which dampens the overall effect of inflation – a very effective feature of the contract. This is highlighted in the sensitivity analysis in section 20.
- 3.8 Where other contracts are due for procurement, procuring managers have used best available market information to estimate rates for the coming year.

5. Depreciation

- 4.1 The depreciation budgets for 2023/24 of £10.5 million is £0.7 million higher than in 2022/23. This reflects property asset valuations undertaken for the 2021/22 accounts and agreed with auditors for the accounts and capital additions.
- 4.2 The largest element of depreciation relates to the SERC (Sevenside Energy Recovery Centre) and totals £8.8 million. It should be noted that for depreciation calculations, the SERC has to be separated out into its main components and each key component has to be depreciated over its own expected life.
- 4.3 Depreciation for the remaining assets have been calculated using valuations agreed with auditors and subsequent change in the asset registers (i.e. additions and disposals).

6. Financing

- 5.1 The financing costs reflect the interest paid on loans. These have reduced from £5.1 million in 2022/23 to £5.0 million for 2023/24 primarily as a result of the payment profile of repayment loans. With repayment loans a fixed sum is paid every year comprising of both interest and principal repayment. The interest element will continue to fall over coming years, conversely the principal repayment will rise.
- 5.2 The largest component of financing costs relates to borrowing from boroughs for the construction of the SERC and totals £4.5 million. The loans are at arm's length and from a borrowing perspective the boroughs are like any other lender with the loan agreements specifying the relationship with the Authority and including a rate of interest of 7.604%.
- 5.3 The interest on loans for the purchase of transfer station freeholds makes up the balance of £0.5 million and represents a PWLB loan at 2.24%.

7. Premises

- 7.1 The overall premises budgets for 2023/24 of £2.6 million are slightly lower than 2022/23 reflecting the challenge to Authority's managers to identify savings.
- 7.2 The largest component of the premises costs are business rates which account for £2.3 million of this budget of which SERC rates make up £1.3 million and transfer stations £0.8 million.

8. Employees

8.1 The 2023/24 employee budgets of £2.9 million is £0.3 million higher than the 2022/23 level. This growth relates principally to programme resources (3 FTE) and wage inflation (3%) which is partly offset by savings from a reduction in the business as usual establishment.

8.2 The 2023/24 establishment of 42.7 full time equivalent (FTE) posts is an increase of 2.6 from the previous year. Putting this into context the Authority employed 42 FTE in 2014/15 and over many years FTE numbers have subsequently stayed close to 40. The size of the staffing establishment numbers remains small and stable whilst providing the resource to drive forwards business plan objectives and undertake the increasing volume, variety and complexity of work.

8.3 A notional breakdown of the establishment by area of activity and whether business as usual (BAU) or programme work is provided below:

BAU Activity	2022/23	2023/24	Change
Contracts/Operations	19.0	19.0	0
Corporate Services	9.1	9.7	0.6
Projects	9.0	8.0	(1.0)
Total	37.1	36.7	(0.4)

Programme Activity	2022/23	2023/24	Change
Contracts/Operations	1.0	1.0	0
Corporate Services	1.0	2.0	1.0
Projects	1.0	3.0	2.0
Total	3.0	6.0	3.0

Total FTE	40.1	42.7	2.6
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9. Supplies & Services

9.1 The 2023/24 overall budgets for Supplies & Services is £1.8 million up by £0.6 million from 2022/23. With a focus on savings managers have slightly reduced business as usual spending. The growth relates to programme spending which is to be met from PPP income.

9.2 A wide variety of spends make up this total including £0.7 million for the programme of work in section 3.

9.3 Other notable items include spending for professional services, external audit, insurances and borough services (e.g. committee services, treasury etc.).

9.4 Budgets for some minor costs have been stripped out.

10. Revenue Funding of Debt

10.1 The loan which financed the purchase of the transfer station sites is a typical repayment loan. It is made up of two components – an element for the interest on the loan (see Financing Costs) and an element repaying the loan principal.

- 10.2 The Revenue Funding of Debt is the element repaying the sites loan and totals £1.0 million for 2023/24. This is marginally higher (£20,000) than 2022/23 reflecting that within a typical repayment loan, the amount of principal repaid increases over time and amount of interest falls.
- 10.3 It is worth providing the following brief recap of the revenue funding of debt which was detailed in Authority papers recommending the site purchase a number of years ago.
- 10.4 It is a requirement for public bodies to ultimately fund the cost of assets through levies and taxes. For the Authority this is achieved through a combination of the depreciation charge and revenue funding of debt.
- 10.5 Typically the acquisition of assets result in an annual depreciation charge. This annual expenditure is recovered through the levy mechanism and therefore the levies over the life of the asset fund its purchase.
- 10.6 However, the acquisition of the sites freehold is essentially a purchase of land. For land, accounting rules do not allow a depreciation charge. This means that in order to fund the purchase through levies a different (but comparable to depreciation) annual charge is made – the revenue funding of debt.

11. Concession Accounting Adjustments

- 11.1 Essentially under a PPP arrangement a contractor pays for the construction of an asset and then recovers its investment over a long period through its operational charges to the local authority (i.e. its price per tonne).
- 11.2 There are very specific and detailed accounting requirements that govern this type of arrangement. This is because the underlying nature of this transaction is that the local authority *essentially* owns the asset for a period of time and the contractor is *essentially* a lender financing the construction of the asset.
- 11.3 The key feature of the accounting is the calculation of a concession accounting adjustment to separate out the disposal and financing costs, followed by stripping out from expenditure a notional sum for the repayment of any underlying borrowing by the contractor.
- 11.4 The concession accounting adjustments over the term of the contract were agreed with the auditors EY. For 2023/24 they total £4.6 million, compared to £4.5 million in 2022/23. This accounting adjustment reduces overall costs and levies.

12. Growth and Savings

12.1 The majority of Authority spending is committed under long term contracts (e.g. PPP) or agreements (e.g. loans) or governed by accounting requirements (e.g. depreciation). This leaves less opportunity for savings.

12.2 However, as part of the budget setting process at an operational level, a variety of measures (including a managers' challenge session with the Senior Leadership Team) have ensured savings across areas where managers are able to exercise some control.

12.3 The tables below identify the growth and savings which are included within the 2023/24 draft budget. The tables separate out real growth and savings from other movements reflecting longer term decisions.

12.4 Summary table:

	£ 000's
Net budgeted costs/levies 2021/22	64,551
Growth	5,094
Savings	(2,673)
Other movements	144
Budgeted costs/levies 2022/23	67,116

12.5 Growth table:

Area	Explanation	Growth £ 000's
Waste Transport and Disposal	Increased contract costs resulting from inflation for residual waste (£3,116,000), haulage (£225,000), increase in wood (£356,000), increase in rubble volumes (£264,000) and a range of movements in other materials spends (£151,000)	4,112
Premises	New automatic number plate recognition for the smart cities work (£45,000)	45
Employees	2.6 FTE increase in establishment (£151,000), salary inflation 3% (89,000) and other minor movements (£37,000)	277
Supplies and Services	Digital twin, reuse and communications advice and services (£660,000)	660
		5,094

12.6 Savings table:

Area	Explanation	Saving £ 000's
Waste Transport and Disposal	Reduction in residual volumes (£1,612,000), reduction in mattress volumes (£257,000) and better pricing achieved from procurement of green waste (£270,000)	(2,139)

Premises	Reduction in SERC related premises costs (£69,000)	(69)
Supplies and Services	Stripping out of unspent minor budgets (£11,000)	(11)
Other Income	Growth in trade income (£400,000), sale of recyclables (£40,000) and other minor improvements (£14,000)	(454)
		(2,673)

12.7 Other movements table:

Area	Explanation	Increase / (Decrease) £ 000's
Depreciation	Reflecting property valuations agreed with auditors for the last accounts	673
Financing Costs	Reflecting reducing interest in repayment loans for SERC with boroughs	(134)
Revenue Funding of Debt	Reflecting rising repayment of principal in repayment loan for sites with PWLB	22
Concession Accounting Adjustment	Reflecting adjustments agreed with auditors for the last accounts	(97)
PPP Income / HRRC funding	2022/23 one off item superseded by Finance Strategy methodology for sharing PPP income	800
Programme work funded by PPP income	Funding of strategic projects per Finance Strategy	(1,120)
		144

13. PAYT / FCL split

13.1 PAYT costs relate to waste that boroughs collect and deliver to transfer stations and FCL costs are those which relate to waste from HRRC sites and the Authority's running expenses.

13.2 Both also include an element for the recovery of SERC financing costs, depreciation, rates and concession accounting adjustments.

13.3 The breakdown of the budget between PAYT and FCL activities is as follows:

PAYT (disposal cost)	2022/23 £000's	2023/24 £000's	Change £000's
Waste Transport and Disposal	41,894	43,986	2,092
PAYT Levy (disposal)	(41,894)	(43,986)	(2,092)
Total	0	0	0

PAYT (SERC cost)	2022/23 £000's	2023/24 £000's	Change £000's
Depreciation (SERC)	7,204	7,934	730
Financing Costs (SERC)	3,976	4,070	94
Premises (SERC)	1,194	1,210	16
Concession Accounting Adjustment (SERC)	(3,838)	(4,114)	(276)
PAYT Levy (SERC)	(8,536)	(9,100)	(564)
Total	0	0	0

FCL	2022/23 £000's	2023/24 £000's	Change £000's
Waste Transport and Disposal	7,664	7,545	(119)
Employees	2,648	2,925	277
Premises	1,478	1,438	(40)
Supplies and Services	1,198	1,847	649
Depreciation	2,605	2,548	(57)
Financing	1,129	901	(228)
Revenue funding of Debt	962	984	22
Concession Accounting Adjustment	(635)	(456)	178
Non Levy Income	(2,128)	(2,582)	(454)
PPP one off benefit / HRRC funding	(800)	0	800
PPP Income funding programme of work	0	(1,120)	(1,120)
FCL Levy	(14,122)	(14,030)	92
Total	0	0	0

13.4 Note that above there are two elements of the PAYT and one element of FCL.

14. Levy Setting

14.1 The breakdown of the Authority's costs into the three components identified in section 13 are the basis of the charging to boroughs. Each element is apportioned to boroughs in different ways.

1. PAYT (disposal) – Rates (£/tonne) for different materials which reflect the average prices paid to contractors, charged to boroughs initially on the basis of budgeted tonnes but then reconciled and adjusted (with rebate/charge) at the end of each quarter to reflect the actual tonnages.
2. PAYT (SERC) – this is the apportioned recharge of SERC costs (depreciation, financing etc) . The cost is initially apportioned and charged on the basis of budgeted tonnes then at the end of every quarter recalculated using the actual tonnage with any adjustment being rebated/charged to the borough.
3. FCL (fixed) – this is the recharge for all other costs (i.e. HRRC, overheads, an element of SERC costs etc) apportioned on the basis of boroughs tax base from their final approved CTB1 returns.

Details of these follow in the next two sections.

15 PAYT Levy Income

15.1 As identified above the PAYT is made up of two components and therefore the PAYT levy is too. Combined the PAYT levy will total £53.1 million (from the tables above £44.0 million plus £9.1 million).

15.2 The table below shows the proposed disposal rates for waste in 2023/24.

Material (Disposal)	2022/23 £ per tonne	2023/24 £ per tonne
Residual	101.09	109.76
Gully	57.31	67.31
Food	9.98	11.61
Green	40.00	40.94
Wood	43.54	67.67
Rubble	45.08	32.63
Soil	46.35	32.63
Mattresses (per mattress)	4.40	5.46

15.3 In addition to this, the Authority manages non-household waste from HRRC sites and incurs transport costs. On a similar basis the average transport charges are provided below.

Material (Transport)	2022/23 £ per tonne	2023/24 £ per tonne
Residual (collected)	11.26	12.22
Other recyclables (collected)	15.34	18.63

15.4 These rates represent the average cost (or estimated cost for contracts due to be procured) to the Authority for the disposal and transport of materials. They are the PAYT rates payable by boroughs in order to recover costs.

15.5 These rates are applied to the 2023/24 tonnage forecasts from boroughs and result in a monthly charge to them. Each quarter end a reconciliation exercise will take place to

adjust for the actual amount of waste that each borough delivers, so boroughs only pay for the volume of waste actually disposed.

15.6 Using tonnage forecasts from boroughs, the PAYT charges for 2023/24 are as follows:

Borough	2022/23 PAYT disposal charge £000's	2023/24 PAYT disposal charge £000's	Increase / (decrease) £000's
Brent	7,790	8,008	218
Ealing	8,159	8,920	761
Harrow	6,130	6,486	356
Hillingdon	8,169	8,583	414
Hounslow	6,799	7,048	249
Richmond	4,847	4,941	94
Total	41,894	43,986	2,092

15.7 The movement in the disposal costs of borough collected waste is reflected here.

15.8 It is worth repeating that should borough waste volumes be higher or lower than forecast, then each quarter boroughs will be charged or refunded a sum to ensure they pay only for what is actually delivered.

15.9 The second, PAYT (SERC) component relates to the £9.1 million SERC cost, equivalent to £24.43 per tonne (2022/23: £23.14). This will initially be apportioned and levied on the basis of 2023/24 budgeted residual waste tonnages excluding gully waste. A quarterly exercise will then adjust this sum to reflect the actual residual tonnages delivered that quarter with a reimbursement or additional charge. The initial apportioned annual charge is summarised below.

Borough	2022/23 PAYT SERC charge £000's	2023/24 PAYT SERC charge £000's	Growth £000's
Brent	1,646	1,710	64
Ealing	1,738	1,929	191
Harrow	1,239	1,342	103
Hillingdon	1,530	1,678	148
Hounslow	1,382	1,445	63
Richmond	1,001	996	(5)
Total	8,536	9,100	564

15.10 The movement in the proportion of SERC cost (depreciation, financing etc) relating to borough collections is reflected here.

16. FCL Income

16.1 The FCL charge primarily relates to the costs of managing the treatment and disposal of household waste delivered to HRRC sites. It also includes the Authority's administration and nets off other income. These costs are apportioned to the boroughs.

16.2 The apportionment calculation initially uses last year's provisional Council Tax base figures provided by the boroughs. However, when charging, the FCL costs will be apportioned using the final borough approved Council Tax base. Borough Council Tax base figures may not all be published in time for the January Authority meeting and therefore the FCL charges will be finalised shortly afterwards.

16.3 On this basis the draft FCL (fixed) charge is as follows:

Borough	2022/23 FCL charge £000's	Estimated 2022/23 Council Tax base	2023/24 FCL charge £000's	Change £000's
Brent	2,432	99,868	2,381	(51)
Ealing	2,589	118,649	2,829	240
Harrow	2,205	90,597	2,160	(45)
Hillingdon	2,503	103,840	2,476	(27)
Hounslow	2,174	86,769	2,069	(105)
Richmond	2,220	88,703	2,115	(105)
Total	14,123	588,426	14,030	93

16.4 The movement in all other costs including disposal and haulage of HRRC waste,

16.5 The FCL (fixed) sum will not change over the course of the year. The Authority bears any loss or surplus resulting from overspend or underspend.

17. Other Income

17.1 The 2023/24 budget is £2.5 million, which is a £0.4 million improvement on 2022/23 and reflect activity at slightly less than current levels to allow for some loss in revenue due to the economic circumstances.

17.2 The majority of the income is from trade waste (£1.9 million). The proposed main trade and construction charges per tonne at Abbey Road are unchanged to remain competitive and are provided below.

Type of waste	2022/23 £	2023/24 £
Trade waste residual and wood	160.00 for account customers and £165.00 for others	160.00 for account customers and £165.00 for others
Trade waste recycling	80.00	80.00
Asbestos (Households only)	272.00	272.00

Mattresses (per mattress)	15.00	15.00
Bulky items	218.00	218.00
Gas bottles from commercial sources	5.00	5.00
Fire extinguishers from commercial sources	5.00	5.00
Fridges from commercial sources	40.00	40.00

17.3 Changes and further charges may be introduced during the year in response to market conditions and where appropriate in consultation with LB Brent. It is recommended that delegated authority be given to the Finance Director to change charges in year should the need arise.

17.4 Other income includes an agency fee which passes on the costs of running the Abbey Road HRRC to the local borough. This is being maintained at current levels.

17.5 In July 2023 the PPP contractor will pay the Authority its share of income in relation to the PPP contract, principally electricity generation income.

17.6 At this stage, estimation of the sum due is inherent with market risks (electricity prices are volatile), political risks (detailed working of the windfall tax) and economic risks (the impact of industrial action on the power production). Never-the-less, it is likely that the Authority will see significant income (£9.4 million) if we assume ongoing electricity production and prices at the current levels and the introduction of a windfall tax.

17.7 On this basis the estimated distribution to boroughs on receipt of funds from the contractor will be in the region of £1 million each. This represents the two thirds pass through to boroughs of the estimated PPP income (in accordance with the Finance Strategy) which will be apportioned to each borough using the final approved council tax base.

17.8 The Authority is mindful of the challenging local authority finances so to help boroughs to budget for this income with greater certainty, the Authority is committing (through this budget) to the distribution and will utilise its reserves to manage the risks (section 19) of non-receipt on PPP income or receipts being lower than estimated. Any additional PPP income received will also be shared in accordance with the Finance Strategy.

18. Capital

18.1 The new capital budget requirements for 2023/24 are listed below:

- Victoria Road food and bulking shed £800,000
- West Drayton heating system improvements and window replacement (£150,000) to improve energy efficiency
- Abbey Road improvements (£122,000) including weighbridge scales, electric man gates, replacement netting, heating improvements, improvements to toilet and shower facilities.
- Upgrades to waste data management system (£80,000) and finance system (£20,000)

18.2 It is worth noting the following existing capital budgets. These are balances remaining on budgets for capital works still in progress/to be commenced, which were previously approved by the Authority and will be rolled forward until completion or eliminated if not required.

- Abbey Road improvements (£477,000) including CCTV fire & ANPR systems, mobile plant for bulky waste, shuttering/re-concrete of contamination bay, mechanical pallet mover, new main gate, electric van charging point, LED lighting and water service improvements
- £500,000 DMR and food recycling infrastructure at Abbey Road – increasing options for material contracts and improving recycling and diversion rates from residual treatment. This essentially upgrades and future proofs Abbey Road for EPR
- Circular economy hub solutions including shipping containers (£90,000)
- Victoria Road bulking facilities (£1,000,000) representing 50% of the capital budget to complete work to increase bulking and sorting capacity to enhance and localise material value and reduce whole system bulking costs.
- New weighbridge software (£20,000)
- Textile/Nappy collection facilities (£10,000)
- Resurfacing work at Transport Avenue and Victoria Road (£290,000)

19 Reserves

19.1 Reserves represent an organisations net worth. They provide a buffer for an organisation to manage risks, for example the fluctuations in the level of activity or costs – these variances in costs lead to surpluses and deficits being absorbed within reserves. On this basis, the Authority’s approach to reserves has been to build up sufficient reserves to act as a buffer against risk.

19.2 The added benefit of reserves is that they can be used to stabilise pricing by removing the need for “in year” price reviews. For boroughs and indeed the Authority, this pricing stability / predictability facilitates much better planning and budgetary control.

19.3 For 2023/24 the proposal for reserves is cautious given the economic climate and continuing uncertainties resulting from the pandemic.

19.4 Considering reserves in overall terms, identifying known material risks facing an Authority provides a useful basis for determining a suitable level of reserves for managing risk. The specific risks and potential costs and likelihood that could be associated with them are as follows:

Risk Description	Mitigations	Likelihood	Financial Risk (£000’s)	Reserves to set aside (high 100, medium 75%, low 50%)
The budget is based on assumptions of indexation/ inflation, particularly in relation to contracts. There is a risk of higher costs due to higher than anticipated	Use of reputable forecasts e.g. HM Treasury	High	£2,500 (representing approx. 5% of WTD costs)	£2,500

indexation/inflation, particularly the impact of utility prices and driver shortages on prices.				
Increased regulation of emissions from energy from waste facilities requiring one off installation of equipment	Contract terms	High	£2,000	£2,000
Borough FCL tonnages are higher than budgeted resulting in an under-recovery of HRRC disposal costs through the FCL charge which is fixed	Using data and working closely with borough colleagues to try and forecast tonnages accurately	Medium	£1,600 (based on residual FCL tonnages at 20% in excess of budgeted levels)	£1,200
Industrial action creating site and wasteflow disruption including	Contract terms, contractor business continuity plans and contingency arrangements, insurances	Medium	£950 representing 1 day per month disruption for 12 months effecting 650 tonnes of recycling per day needing to be sent to EfW @£110 disposal and £12 haulage	£710
The PPP income to pay to boroughs does not materialise e.g. electricity prices don't remain high and windfall tax	Contract terms	Low	£6,300	£3,150
Costs arising from the complex PPP contract as a result of terms that are unclear or ambiguous in relation to the day to day operation and running of services.	Team and professional advisors with experience and knowledge of detailed contract terms	Low	£1,000 (based on experience of contractual issues)	£500
With a large number of competitors ready to receive trade waste, there is a risk that price competition could lead to a reduction in planned trade and construction income despite more competitive	Ongoing monitoring of trade income and maintaining competitive pricing position in	Low	£500 (representing 20% of trade income)	£250

pricing	market place			
Target level for reserves to manage risks				£10,310

19.5 The target level of reserves for 2023/24 is £10.3 million and relates to the immediate risks relevant to 2023/24 year's activities. This compares to £9.2 million of risks in 2022/23. The main changes relate to the removal of longer term risks, updating of the PPP income risk and the inclusion of mitigations for emissions risk.

19.6 Ultimately, the level of reserves is a judgment based on the nature of risk facing an organisation and its risk appetite. On the basis of the risks identified above and appreciating that there are unknown risks which could materialise and that nothing is being set aside for longer term risks, the proposed level represents a prudent and not overly cautious target for reserves for 2023/24 activities.

19.7 The forecast reserve position for the year ending 31 March 2024 is:

	Reserves to manage risks £000's	PPP Income £000s	Total Reserves £000s
Total Reserves 31 March 2022	64,446	3,550	67,996
Less Revaluation Reserve (artificial gain/not realisable)	(52,732)	0	(52,732)
Reserves 31 March 2022	11,714	3,550	15,264
Forecast surplus 2022/23	8,386	0	8,386
PPP income share for boroughs	(6,300)	0	(6,300)
PPP income share for WLWA	(3,150)	3,150	0
Reserves 31 March 2023	10,650	6,700	17,350
PPP income committed for WLWA programme of work	0	(2,800)	(2,800)
Forecast surplus 2023/24	0	0	0
Forecast position for 31 March 2024	10,650	3,900	14,550

19.8 The above table shows the expected PPP income of £9.4 million being shared in accordance with the Finance Strategy. £6.3 million will be paid to boroughs following receipt of funds from the contractor (July 2023) and £3.1 million retained by the Authority.

19.9 Provided that no risks materialise the closing reserves balance to manage risks of £10.6 million is close to the target level of £10.3 million and there are no excess reserves for distribution to boroughs.

19.10 In comparison other London waste Authorities hold reserves ranging from £31 million to £73 million. This reflects the Authority's strong history of passing on excess reserves to boroughs.

19.11 The above table also shows the Authority's retained PPP income following the income sharing with boroughs in October 2022 and the anticipated receipt in July 2023. This totalled £6.7 million and as outlined in section 3, three programmes of work have been identified and £1.1 million will be utilised to deliver some of this work in 2023/24. A further £1.7 million will be utilised in the subsequent two years to reflect the total commitment of £2.8 million of funding to be met from PPP income.

20 Medium and Long Term Plan

20.1 The plan has been updated to incorporate the proposed budget and uses long term base case assumptions of 0.5% for the annual growth in residual tonnages to reflect population increases, and 3.0% for long term inflation long term inflation (2.0% was used last year) which is higher than the long term HM Treasury target of 2.0%.

20.2 The key outputs can be found in Appendix 1 and this shows a healthy financial position. The assumptions are then flexed to identify the key factors effecting the Authority's finances. This identifies changes in the residual waste tonnages as the key strategic factor determining the growth in costs and levies. Inflation has less impact (although still significant) as a cost driver as a result of the dampening effect of the PPP contract pricing mechanism.

20.3 The key messages from the plan are consistent with last year and are positive.

- The volume of residual waste is the key driver of spend/levies, so its reduction should be a key area of strategic focus e.g. removing food waste from the residual waste stream being an important opportunity
- The effect of inflation is dampened by the PPP contract
- The Authority will be debt free at the end of the plan and will maintain healthy cash balances to manage any liquidity risk

21 Financial Implications

21.1 These are included in the report.

21.2 It is a statutory requirement for the Authority to set a balanced budget (Local Government Finance Act 1992) and to set the levy for constituent boroughs by 15 February (Joint Waste Disposal Authorities (Levies) Regulations 2006).

22 Legal Implications

23.1 There are no legal implications of this report

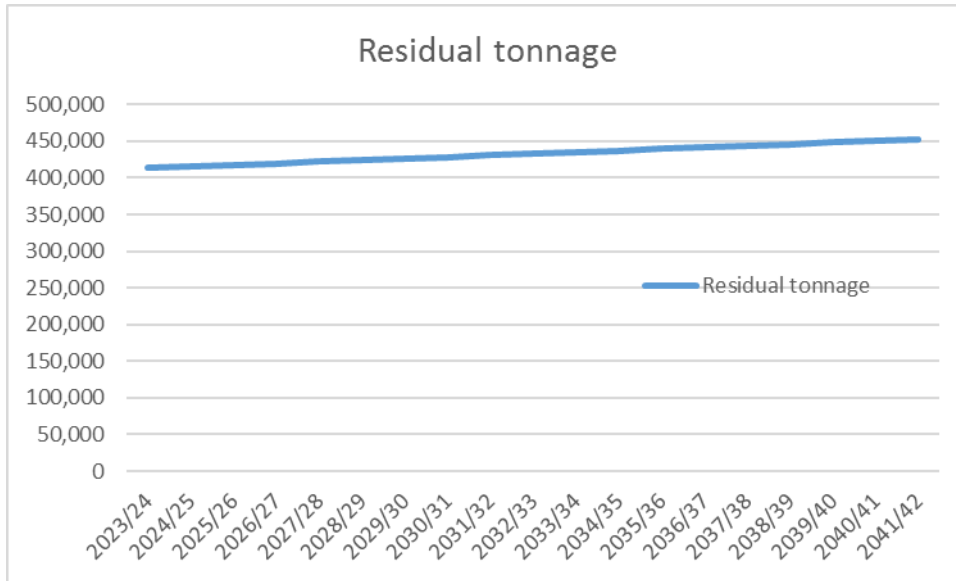
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Appendix 1

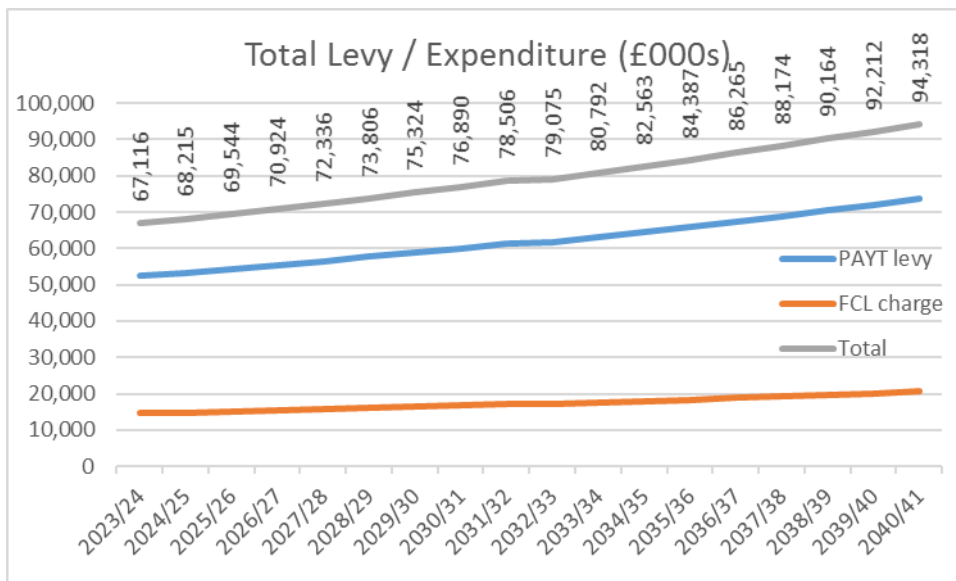
Outputs

Using the proposed budget and base assumptions, the medium and long term financial model then gives us some outputs, for example, how our costs (and consequently levies to boroughs) change over time, or how our loan and cash balance changes over time. The main outputs are provided below and illustrate that affecting residual waste tonnages is the key.

Tonnage – The chart below illustrates the impact of the base assumption of 0.5% annual growth in residual tonnage to reflect population growth. Over the life of the plan, the residual tonnage rises from 413,171 to 452,577 tonnes.



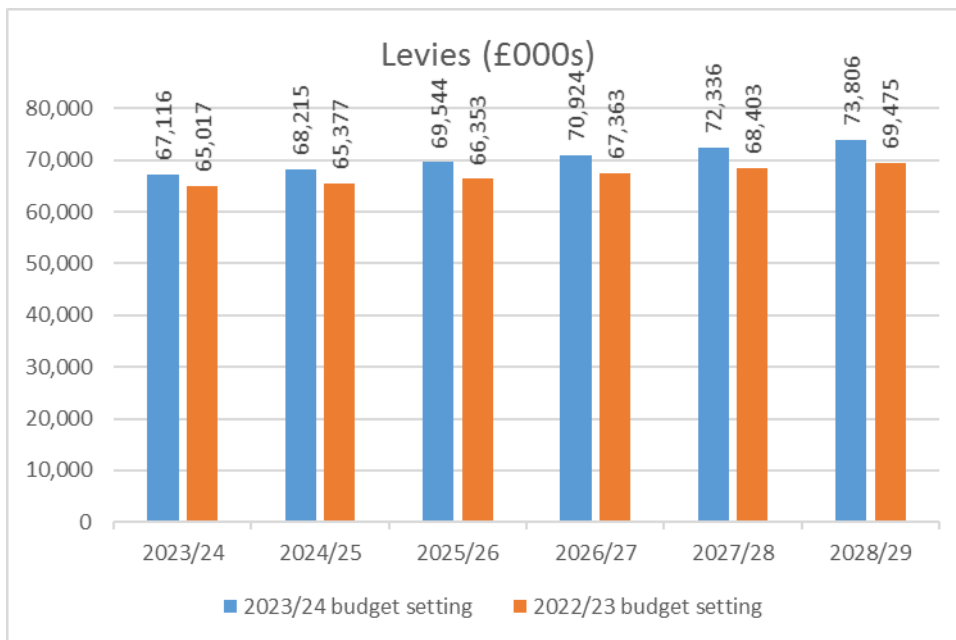
Overall expenditure – This equates to the total levies charged to boroughs and the chart below has been split to show the PAYT and FCL as well as the total. The chart illustrates the growth in overall expenditure and levies over time.



This chart above illustrates an average annual growth of 1.7% over the long-term which is significantly lower than the 3.5% underlying long term growth assumptions in the plan, principally inflation RPIX (3.0%) and annual growth in tonnages (0.5%) to reflect population rises.

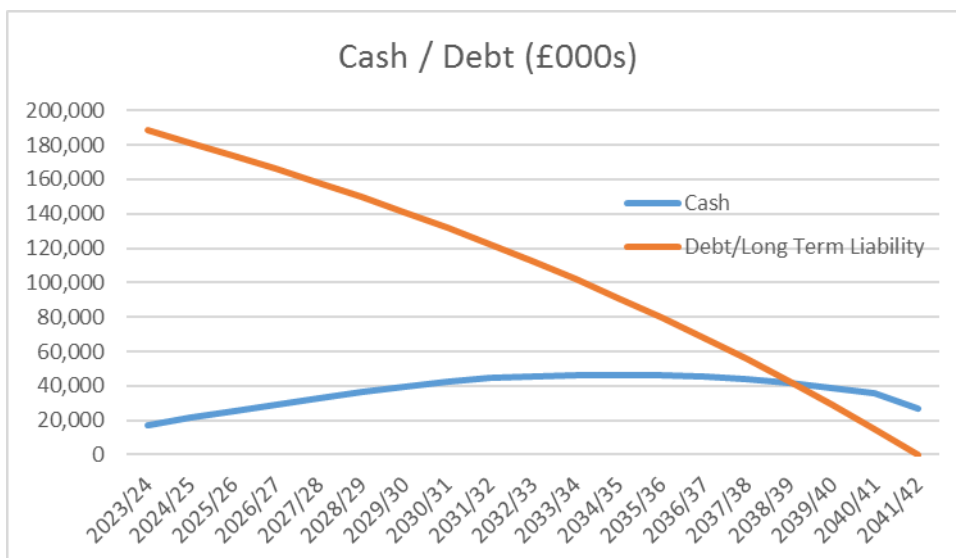
This growth is contained as a result of the way the PPP contract is structured. This is because the first 235,000 tonnes is essentially protected from 90% of the effect of inflation. This significantly dampens the effect of inflation on residual waste costs over the whole life of the contract.

The dampened growth in costs and levies is further illustrated in the medium term in the chart below.



The table above shows an average growth in levies of 1.9% per year over the next 5 years. The change in the chart reflects the high starting point due to 2023/24 inflation (10.6%) and the higher longer term projection of inflation of 3% (compared to 2% last year). In this context, containing the long term growth demonstrates the strength of the Authority’s finances. Boroughs may want to consider using this as an estimate of the increase in the WLWA levies within their medium term financial plans.

Debt / long-term liabilities and cash – The following chart illustrates the movement in the debt / long-term liabilities as they are paid / settled. The repayments commence at a low level and progress at increasingly larger sums, resulting in the debt/long term liability curve. The effect of the financing is reflected in the cash balances which build up in early years and fall in later years.



At the end of the plan, the Authority will be debt free.

Sensitivity Analysis

The two tables below illustrate that the impact of the change in residual waste volumes is the key driver of costs/levies with changes in inflation having a much smaller impact. This is because the effect of inflation is considerably dampened by the long term PPP contract.

Residual tonnages.

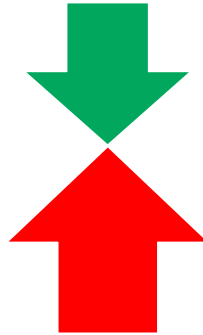
Residual waste growth assumption	Average rise in costs / levies over 5 years
-5%	-3.4%
-2%	-0.7%
-1.5%	-0.2%
-1%	0.3%
-0.5%	0.7%
0%	1.2%
0.5% base	1.7%
1%	2.1%
1.5%	2.6%
2%	3.1%
5%	5.9%

Similarly for residual contract inflation (RPIX).

Residual contract inflation RPIX	Average rise in costs / levies over 5 years
1%	0.7%
2%	1.2%
3% base	1.7%
4%	2.1%
5%	2.6%
6%	3.1%

Budget challenges 2023-24

- Borough waste forecasts
- Indexation growth
- 15% saving on a £50m operational budget = **£7.5m**
- **3 key target areas...**



Budget challenges **Environment Directors' feedback**

Budget deficits are very large in each Borough

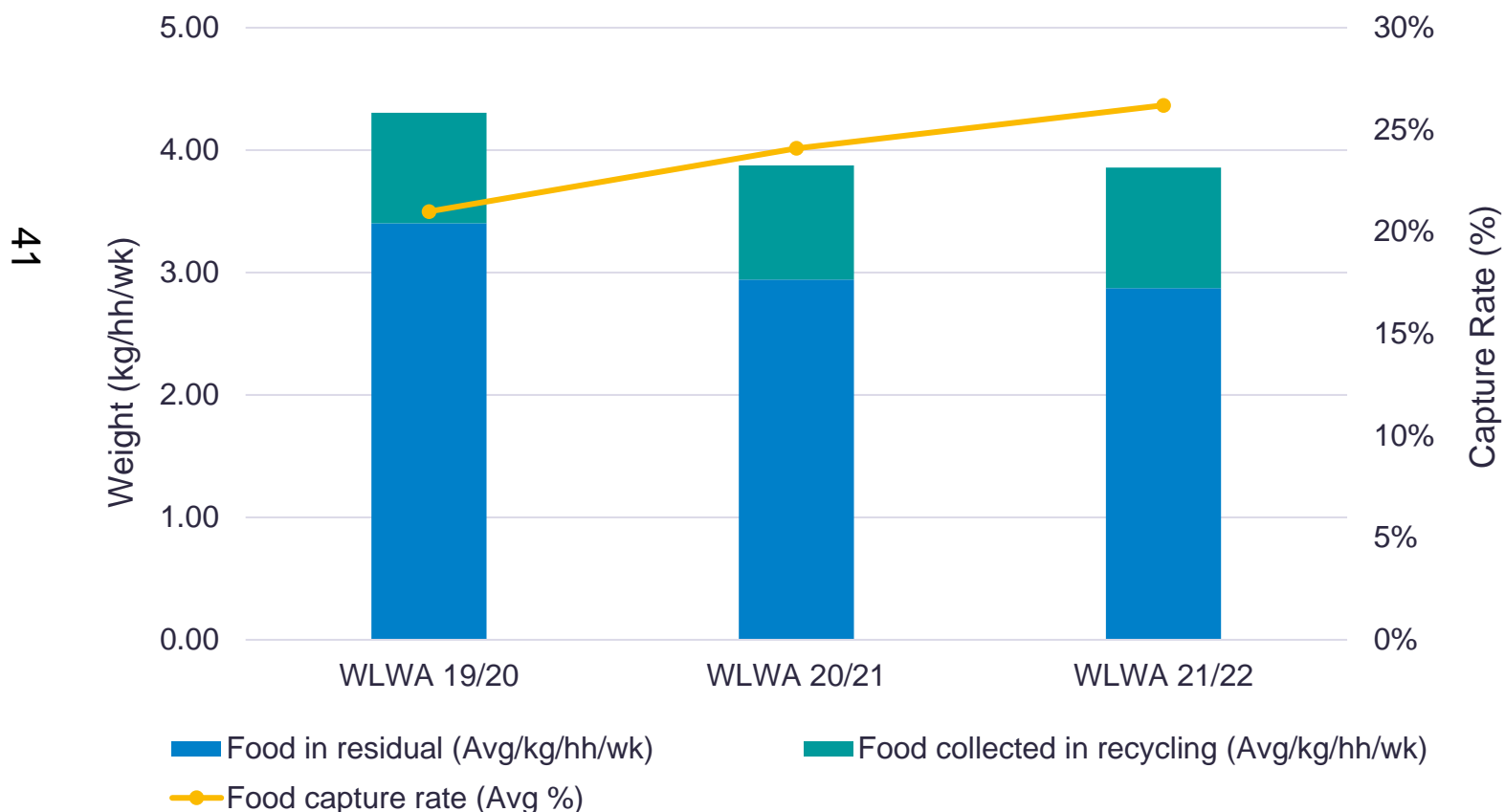
- **Considering transformational changes**
- **e.g. - alt. parking models – commercialising bereavement**

Waste & recycling changes being considered:

- **Reducing frequency of residual waste collections**
- **3 key target areas...**
 - **Reducing street cleansing levels**
 - **Reducing HRRC opening days**
 - **Expanding commercial waste offering**

1) Food

Food waste in the whole west London collection system



Doubling collected food...

£2m

Infrastructure already in place

Early results from 22/23
composition analysis:

- Food in residual the same
- Food collected is down i.e. active users are reducing their food waste.

West London Waste

Treating waste as a valuable resource

1) Food Environment Directors' feedback

Food waste in the whole west London collection system

AGGRESSIVE approaches needed to change behaviours, e.g..

Stickers on residual bins

No additional residual bins

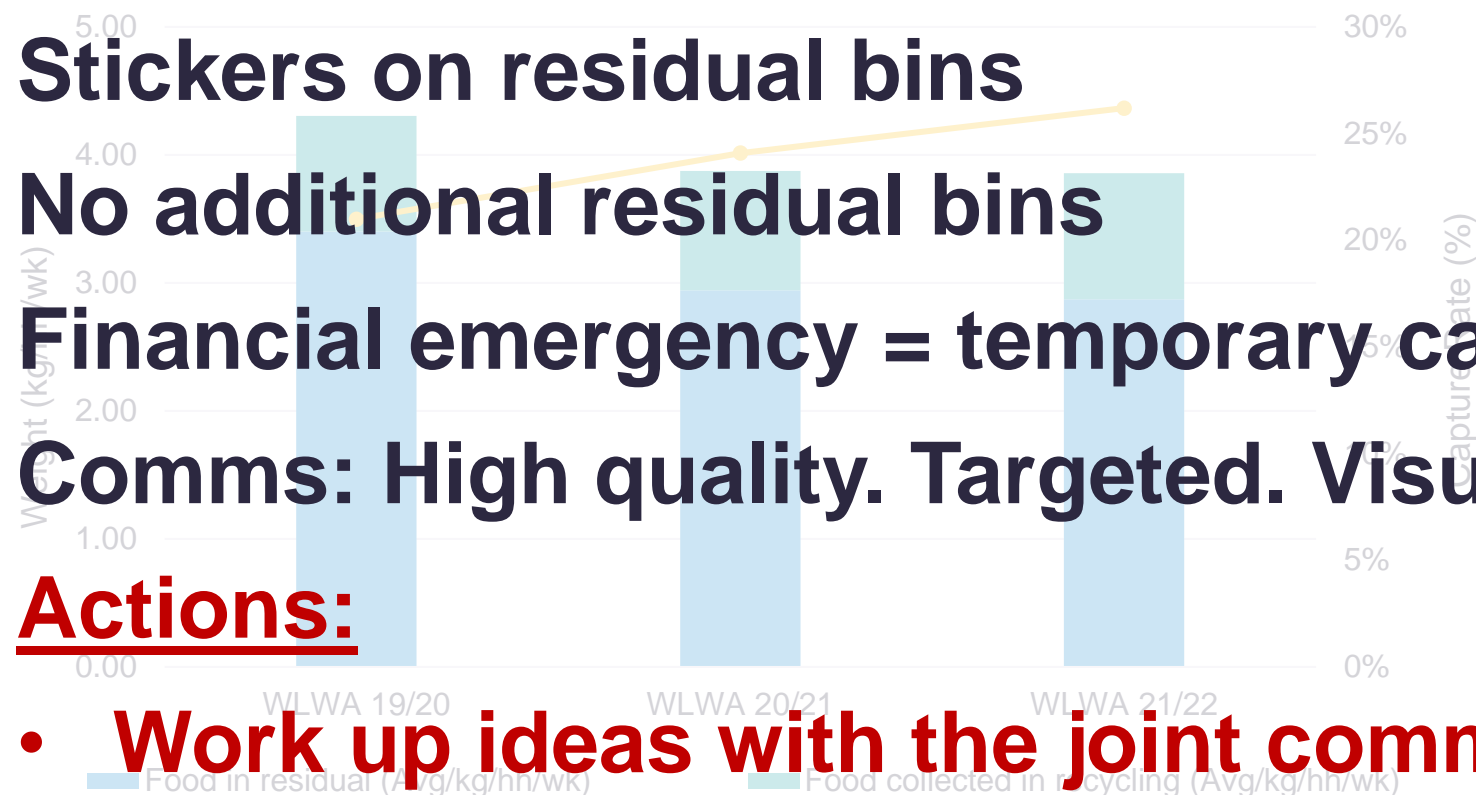
Financial emergency = temporary capacity limits?

Comms: High quality. Targeted. Visual.

Actions:

- **Work up ideas with the joint comms group**
- **Develop ideas with Env Directors & Lead Members**

42



£2m

Infrastructure already in place

Early results from 22/23 composition analysis:

- Food in residual the same
- Food collected is down i.e. active users are reducing their food waste.

2) Dry recycling



43



Cleaning up DMR

£1m

But hard work..
Could deliver through
an integrated
programme

West London Waste

Treating waste as a valuable resource

2) Dry recycling **Environment Directors' feedback**

Difficult but important

Sharing resources could help, e.g. a joint team

Actions:

- Develop ideas with Env Directors & Lead Members**

Cleaning up DMR

£1m

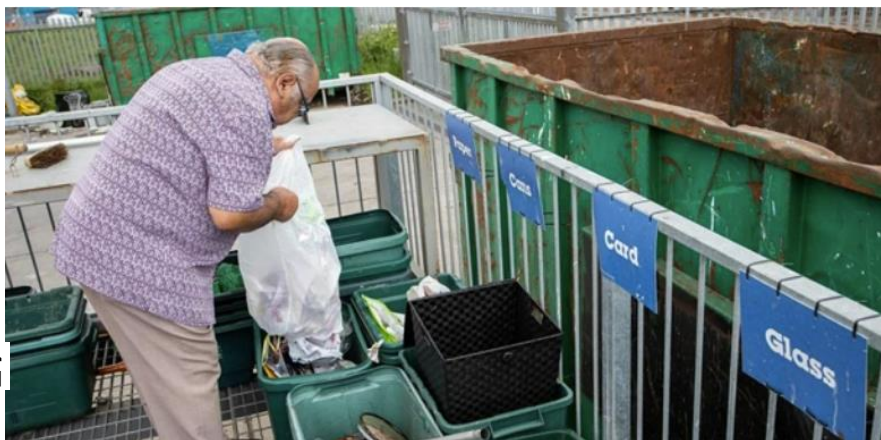
But hard work..

Could deliver through
an integrated
programme



3) HRRC Medley

45



Action	Benefit
Bulky waste segregation	£250k
Rubble separation	£68k
HRRC compaction (haulage improvement)	£18k
HRRC recyclables joint procurement	£150k
Reuse service	£360k
Site trade waste pricing review	£60k
Staff pool (sharing cover staff)	£30k
Black bag splitting	£500k
HRRC fair usage policy	£300k
Street sweepings to mechanical treatment	£200k
Joint procurement (tyres, fuel, containers)	£137k
Maximising payload/co-collecting trade	£276k
Centralised waste data reporting	£15k
Total	£2,364

Note – figures are from 2019 estimates and need updating

3) HRRC Environment Directors' feedback

We need to focus on the big savings areas, e.g.

- Black bag splitting
- Fair usage policies

Deliver through the HRRC Improvement Programme

Actions:

- Env Directors help teams to focus on the big savings

Action	Benefit
Bulky waste segregation	£250k
Rubble separation	£68k
HRRC recyclables joint procurement	£18k
HRRC recyclables joint procurement	£150k
Reuse service	£360k
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Maximising payload/co-collecting trade	£276k
Centralised waste data reporting	£15k
Total	£2,364

Note – figures are from 2019 estimates and need updating

Alternatively... dust off the 2019 joint collections project conclusions

All of the above and more...

~£13m

47



Alternatively... dust off the 2019 joint collections project conclusions

Environment Directors' feedback

Nothing is off the table. We need to re-visit this.

Some key opportunities for joint collection

All of the above and more...

~£13m

48

- **Bulky waste**
- **Flats waste and recycling**

Actions:

- **Update the business case & review the opportunities**



WEST LONDON WASTE AUTHORITY

Report of the Projects Director

2nd December 2022

Projects 23/24 Introduction

SUMMARY

This report provides an introduction on the proposed WLWA programmes for 2023/24.

- Cost pressures across the Boroughs and Authority require significant change and investment
- The three WLWA programmes are designed to deliver savings and greater financial stability
- The greatest element of cost in the waste system is the divertible material in the residual waste

RECOMMENDATION(S)

- 1) *Approve the initiation of the WLWA 23/24 Programmes before April 23*
- 2) *The Authority is asked to note the information within this report*

1. Introduction

This report is an introduction to the main programme areas proposed for the 2023/24 budget with a recommendation for the governance of the programme.

The Authority and the Boroughs are facing significant challenges in the next three years through increasing inflation impacting contracts and operations as well as legislative change across the waste system. These impacts affect both collection and disposal elements of the services and such require a partnership approach to mitigate risk and take opportunities.

The programmes introduced in this report are designed to create the financial stability required for the Boroughs and the Authority by addressing the greatest cost to the service, the composition and volume of residual waste.

The aim of the programmes is to create benefits through efficiency and waste reduction whilst building a robust data to measure current performance and model future changes required to meet the 2030 waste and carbon targets of the Authority and Boroughs.

2. WLWA 23/24 Programme

WLWA are proposing to deliver change and investment across the waste system to generate savings and service efficiency. The change programmes have been developed and costed in the budgets for the next three years commencing in April 2023.

The three programmes are;

- **Digital Twin**
- **Social Value and Reuse**
- **Communications**

2.1. Digital Twin

The WLWA smart cities policy objective is that by 2030 west London service provision for residual waste, recyclables and materials must be efficient, dynamic, fully utilised and generating income where possible. Residents will be fully aware of their local services and engaging with them correctly because they're easy to use, they can identify the materials for separating and they understand the benefit to them and others of

participating. This project will begin the journey to a carbon neutral west London where waste is treated as a valuable resource.

The objective of this project is to create a digital twin of on the ground waste and recycling services and achieve rapid decarbonisation and cost savings for Boroughs through data led efficiency savings. The Project will be evaluated over 3 years and will identify future annual costs and savings in the next steps.

Output: Online digital twin of on the ground services, real time dynamic links to measure the current performance of these services, model efficiencies and / or model future efficiencies or challenges such as the impact of EPR, DRS, Consistency regulations, population growth, changes in recycling behaviour, collection systems for hard to recycle items etc.

Links: This project is intrinsically linked with the Communications Project which will create data and scenarios for the modelling of public engagement with the services. The Net Zero Planner (Social Value and Reuse Project) is needed to support this project part time.

2.2. Social Value and Reuse

The WLWA HRRC policy objective is that residents shall receive an enhanced service through consistency of service with information about services offered at a resident's nearest site clear and transparent, active travel should be encouraged for wherever it can be achieved, we must enhance the re-use element of HRRCs and the sites should add value to the local community. Understanding that each site has different constraints, to be acknowledged and considered when developing collective infrastructure and development decisions shall actively consider the wider sustainability agenda.

The objective of this project is to increase separation of materials, innovate new handling and storage methods to retain the value of the item not just the material it is made from. The project will deliver immediate changes to existing infrastructure and measure the social and financial value of circular economy projects. We will test our ability to invest directly into Borough sites not owned by WLWA and measure the co-benefits of efficiencies. The project will test service resilience to change.

Output: Procured support bringing online sales experience and offtake capacity from the waste sector. Increased capacity for every HRRC site to do more separation of materials. Signage in every HRRC to promote the increased separation of specific materials eg the Fixing Factory laptop. Establishing circular economy hubs at Abbey Road, Victoria Road and Harrow School for the north of the area (and TBC Space Waye and Stirling Road for the south of the area).

Links: This project is intrinsically linked with the Communications Project which will capture data to better understand the impact of these new services on public engagement with the climate action and understanding of waste as a resource. This project will use HRRC and bulky waste collections booking system data to inform decision making and innovation. The Digital Twin project will inform future infrastructure development for phase 2 of this project.

2.3. Communications

The objective of this project is to test citizen knowledge and attitudes to recycling services. It will create content to provide more and better information on some of the more complex issues and test knowledge and attitudes again at the end. Recycling, reuse, social value and waste data will also be used to evaluate the project.

Food waste recycling is the service that most citizens don't use (Appendix 1). Persuading every household to recycle food waste will reduce waste, reduce cost, increase recycling and contribute to global and UK decarbonisation. It will result in cost savings for citizens, Boroughs and WLWA. Cost savings for WLWA and Boroughs means more money available to invest in other recycling services. We want to normalise food waste recycling and ban food waste from the bin.

Plastics recycling is extremely complex, some plastics are technically and economically easy to recycle, some are very difficult. Most plastics are made from fossil oil which is environmentally damaging. The producers of plastic packaging want to make more and have us recycle more plastic, the public attitude appears to be for less plastic.

Textile recycling is low volume but high value of both cost and carbon. Textiles are rapidly becoming as complex as plastics with 100s of grades of different material, from eg cotton, wool, mixed fibres to types of plastic. We want to prevent textiles from going in the bin.

Electricals and batteries - Large electrical items are predominantly recycled if taken back in store or to HWRCs but a) small electrical items find their way into the bins and b) we need to preserve the value of the product through reuse. Electricals and batteries in ^{to} 50 in cause fires and are environmentally damaging.

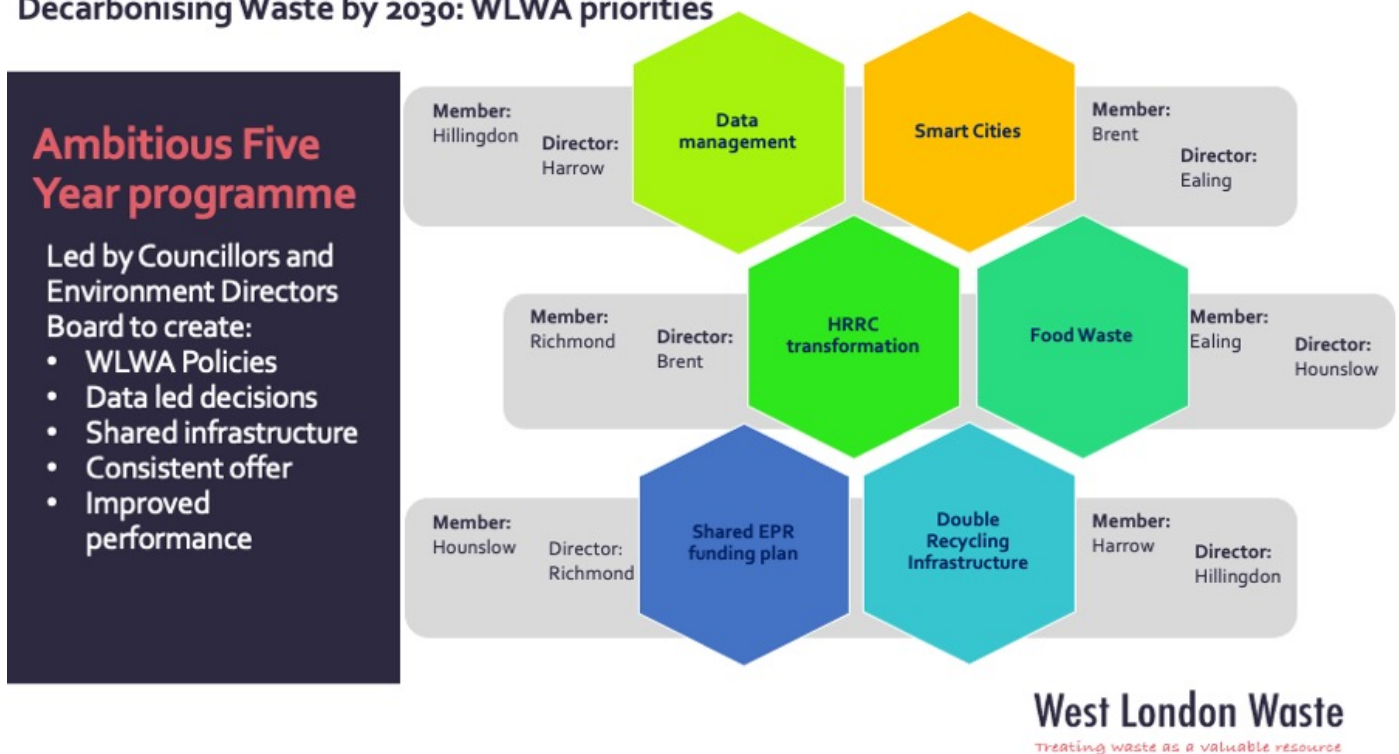
Output: Baseline citizen knowledge and understanding of complex recycling systems and the links with climate change. Create and deliver content designed to significantly increase citizen knowledge and attitudes. Baseline again and review the waste and recycling statistics and outcome of the social value and reuse project.

Links: This project will test public awareness of the Re London food waste campaign, Borough recycling messages, the social value and reuse project at the beginning and end. It will build upon the burgeoning Joint Communications Board and develop strong cross Borough messages. The project will provide data and information to inform the digital twin project. It relies on using some MI specialists time employed on the Digital Twin project.

3. WLWA six project areas

WLWA have already established six key areas (figure below) in the development of the five year programme. The three programmes detailed in this report cross over some project areas but mainly fall with the Smart Cities (Digital Twin), HRRC transformation (HRRC and Social Value) and Data management/Food waste (Joint Communications).

Decarbonising Waste by 2030: WLWA priorities



The outputs from the three programmes during the next three years will feed into the Data management project and inform the design of the required additional recycling infrastructure. The Digital Twin work will create the basis for the modelling and impacts of the EPR funding plan as additional information is forthcoming on the detail of the legislative changes.

The breadth of the programmes and the whole system approach to deliver and benefits requires significant partnership working with the Boroughs in a similar manner to the food waste investment. This creates complexities, as experienced in the food investment, in the delivery and measurement of the benefits and returns, the majority of which fall directly to the Boroughs.

Based on the lessons learnt from the food waste investment we are discussing the preferred governance structure for the reporting and measurement of the programmes with the Environment Directors. The Projects Director will come back to the Authority with a recommendation on governance structure.

4. Risk

New legislation and details regarding EPR, DRS and the Environment Bill, that will impact on all waste services are expected soon. Officers are seeking to identify potential impacts are factor these in during the development of all projects.

This includes significant work on data and collections systems to help inform on whole system impacts of future legislative such as consistency of collection. Due to the nature of the programmes Boroughs will be required to provide regular detailed data on the associated benefits to capture the whole system impacts of the investments.

5. Financial Implications

WLWA have set out the investments and returns in the proposed budget. These will be measured against programme specific Key Performance Indicators (returns, carbon, social value etc.) and reported regularly through the proposed governance structure.

The proposed investment has been fully funded through the excess revenue generated from the WLWA PPP contract. The cost over the next three years is c.£2,815k with current estimated Borough and WLWA returns of £5,400k over the term.

WLWA officers are working on initiating the programmes during the current 22/23 financial year but there will be no impact to current budgets with all costs starting in Apr 23.

WLWA projects are designed to test and change the whole system to deliver benefits financially, environmentally and socially. Due to the whole system approach, there are aspects of the delivery and returns that require significant partnership working and multiple stakeholder changes, as such absolute returns are modelled, risk assessed and tracked but cannot be guaranteed.

6. Staffing Implications – To deliver the programmes introduced in this report the Projects and Circular Economy team will need to be restructured. This will be designed and completed by March to start the delivery of the programmes in line with the budget from Apr 23.

7. Health and Safety Implications – The programmes introduced above require development of operational sites and as such will have implications for Health and Safety. Many of the operational site changes have already been implemented and tested at Abbey Road and the WLWA Operations and Projects Teams will support the delivery of the Borough teams.

Additional Health and Safety training is being planned for the team to ensure all members are informed to a standard to help raise awareness on site visits.

8. Legal Implications - none

9. Joint Waste Management Strategy

The projects mentioned in this report are intrinsically linked to the Authority's Joint Waste Management Strategy and Business Plan.

The West London Environment Directors have established four priority areas over the next two years as detailed in the WLWA Business Plan paper and summarised below.

- Bringing the Community with us (Behaviour change)
- Sustainable Decision Making across West London
- Climate adaptation and Decarbonisation
- Dealing with Financial challenges whilst delivering on Climate Change

The Environment Directors key priorities align with the WLWA Budget programme with investment and delivery across three areas. The Environment Directors priorities align as follows;

	Behaviour Change	Sustainable Decision Making	Climate adaptation and Decarbonisation	Dealing with Financial Challenges
Smart Cities		Digital twin	Fleet resource optimisation/planning	Efficiency Rerouting
Social Value and Reuse	Circular Economy	Social Value	HRRC investment	Waste reduction
Joint Communications	Resident engagement			Waste reduction

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Food Project Update

SUMMARY

This report provides an update on the WLWA investment in Borough food waste projects.

- Waste composition completed including assessment of food waste
- There has been an overall reduction in food waste arising
- There has been a small reduction in the capture rate of food waste
- There has been a reduction in the kg/household/week in both food and the residual streams

RECOMMENDATION(S)

- 1) *The Authority is asked to note the information within this report.*

1. Introduction

WLWA have invested £3M into the six Boroughs to deliver food waste services change. The return on this investment is measured in the absolute tonnage of food collected separately as well as measuring the associated waste reduction against previous performance.

The reduction in food waste needs to be measured in conjunction with the volume and composition of the residual waste as most of the food disposed of in West London flows through our residual stream and not the separate food waste service. WLWA are currently working with the Boroughs on the results from the latest waste composition analysis and we have updated the WLWA results as follows.

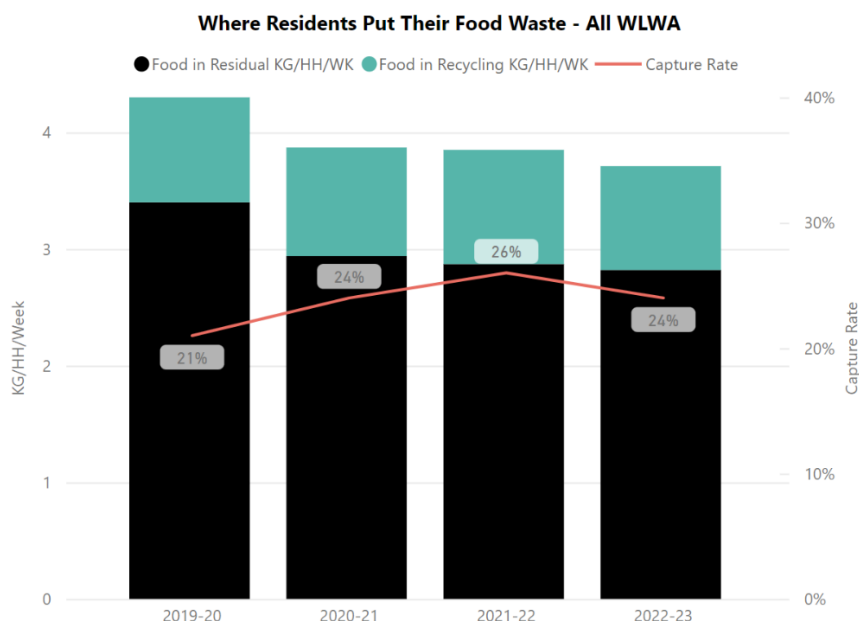
2. Waste Composition Analysis

The 2022 waste composition analysis has been completed by Integrated Skills Ltd (ISL). The sampling of the residual waste took place towards the end of September. To ensure consistency of methodology ISL also revisited the data from WCA in 2020 and 2021 so that we have a consistent dataset. Officers are working with ISL and Boroughs to finalise the figures and establish the service context for the results. WLWA Average composition detailed in Appendix 1.

2.1. Target materials in the residual

Food waste- food waste remains the highest proportion of the residual waste at c.34%, greater than the volume of waste that should be in the residual waste (Non-recyclable combustible 26%). This is very similar to the last analysis in 2021.

The graph below shows the change in capture rate (percentage of separate food waste to food in the residual) and the average kg/household per week of food since 2019.



Food waste capture yield – The total food waste arising in the residual waste per household (c.3kg/HH/wk) remains approximately 75% of all food waste disposed of through the West London Waste system. The remaining c.25% is captured in the correct separately collected food stream.

The gross volume of food waste has fallen for the four waste composition results as has the net volume in the residual despite a slight reduction in capture rate.

Borough specific performance on capture and yield can be seen in Appendix 1 and further work is being done to establish trends and potential interventions.

3. Risk

Continuing delays in the delivery of food waste business cases continues to threaten the returns modelled.

4. Financial Implications

WLWA have delivered the £3M investment across the Boroughs with the return measured across five years.

The latest waste composition analysis demonstrates further waste reduction, with an annualised estimate of an additional c.£247k saved in residual waste and food treatment costs compared to 2021/22.

Officers are working with Boroughs and the Waste composition provider to refine the returns for each Borough to be reported back to the Authority meeting in March 23.

Due to the whole system approach, there are aspects of the delivery and returns that require significant partnership working and multiple stakeholder changes, as such absolute returns are modelled, risk assessed and tracked but cannot be guaranteed.

5. **Staffing Implications** – Projects and Circular Economy Team have recruited maternity leave cover for two posts on fixed term contracts.

6. **Health and Safety Implications** –All fieldwork has been risk-assessed for the tasks to be completed. To improve the way, the H&S is addressed across all third-party projects, we are currently developing a protocol / workflow to map out how to address H&S and engage with the H&S advisor(s).

Additional Health and Safety training is being planned for the team to ensure all members are

informed to a standard to help raise awareness on site visits and project operations.

7. Legal Implications – none

8. Joint Waste Management Strategy

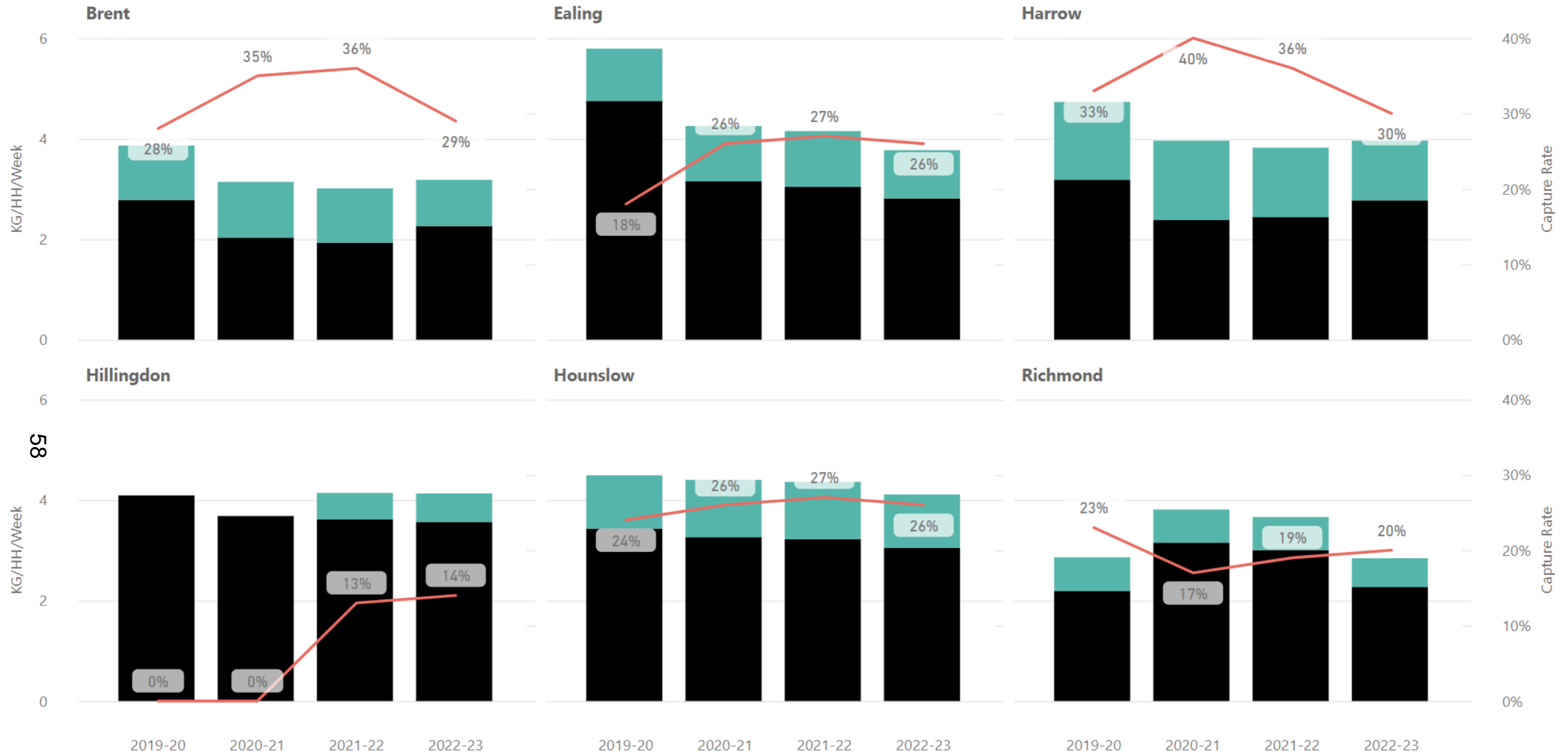
A key factor on the Joint Waste Management Strategy is the 65% recycling target in 2030. Food waste, as the largest contributor to residual waste, needs to be the primary driver of increasing rates.

The food waste project is intrinsically linked to the Authority’s Joint Waste Management Strategy and Business Plan. The projects are driving the design of the new polices and programmes through data, best practice and identification of opportunities, as well as delivering change to meet the desired outcomes and targets in the Strategy and the proposed Budget.

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Where Residents Put Their Food Waste

● Food in Residual KG/HH/WK ● Food in Recycling KG/HH/WK — Capture Rate



WEST LONDON WASTE AUTHORITY

Report of the Head of Service Delivery & Operations Manager

2 December 2022

Contracts and operations update

SUMMARY

This report provides an update on the Authority's waste treatment arrangements and procurements. The key points are:

- The Authority's largest contract, which involves sending non-recyclable waste by train to an energy recovery centre, is operating well despite challenges from ongoing strike action.
- The loss of two mobile plant operatives at the Abbey Road site has presented resourcing challenges, but the site continues to deliver improvements.

RECOMMENDATION(S) The Authority is asked to:

- 1) Note the information within this report.

1. Introduction

This report provides an update on WLWA's existing contracts and operations for managing west London's waste.

2. West London Residual Waste Services contract

This contract is with West London Energy Recovery Limited (WLERL) and is operated by Suez. It involves the acceptance of waste from Boroughs at west London transfer stations, from where most of the waste is compacted into containers and transferred by rail to Severnside Energy Recovery Centre (SERC) for thermal treatment and energy recovery. It is the Authority's largest contract, handling over 300,000 tonnes of residual waste each year, with a value of around £35 million per year.

The contract continues to perform very well against its Key Performance Indicators (KPIs) for the current year-to-date, where a landfill diversion rate of 99.9% (target 96.1%) was achieved along with a recycling rate of 5.2% (target 2.1%).

Since the last Authority meeting, the Contractor has had fewer rail strikes to contend with. Strikes led to cancelled trains on 14 to 17 October, and the threat of strikes in early November (which were eventually called off), still led to reduced services in the week commencing 7 November. At the time of writing, a further strike is scheduled for 26 November and an agreement between the unions and the rail companies does not seem likely soon. The Contractor has managed the impact of rail strikes well, with little disruption to services. Officers are working with the Contractor to ensure that contingency arrangements continue to be fit for purpose in the medium to long term.

There is no planned industrial action for Borough waste collections and the risk of such strikes appears to have decreased.

Improvements are progressing well at the waste transfer stations with the new fire suppression system at Transport Avenue now fully operational, and the cranes at Victoria Road now operating more reliably following electrical upgrades.

3. Viridor residual waste contract (Lakeside)

This contract is for 90,000 tonnes a year of residual waste which is thermally treated at Lakeside energy recovery centre near Slough. The contract is operating well and received additional waste during the rail strikes. Deliveries to Lakeside have been reprofiled for the remainder of the year to ensure that the 90,000-tonne limit is met.

4. Food waste contract

The food waste contract with Biocollectors continues to operate well. A recent composition analysis of residual waste gives the latest picture of how much food is in the residual waste stream. This is described in the Projects Update.

5. Green waste contract

The new green waste contract with West London Composting (WLC) was mobilised on 1 May and has been operating very effectively. The contract is back to normal operations following a fire at WLC's composting site in Harefield on 12 September.

6. Transport contracts

The Authority lets two waste transport contracts:

- One for transporting non-recyclable waste from Borough waste transfer stations and Dry Mixed Recycling (DMR) collected by Ealing, typically using bulk haulage vehicles, operated by Waste-A-Way Recycling.
- One for the removal of segregated materials from Borough HRRRC sites in roll-on roll-off (RoRo) containers, operated by Suez.

Both contracts are operating well. The bulk haulage contractor continues to refine its schedule of collections from one of the Borough sites to ensure it works well for all parties.

7. Dry Recyclables

The contract is operating well, and there are no operational issues to report.

8. Abbey Road HRRRC and Waste Transfer Station (WTS)

Abbey Road HRRRC and WTS is managed by WLWA, and the HRRRC is run on behalf of Brent.

September's version of this report described a collision between a Loading Shovel and a 360 Grab on the WTS which caused damage to the vehicles. An investigation has since determined that the driver of the loading shovel was guilty of gross negligence and has since been dismissed, subject to appeal.

On 23 September Richard Gallagher, a mobile plant operator seconded from Suez, sadly died at home of a heart attack. Richard was well liked and respected by colleagues at WLWA and Suez, and his loss will be felt deeply by all who knew him.

As a result of the loss of Richard and the dismissal, the site is short of mobile plant operators, and agency staff have been employed to provide cover with experienced staff from other parts of the site providing support. Recruitment is ongoing but proving challenging, particularly for mobile plant operators. After a prolonged search, a vacancy for a Waste Minimisation Operative has been filled and a new Operations Data Officer has been appointed subject to pre-employment checks.

Despite staffing challenges, the site continues to deliver invest-to-save improvements including the installation of solar panels on the workshop roof, which will reduce the site's carbon emissions and costs over time.

9. HRRRC Improvement Programme

At the start of this financial year, WLWA made £200,000 available to each Borough to make improvements at HRRRCs. Improvement works have started at Ealing and Hounslow's sites and

plans are being developed for Richmond, Harrow and Hillingdon. Abbey Road HRRC (on behalf of Brent) will be trialling black bag splitting to further increase the capture of recyclables that would otherwise have gone to energy recovery. This approach has been highly successful in other parts of the country, and lessons from the trial could be rolled out to the other HRRCs. The WLWA HRRC improvement team is also developing a business case for separating bulky non-recyclable waste from black bags to reduce the amount that needs shredding. This has been successfully demonstrated at Abbey Road and Richmond's HRRC and leads to lower cost, less carbon, and the reduced risk of fires from shredding flammable materials.

10. Health and Safety Implications

Risk assessments are being fully reviewed to account for outcomes from the investigation of the above incident at Abbey Road.

New staff at Abbey Road, including agency staff, will be fully inducted to work safely on the site.

11. Financial Implications

Upgrades to the cranes and fire suppression systems at the waste transfer stations will be financed by the Contractor.

Under the WLERL contract, any increased haulage costs, or gate fees at alternative energy recovery centres will be borne by the Contractor. However, if alternative energy recovery centres or landfill sites are used, WLWA will miss out on a contract rebate for this material. WLWA may also miss out on a share of third party waste income from SERC if the plant is unable to be run at full capacity.

Increased use of agency staff to cover vacancies at Abbey Road will be financed through savings made at site, including from increased trade waste income.

Please refer to the Finance Update for a summary of the current position against the budget.

12. Staffing Implications

None.

13. Legal Implications

None.

14. Joint Waste Management Strategy Implication - The contracts mentioned in this report meet the Authority's Joint Waste Management Strategy policies, as described in Section 1.

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WEST LONDON WASTE AUTHORITY

Report of the Head of Service Delivery and Operations Manager

December 2022

Health & Safety: Annual review of performance in 2022 and the plans for 2023

SUMMARY

This report reviews the Authority's Health & Safety arrangements for the calendar year **2022**, presents the Authority's Health & Safety Plan for **2023**

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the Annual Health & Safety Performance Review 2022 and Action Plan for 2023 (Appendix 1)

1. Introduction

The Authority has Health & Safety duties and responsibilities which are detailed in a range of Health and Safety legislative requirements. This includes the development and management of the Authority Health and Safety Policy, as well as supporting procedures and associated guidance documents. The documented system is subject to an annual review which happened at the previous Authority meeting in light of changes related to Young Persons.

This report reviews the Authority's Health and Safety performance in 2022, including a review of the 2022 action plan and a provides a new action plan for 2023.

The reporting period for Health and Safety is January to December.

2. Performance review and action plan

Appendix 1, the annual performance review and action plan shows:

- An assessment of performance in 2022 compared to the year before
- A summary of the actions completed in 2022
- A draft action plan for 2023

There were four incidents/accidents in 2022, which represents a decrease against the seven reported in 2021. This reduction is related to fewer customer driving incidents due to improved controls on the site. There was one RIDDOR incident related to a member of staff driving a private vehicle on company business, although the staff member was not at fault.

Completed hazard cards have increased from 115 in 2021 to 150 in 2022. This shows improved use of the system, although it is not being fully utilised by all employees.

Good progress was made against the 2022 action plan with only two actions (H&S corporate training and a lone working programme) being rolled over into 2023. In addition to these points, the 2023 action plan focuses on hazard reporting, further support to circular economy activities, active travel and support to Borough sites.

- 3. Financial Implications** - The work delivered in 2022 is within the budgeted amount of £60,000.
- 4. Legal Implications** – There are no legal implications because of this report.
- 5. Impact on Joint Waste Management Strategy (JMWMS)** – Health & Safety will impact on and be influenced by all the JMWMS policies, but in particular: Policy 7: The West London Waste Authority and constituent Boroughs will seek to provide waste management services that offer good value, that provide customer satisfaction and that meet and exceed legislative requirements.

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Report Date: 16/11/2022

Compiled by:
Joseph Kerin LLB AIOSH
Universal Safety Practitioners Limited

Annual Health & Safety Performance Review 2022 and proposed Action Plan for 2023

Executive Summary

This annual report details the good progress made against the health and safety initiatives agreed in the 2022 Action Plan, as well as the dynamic development of the agreed actions, with enhanced health and safety works.

The report also details the ongoing initiatives identified by West London Waste Authority in their proposed Action Plan for the period January to December 2023, as part of the organisation's continued efforts to strive for best practice in the field of occupational health and safety risk management across the organisation.

The initiatives detailed in the 2023 Action Plan continue to be driven through the process of risk assessment, helping to ensure safe systems of work are fully developed and implemented through a programme of information, training and supervision; as detailed in the headline requirements of the organisation's Health and Safety Policy and associated supporting guidance documents.

2022 H&S Performance

2022 saw a positive development in the organisations management system with the introduction of 'Safe Working Guidance' documents, which has provided all staff at their operational site with granular detail in respect of how to conduct specific tasks, taking information contained from the relevant risk assessments, including the risks and applicable controls.

In respect of incidents/accidents recorded, 4 incidents/accidents were recorded in 2022 (*Appendix 4*). This is a reduction compared to the 7 recorded in 2021 (*Appendix 3*). 4 of the 7 incidents recorded in 2021 related to customer driving on site. In comparison, there has been no incidents in respect of customer driving in 2022. This is due to the greater degree of supervision being provided by the staff on the organisations operational site. The number of incidents relating to staff driving remains the same (2), however remains relatively low, considering the degree of staff driving that is conducted at the organisations operational site. There was 1 RIDDOR reportable accident in 2022, which related to a member of the organisation being involved in a Road Traffic Collision, not of their making.

The organisation's hazard reporting system continues to go from strength to strength. There were a total of 150 hazard cards raised during 2022 (*Appendix 2*), which is a comfortable increase on the amount of hazard cards raised in the previous year of 115 (*Appendix 1*). That being said, the amount of hazard cards being raised typically are being raised by the same members of staff. There are some development works required to ensure that more members of staff begin reporting hazards spotted at the operational site.

Over 83% of all hazards spotted on site related to 'unsafe behaviour/act' of customers to the site. A positive level of work has been undertaken to ensure that customers to the site conform to the relevant site rules, which has seen a curtailment in the number of hazards being classified as

'unsafe behaviour/act' during the latter months of 2022. We hope that this figure drops during 2023.

A good deal of time and resource has been apportioned to the various Circular Economy initiatives. More work is required to ensure that Health and Safety is considered at the very outset of every Circular Economy initiative, to ensure that all applicable risks are captured from the outset.

Overall, the organisation continues to make positive steps in respect of the development, implementation and enhancement of Health and Safety documentation and initiatives.

Progress made against the 2022 action plan

As detailed in the table in figure 1, all Action Plan initiatives for 2022 have been completed with the exception of:

1. Development of H&S knowledge for identified managers and chargehands to IOSH Managing Safely and IOSH Working Safely courses.
2. Develop a programme for lone and transient working throughout the organisation

In respect of the IOSH Managing Safely and IOSH Working Safely courses, conversations are taking place from within the organisation in respect of whether to place members of staff onto these accredited courses, or have a bespoke, waste related Health and Safety course developed.

In respect of the programme for lone and transient working, the organisation already has in place a lone working guidance document, which is being adhered to by the organisation. Conversations have taken place in respect of wider documentation (in the form of information and toolbox talks) around the importance of adhering to this policy, personal safety tips as well as the importance of face-to-face meeting and the effects of working alone. These will shortly be created and implemented throughout the organisation to close out this action.

One item was removed from the 2022 action plan in respect of the creation of Covid-19 guidance documentation. This item was introduced into the action plan during the Covid-19 pandemic. When the UK government began lifting Covid restrictions, it also confirmed that organisation no longer needed to consider Covid-19 as a standalone risk, which had not been the case previously. As a result, this was removed, can be reconsidered should government advice change.

Figure 1



What We Have Achieved

Specific Detail on Completed 2022 Action Plan Initiatives

High-level review of all operational Risk Assessments and development of enhanced ‘Safe Working Procedures’ for all operational activities.

To enhance the current Health and Safety Management System, we introduced a further level of Health and Safety related documentation entitled ‘Safe Working Guidance’. These Safe Working Guidance documents sit underneath and operational Risk Assessments. They are written in a more colloquial style, highlight the associated risks and controls from the relevant Risk Assessments and provide a step-by-step process to completing certain operational activities. An associated matrix and sign-off sheet have been produced, to ensure that staff read and sign to confirm their understanding of the contents of these documents.

Review and refinements of the site induction information process

Upon review of the organisation operational sites induction document, it became apparent that it was mainly targeted to traders and visitors to the site, and that there was not the existence of a more enhanced induction document, which built upon the existing one, which could be used for new starters to the organisation. This has been reviewed, enhanced and implemented accordingly for the benefit of new starters to the organisation.

Health and Safety Support to Circular Economy initiatives

USP has provided a large degree of support in respect of the organisation’s Circular Economy initiatives, notably, the organisation’s ‘Fixing Factory’ initiative, by providing advice and support to West London Waste, and partnering organisations, to ensure that the initiative is carried out in a safe compliant manner.

Expansion of the current Health and Safety Forum within WLW to include representation from other regional boroughs and partnering organisations.

To ensure best practice in respect of Health and Safety throughout the wider regional boroughs and partnering organisations, we have developed the Health and Safety forum, which has included representatives from many other sites from other boroughs in the region. This initiative involved the development of a ‘Terms of Reference’ document, clearly outlining the objectives of the forum, and those attending. These forum meetings will be held on a quarterly basis, and we

can confirm that this has received positive feedback from all those who were in attendance at the first meeting.

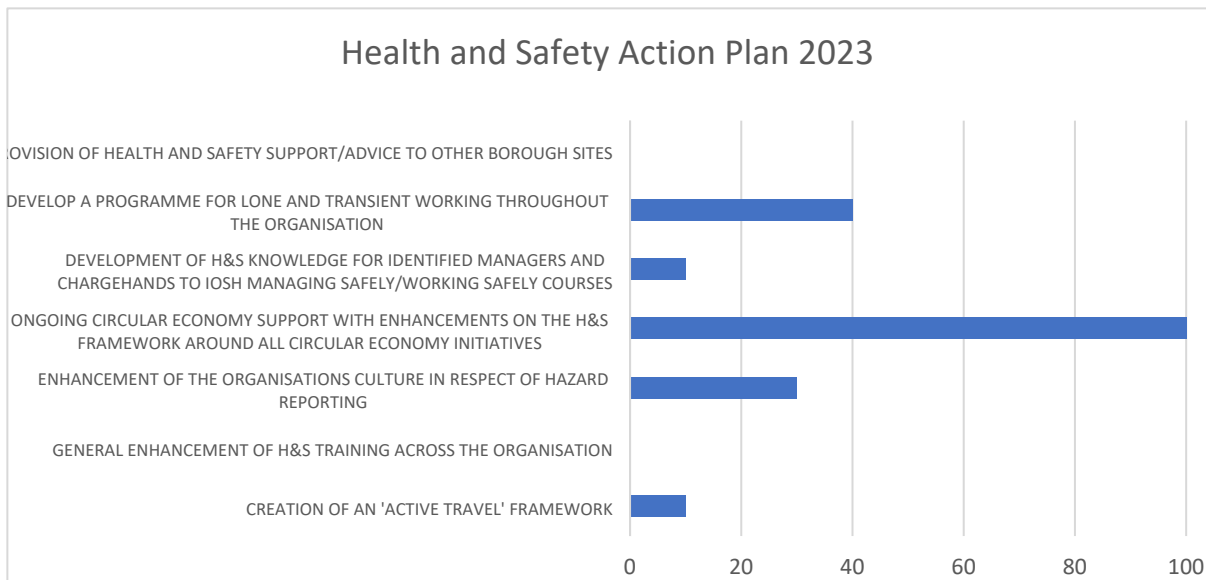
Development of a Mental Health and Wellbeing Programme Specific to Health and Safety

In conjunction with the organisations HR Manager, we have created specific Mental Health and Wellbeing documentation, information, training and poster campaigns. We are still to set a date for staff members to undertake 'Resilience' training, which is scheduled for the early months of 2023.

Health and Safety Action Plan for 2023

The below figure outlines the organisations 2023 Health and Safety action plan initiatives. The initiatives contained in the 2023 action plan have been as a result of conversations with various members of the organisation, to ascertain areas where the organisation would like to see improvements, as well as areas that USP believe should be included as part of the organisations focus for 2023.

Figure 2



Health and Safety Action Plan 2023

Ref	Action required	Person(s) Responsible	Agreed Timescale	Further action details	Progress against action	Percentage completion
1	Development of a programme for lone and transient working throughout the organization.	H&S Advisor.	Jan23	The creation and implementation of information to all those who have a lone working and transient working aspect to their role.	The organisation already has in place a lone working guidance documents. Meetings have also been held with some senior managers within the organisation, to ascertain what members of the workforce within their immediate area of responsibility do in respect of lone working, in order to identify areas where improvements can be made.	40%
2	Development of H&S knowledge for identified managers and chargehands to IOSH Managing Safely / Working Safely courses.	H&S Advisor. Management Team.	Jan23	Depending on the outcome of the cost benefit analysis, the following actions will need to be conducted: <ul style="list-style-type: none"> - IOSH Managing Safely/ Working Safely: book in these courses with a course provider. - USP internal course: create a bespoke training course package. 	A cost benefit analysis has been drafted by ourselves and sent to the applicable managers within the organisation, providing the pro's and con's for the IOSH Managing Safely/Working Safely against a bespoke course created by USP.	10%

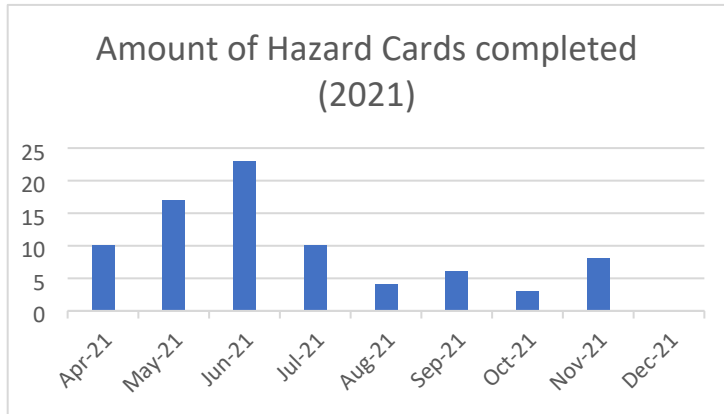
3	Ongoing Circular Economy support with enhancements on the H&S framework around all circular economy initiatives.	H&S Advisor	Ongoing	<p>We will continue to support the organisation in respect of its circular economy initiatives. The degree and type of support will be dictated by the organisation's initiatives as they come through within the period of this action plan.</p> <p>It has been brought to our attention that there will be some work required around Circular Economy Hubs and Pop-ups and we will need to enhance the current Circular Economy framework to ensure that these are conducted in a safe and compliant manner.</p> <p>Furthermore, we have been informed that the organisation's current circular economy initiatives will be expanded to other sites within the area. We will fully support this expansion, to ensure that all circular economy initiatives undertaken on any of the sites applicable, is carried out in a safe and compliant manner.</p>	The progress against this action plan item will be dictated by the types of Circular Initiatives which come to the fore during the period of this action plan.	Ongoing
4	Enhancement of the organisation's culture in respect of hazard reporting.	H&S Advisor	Feb23-March23	<p>Conduct Health and Safety Culture training in respect of the importance of reporting.</p> <p>This will also be backed up with Toolbox Talks further identifying the important of reporting any hazard spotted on site, as well as how to complete a hazard card.</p>	<p>We have previously created for the organisation a 'Health an Safety Culture' training module which was shelved to make way for other operational training requirements.</p> <p>We have also enhanced the monthly hazard report which goes to members of the Senior Leadership Team to include trend analysis on repeated hazards spotted on site,</p>	30%

					<p>allowing for a specific review on these items to be conducted.</p> <p>We have also asked for the staff at Abbey Road to print and place each monthly report on the H&S notice board in the canteen, which can be read by staff at their leisure.</p>	
5	General enhancement of H&S training across the organisation.	H&S Advisors	Jan23-June23	Create and deliver a variety of training modules dependent on the roles of individuals within the organisation, providing staff with a more in-depth and wide-ranging understanding of particular areas of H&S.	<p>The organisation already has in place a training regime which ensures that all members of staff receive the appropriate training, dependent on their roles.</p> <p>It is the view that this training could be enhanced, to provide a more in-depth and wider understanding of these training areas.</p>	0%

6	Creation of an 'Active Travel' framework	H&S Advisors	Jan23- April23	Speak with other members within the organisation in respect of the active travel aspect, what is already being done, and what the organisation would like to implement as part of this framework.	Based on discussions held, and our understanding of the organisations 'cycle to work' scheme, it has been identified that there should be the creation of a framework around safe travel when using 'active travel' as the mode of transportation (ie walking, cycling).	0%
7	Provision of Health and Safety support/advice to other borough sites	H&S Advisors	2023	In 2022, we provided ad-hoc advice to other borough sites, such as Townmead road. During 2023, we will continue to provide advice/support to any other borough sites, when directed by the organisation.		0%

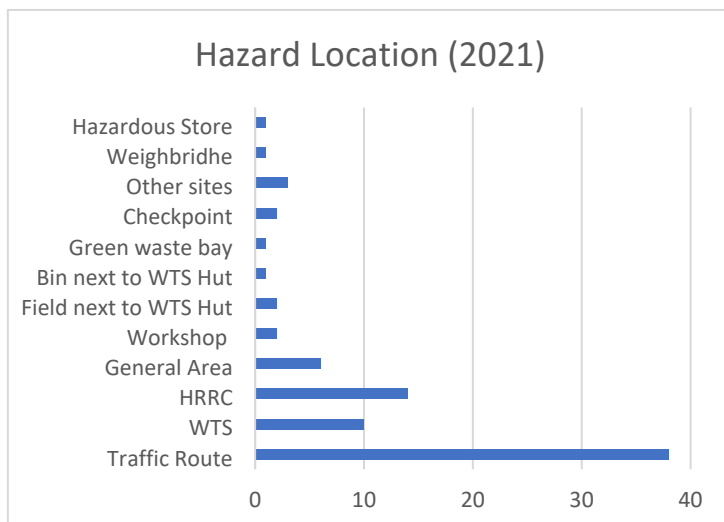
Health and Safety Statistics

Hazard Observation Cards (2021) – Appendix 1



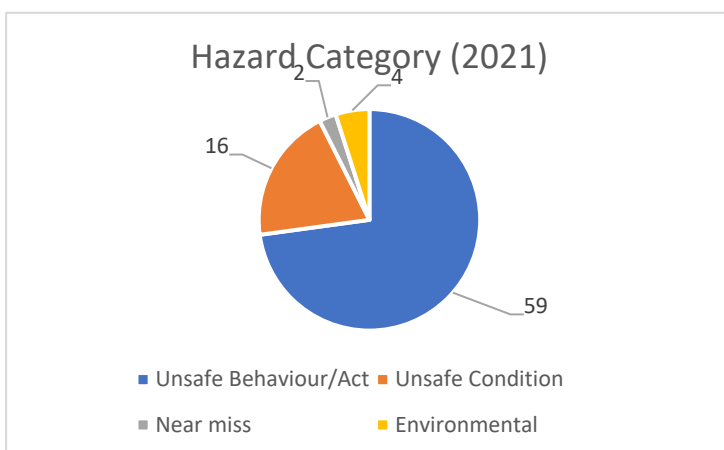
This table confirms the hazard cards completed from August 21 - December 2021.

A common thread over this time period was inconsistency of reporting, hence the fluctuation in the data.



Those hazard locations confirmed as 'general area' relate to items such as traders not wearing PPE, visitors not following pedestrian routes etc.

Those placed in 'traffic routes' relate to visitor driver related instances (i.e. visitors missing the turning into the HRRC, speeding on site, exiting site via the wrong lane etc).

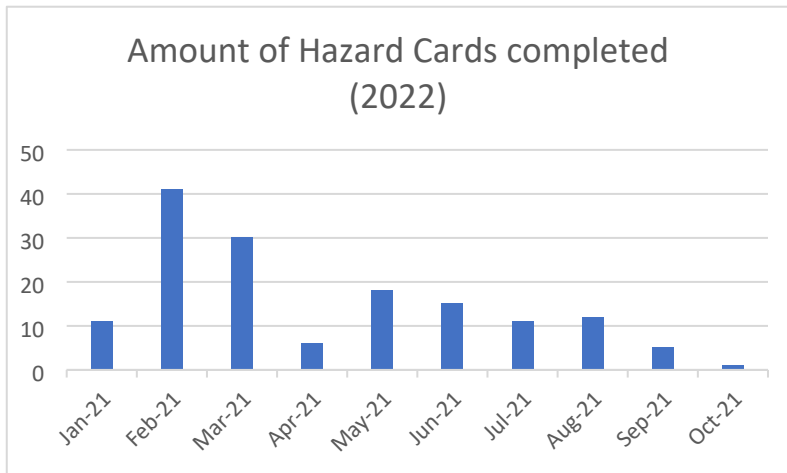


The majority of hazards raised related to 'unsafe behaviour/act'. These relate to items such as driver speeding on site, not following walkways, exiting site via the entrance, traders not wearing hi-visibility vests etc.

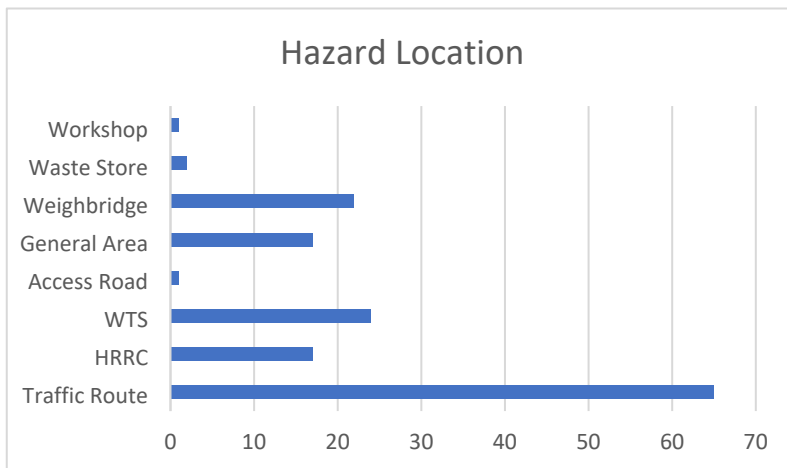
'Unsafe conditions' related to housekeeping issues, broken equipment/machinery etc.

There were only 4 hazard cards raised in relation to environmental issues and 2 in respect of a near miss event. All near miss events have been discussed and closed-out.

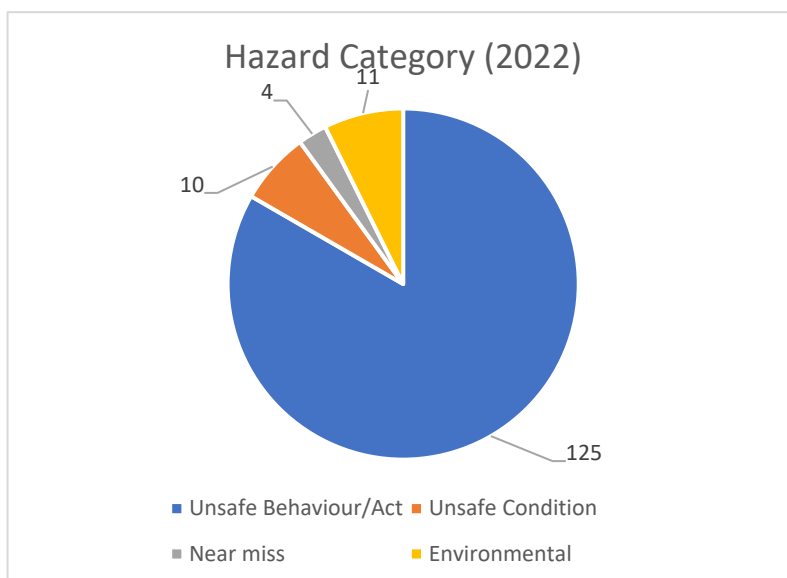
Hazard Observation Cards (2022) – Appendix 2



The start of 2022 saw a large increase in the amount of hazard cards being completed and then began to decrease over Q2 and Q3. This is due to the introduction of new measures which reduced (and in some instances, stopped) the recurrence of these hazards.



The majority of hazard cards raised during 2022 related to traffic route offences. These are in relation to traders speeding on site, exiting site via the entrance, residents missing the turn into the HRRC, as well as other driver related offences.

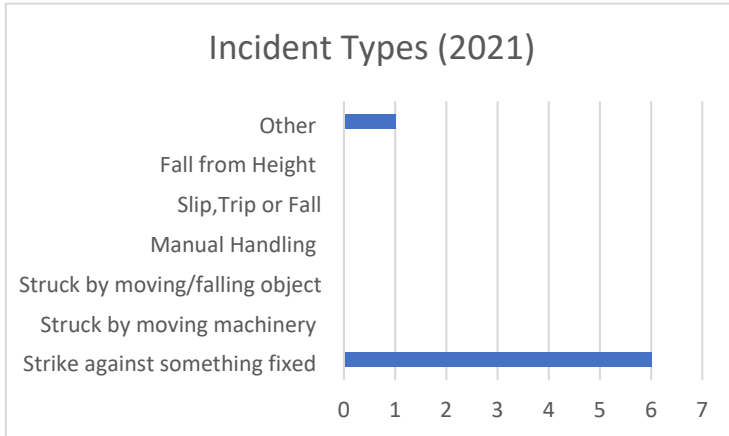


125 out of 150 hazard cards raised in 2022 related to 'Unsafe Behaviour/Act'. These typically are in relation to the following:

- Abusive behaviour from customers/traders
- Traders not wearing HVV
- Driving related offences
- Residents attempting to climb into containers

Incident/Accident Data

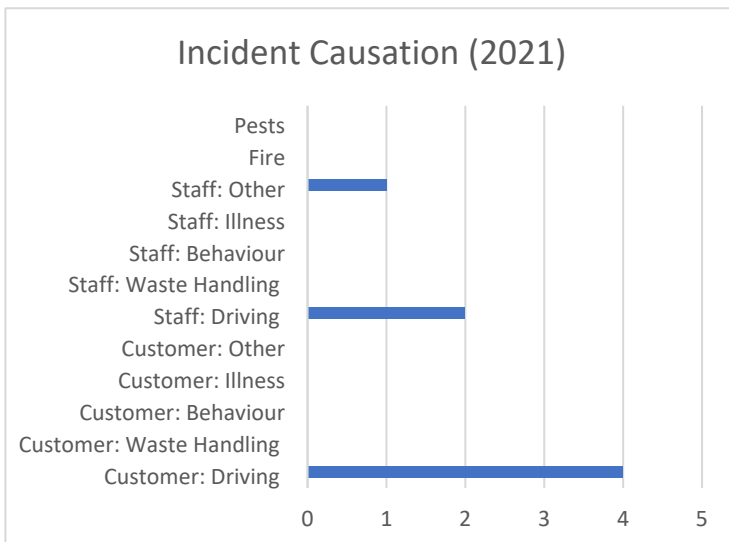
Incident/Accident Data (2021) – Appendix 3



In 2021, there were a total of 7 incidents. 6 of these related to striking of something fixed.

A further breakdown of these 6 are:

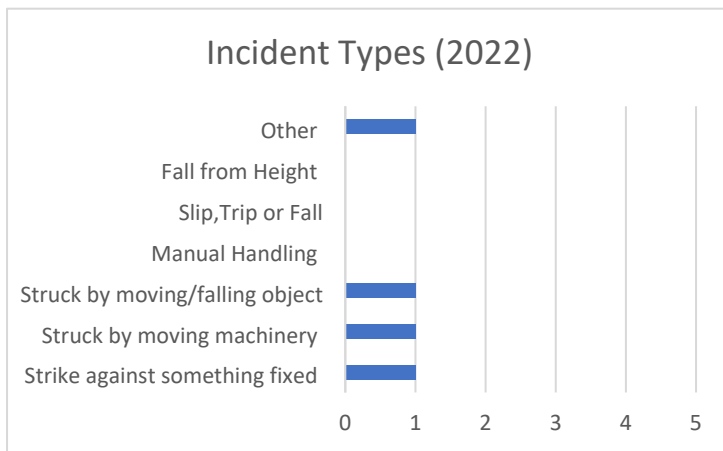
- Customer hitting the height barrier exiting the HRRC (x4)
- Signpost broken at the entrance to the HRRC after being caught by the leg of the Liebherr 360 machines leg.
- Netting at the Waste Transfer Station being broken by the dipper arm of the Liebherr 360 machine.



The 7th incident related to a member of staff being stung by a Wasp whilst at work.

4 of the incidents related to driving of customers to the Abbey Road site. 2 related to the driving of one of the organisations mobile plant drivers, with the Wasp sting being categories as 'staff:other'.

Incident/Accident Data (2022) – Appendix 4

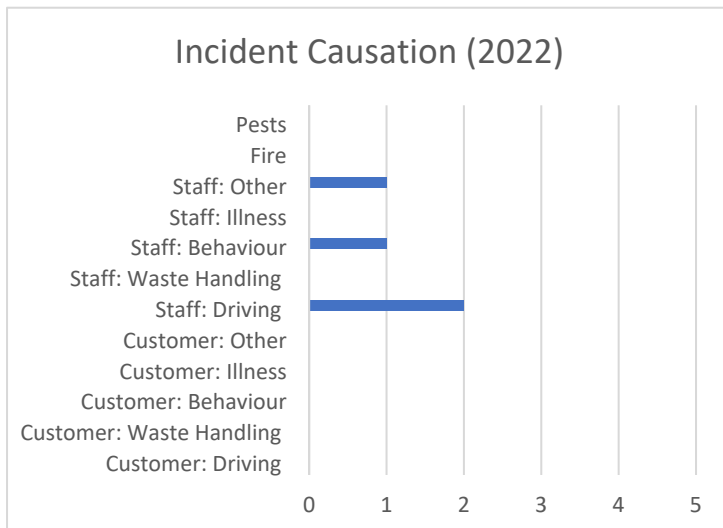


At the time of writing this report, there have been a total of 4 incidents/accidents recorded on site.

1 related to a member of staff reversing into a barrier with the organisations van at a shopping centre. One related to the incorrect stacking of items which resulted in them toppling over and nearly hitting an employee.

Another incident related to a member of staff reversing the Volvo loading shovel into the Liebherr 360 machine at the Waste Transfer Station when an operator was in the cab.

The final one related in a member of the organisation being struck whilst driving by another car when travelling to a meeting. This accident resulted a RIDDOR report being submitted to the HSE.



In respect of incident causation, the incorrect stacking of items is a direct result of staff incorrectly stacking items of site. The 2 instances of driving accidents when using company vehicles/plant have been categorised as 'Staff: Driving'. The Road Traffic Accident has been categorised as 'Staff: Other'.

Finance Update October 2022

SUMMARY

This report provides an update on financial and operational matters. The key points are:

- Day to day financial performance is broadly on track with lower than budgeted waste volumes accounting for the majority of the variance from operational activities.
- In other activities, the outcome includes an estimate of PPP contract income.
- Operational performance is shown in the KPIs and is largely on track with two key exception on turnaround times and food waste
- There were no delegated decisions

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the current financial position and forecast for 2022/23
- 2) Note the KPIs to date
- 3) Note the delegated decisions

1. Financial position – high level summary

A summary of the financial performance for the period and forecast to the end of the year is provided over the page. The summary shows how financial performance compares to the budget for both the period and the forecast for the year.

From an operational “day to day” activities perspective, the overall performance for the period shows a favourable variance (i.e. underspend) of £655k compared to budget. The key variance is an underspend of £878k for Waste Transfer and Disposal costs which is largely from lower than budgeted HRRC volumes of residual waste. This is also reflected in the variance in levies which shows boroughs are paying less than was budgeted for their waste.

The forecast for the year is principally based on the current level of activity continuing throughout the year potentially delivering larger under spends. The continuing pattern of spending is very similar to previous periods and results in an estimated underspend of £935k for day to day activities.

Significantly, in other activities, PPP income for the year has been estimated at £9.4 million. The volatile electricity market and impact of any windfall tax create some uncertainty in this estimate and the value will only become clear in June 2023 when figures are finalised and paid over to the Authority. The 2023/24 Draft Budget report in today’s Authority agenda outlines how this will result in a payment to boroughs of approximately £1.0 million each in July 2023 and how the risks relating to the value of income described above will be managed.

High Level Summary

	P7 Budget £ 000s	P7 Actual £ 000s	P7 Variance £ 000s	Full Year Budget £ 000s	Full Year Forecast £ 000s	Full Year Variance £ 000s
Expenditure						
Employees	1,545	1,518	(27)	2,648	2,758	110
Premises	1,559	1,465	(93)	2,672	2,516	(156)
Waste Transfer and Disposal	28,909	28,031	(878)	49,558	48,059	(1,499)
MRF Waste Transfer and Disposal	1,253	1,132	(121)	2,148	2,027	(121)
Supplies and Services	699	641	(58)	1,198	1,098	(100)
Depreciation	5,722	6,107	385	9,809	10,469	660
Financing and Other	3,539	3,539	0	6,067	6,067	(0)
Concession Adjustment	(2,609)	(2,609)	0	(4,473)	(4,473)	0
	40,616	39,825	(792)	69,628	68,522	(1,106)
Income						
Levies	(37,655)	(37,064)	591	(64,552)	(63,538)	1,013
MRF Service Charge	(1,253)	(1,132)	121	(2,148)	(2,027)	121
Trade and Other	(1,241)	(1,816)	(575)	(2,128)	(3,092)	(964)
	(40,150)	(40,013)	137	(68,828)	(68,658)	170
Operational (Surplus) / Deficit	467	(188)	(655)	800	(135)	(935)
PPP Contract Income	(1,167)	0	1,167	(2,000)	(9,450)	(7,450)
HRRC Fund	700	0	(700)	1,200	1,200	0
Net (Surplus) / Deficit	0	(188)	(188)	0	(8,385)	(8,385)

The main variances are detailed in the standard breakdown in Appendix 1 which separates out the main types of waste streams and distinguishes between PAYT and FCL activities. Notable items of detail from Appendix 1 include:

The residual waste variances in both PAYT and FCL activities are made up of reduced costs from lower than budgeted residual tonnages being partly offset by higher prices due to higher than budgeted inflation. The total residual waste underspend for the year is forecast at £1,063k and accounts for the majority of the day to day activities variance.

Another favourable variance relates to higher than budgeted level of trade and other income. This is expected to out-perform the budget by £964k by the year end.

Partly offsetting the above, depreciation charges are higher (£660k) as a result of the 2021/22 year end property valuations (an accounting requirement) which showed an increase in the value of assets.

Outside of day to day activities the forecast for the year for the improvements to HRRC's anticipates investments will be made by the year end by borough colleagues.

The PPP income forecast of £9,450k is the final most significant variance. The forecast is based on market electricity prices continuing at the present high rates and allowing for a 25% windfall tax. Electricity prices are volatile and the impact of any windfall tax unclear, so the level of income is subject to a high degree of uncertainty. The sum due will only become clear when finalised by the contractor in June 2023, when monies will be received by the Authority.

Note that when funds are received, they will be shared with boroughs in accordance with the Finance Strategy, so two thirds will pass through to boroughs. The payment is budgeted in the 2023/24 draft budget report, elsewhere on today's Authority agenda.

2. KPIs for 2022/23

Appendix 2 summarises the performance to the end this period.

Most indicators are on target (green) and the performance is reflected in the RAG rating and commentary. There are two red indicators.

Turnaround times are slower than target and are a result of a combination of factors including a crane failure, rail strikes and diversion of waste to manage planned maintenance at SERC.

Food waste per person is also below target. Six borough food projects were expected to be in operation, however three have been slow in commencing and in overall terms not enough residents are using the food waste services that are there. This coupled with the potential impact of the cost of living crises reducing the amount of food waste produced by people means that it is unlikely the performance will recover this year.

It is worth noting that from time to time the performance for a particular indicator may slip into amber or red, but the performance will be managed and actions undertaken to bring the indicator back to standard during the year. Additionally, given the cumulative nature of each individual indicator, an indicator is more likely to slip into amber or red in the early months.

3. Delegated decisions

To provide further transparency of operational arrangements, this standard section of the report summarises any significant financial decisions made since those reported to the last Authority meeting and not reported elsewhere in the agenda.

There were none

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Appendix 1

Pay As You Throw	2022-23 YTD Period 7				2022-23 Full Year Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	22,689	22,340	(349)	Lower residual volumes partially offset by high prices	38,896	38,297	(599)	forecasts based on current level of activity
Waste - Food	229	190	(39)	Tonnages collected are 18% lower than budget.	392	325	(67)	forecasts based on current level of activity
Waste - Mixed Organic	0	0	0		0	0	0	
Waste - Green	1,089	911	(178)	Lower volumes likely due to dry summer	1,866	1,561	(305)	forecasts based on current level of activity
Waste - Other	408	428	21		699	734	35	
Depreciation	4,898	5,302	404	Higher costs in line with revaluations carried out in Mar22.	8,396	9,088	692	Higher costs in line with revaluations.
Financing	659	659	0		1,129	1,129	0	
Premises	812	812	0		1,392	1,392	0	
Concession Accounting Adjustment	(2,239)	(2,239)	0		(3,838)	(3,838)	0	
Levy Income	(29,418)	(28,826)	591		(50,430)	(49,416)	1,014	
PAYT Net Expenditure	(874)	(424)	449		(1,498)	(728)	769	

Fixed Cost Levy	2022-23 YTD Period 7				2022-23 Full Year Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,545	1,518	(27)	Vacancies across organisation as staff members have left.	2,648	2,758	110	Overspend due to new starters and higher agency costs to cover vacant posts.
Premises	747	653	(93)		1,280	1,125	(156)	
Waste - Residual	3,288	3,017	(271)		5,637	5,173	(464)	forecasts based on current level of activity
Waste - Green	162	202	40		278	346	68	
Waste - Wood	487	348	(139)	Tonnages lower than budgeted	835	597	(238)	forecasts based on current level of activity
Waste - Other	557	595	38		955	1,025	71	
Waste - MRF	1,253	1,132	(121)	Nets out with income below.	2,148	2,027	(121)	
Supplies and Services	699	641	(58)		1,198	1,098	(100)	
Depreciation	824	806	(19)		1,413	1,381	(32)	Higher costs in line with revaluations.
Financing	2,319	2,319	0		3,976	3,976	(0)	
Revenue Funding of Debt	561	561	0		962	962	0	
Concession Accounting Adjustment	(370)	(370)	0		(635)	(635)	0	
Trade Waste and Other Income	(1,241)	(1,816)	(575)	generating more trade income than budgeted	(2,128)	(3,092)	(964)	
MRF Income	(1,253)	(1,132)	121	Nets out with costs above.	(2,148)	(2,027)	121	
Levy Income	(8,238)	(8,238)	(0)		(14,122)	(14,122)	(0)	
Fixed Cost Levy Net Expenditure	1,340	236	(1,104)		2,298	593	(1,705)	

PPP Contract Income	(1,167)	0	1,167	Notional budget figure.	(2,000)	(9,450)	(7,450)	high electricity prices
HRRRC fund	700	0	(700)		1,200	1,200	0	boroughs utilise all funds
	(467)	0	467		(800)	(8,250)	(7,450)	

Total Income & Expenditure	0	(188)	(188)		0	(8,385)	(8,385)	
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Appendix 2

Key Performance Indicators 22/23							
KPI	22/23 Target	Red Threshold	Description	Commentary about target	Cumulative		
					Oct-22	Commentary about performance	
Keep Waste Moving							
1	Diversion from Landfill %	95.00%	< 95% = Red	Percentage of residual waste collected in month sent to landfill (shows the tonnes of waste Suez have sent to landfill and the cumulative collected asbestos waste collected at Abbey Road).	Suez' contractual target is 3.9% max to landfill.	99.9%	
2	Turnaround times (% above 25 minutes) for borough vehicles	4.5%	> 5% = Red	Average vehicle turnaround times - taking waste to Transport Avenue, Victoria Road and Abbey Road. Total waste loads (cumulative) and over 25 mins	Contract turnaround time is 15 minutes but breach of contract is at 25 minutes and over.	11.4%	Ongoing crane reliability issues at Victoria Road, Rail strikes increasing waste stocks on the site and reducing capacity for tipping
Increase Efficiency							
3	Overall £/tonne	£85.09	> £93.31 (i.e. +5%) = Red	Looks at total tonnes collected cumulatively and the total spend of waste transfer and disposal.	Reflects boroughs budgeted tonnages.	£93.27	
4	Overall £/person	£28.92	> £32.40 (i.e. +5%) = Red	Total spend of waste transfer and disposal divided by total population of 6 boroughs (provided from ONS website).	Reflects boroughs budgeted tonnages.	£27.72	
Divert From Waste							
5	All waste - monthly kg per person	28.34	> 30 kg = Red	Total cumulative waste collected divided by population (taken from ONS website).	Reflects boroughs budgeted tonnages.	24.77	
6	Residual waste - monthly kg per person	20.88	> 22 kg = Red	Total cumulative residual waste collected divided by population (taken from ONS website).	Reflects boroughs budgeted tonnages. Food within residual should be reducing this figure.	19.88	
7	Food waste - monthly kg per person	1.91	< 1.64 kg = Red	Total cumulative food waste collected divided by population (taken from ONS website).	Reflects boroughs budgeted tonnages. The Food waste investment of £500k per borough should drive this up.	1.57	3 boroughs food projects not commenced and residents not using servicers that are there
Effective Control							
8	People development	500.00	< 450 = Red	Total number of learning and development activities carried out in financial year (amongst total employees).	Includes monthly team meetings which has driven this to increase in FY23	TBC	
9	Staff turnover	15%	> 20% = Red	Cumulative leavers YTD against total budgeted staff.	Not a large staff number therefore can be skewed by minimal movement.	2.5%	
10	Sickness rate	2.0%	> 3% = Red	Cumulative sick days lost year to date.	In 2020, published figures show that sickness absence rates in public sector stood at 2.7%. Have left target at 2% after considering the wide gap between the size of our workforce and those of other public sector organisations.	1.4%	
11	Paying suppliers promptly	30	> 32 days = Red	Average number of days to pay suppliers in the month.	Statutory level	28.8	
12	Maintaining cash flow (Minimising trade debt)	8%	> 10% = Red	Debt at end of period (percentage of non levy income excluding borough debt).	Reflects debt at end of period.	0.2%	
13	RIDDOR incidents at Abbey Road	0	> 1 = Red		Average over 3 years is 0.33. Given the fact that we have not had any in the past 2 years, the target is 0.	1.00	
14	Average time taken to complete the entire hazard card process from start to finish	5	> 10 = Red	Time (days) taken from when hazard was raised through to comments from site manager and H&S advisor.	Time (days) taken from when hazard was raised through to comments from site manager and H&S advisor.	0.00	

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