

West London Waste

Treating waste as a valuable resource

West London Waste Authority
Hugh Peart
Clerk
PO Box 1358
Harrow
HA3 3QN
14 September 2023

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 The Auditorium - Harrow Council Hub, Forward Drive, Harrow on Friday 22 September 2023 at 10.00 am

Membership

Councillor Deirdre Costigan, London Borough of Ealing
Councillor Stephen Greek, London Borough of Harrow
Councillor Guy Lambert, London Borough of Hounslow
Councillor Eddie Lavery, London Borough of Hillingdon
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 June 2023 (Pages 5 - 10)
4. West London Waste Authority Business Plan 2023/24 (Pages 11 - 30)
5. Programmes Update (Pages 31 - 36)
6. HR Services Update (Pages 37 - 38)
7. Contracts and Operations Update (Pages 39 - 44)
8. Finance Report July 2023 (Pages 45 - 54)

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

PUBLIC

Nil

Useful Information

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](#)

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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 June 2023 at 10.00 am at the Meeting Room 4, First Floor - Harrow Council Hub, Forward Drive, Harrow, HA3 8LU.

Present:

Councillor Deirdre Costigan (Chair)

Councillor Julia Neden Watts (Vice-Chair)

Councillor Guy Lambert, Councillor Eddie Lavery, Councillor Anjana Patel and Councillor Krupa Sheth

Robin Pritchard – Independent Member

54. Apologies for absence

There were no apologies for absence.

55. Declarations of interest

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

56. Minutes of the meetings held on 20 January 2023 and 24 March 2023

RESOLVED: That the minutes of the Audit Committee held on 20 January 2023 and of the Authority meeting held on 24 March 2023 be taken as read and signed as correct records.

57. Appointment of the Chair and Vice-Chair of the Authority, Audit Committee, Chair of the Audit Committee and Independent Member

RESOLVED: That (1) Councillor Deirdre Costigan be appointed as Chair of the Authority for the 2023/24 municipal year;

(2) Councillor Julia Neden Watts be appointed as Vice-Chair of the Authority for the 2023/24 municipal year;

(3) Councillor Krupa Sheth be appointed as Chair of the Audit Committee for the 2023/2024 Municipal Year;

(4) it be noted that Robin Pritchard would continue as Independent Member of the Audit Committee for the 2023/24 Municipal Year.

58. Meetings for the Municipal Year 2023/24

RESOLVED: That the following dates of meetings of the Authority and the Audit Committee be confirmed: -

Friday 22 September 2023 at 10.00am
Friday 1 December 2023 at 10.00am
Friday 19 January 2024 at 11.00am (Audit Committee at 10.00am)
Friday 22 March 2024 at 10.00am
Friday 21 June 2024 at 10.00am
Friday 20 September 2024 at 10.00am
Friday 6 December 2024 at 10.00am

59. Internal Audit Report Procurement and Expenditure

Councillor Krupa Sheth, Chair of the Audit Committee, chaired the meeting for this item and items 7-12.

Members received the Internal Audit Report 2022/23 which reviewed the robustness of the Authority's controls in relation to Procurement and Expenditure.

Mike Pinder, Internal Auditor, outlined the content of the report and advised that overall there was reasonable assurance. A further report would be submitted to the Audit Committee in January.

In terms of the key findings and the high risk that none of the procurement cases examined had signed contracts in place and the potential impact, the Internal Auditor advised that there was a risk in that the contractor could just walk away. In response to a Member's question in relation to the HB Public Law (not HB Law as referred to in the report) contract and the assumption that there was a contract in place, the Internal Auditor advised that a review of service level agreements was required and that it was not unusual for contracts not to be signed in advance. It was however important to carry out a review and to safeguard the Authority's position. The Independent Member emphasised the need to chase up HB Public Law to resolve these issues and the Treasurer added that the ability to use electronic signatures on documents could speed up the process.

Members expressed concern at the delays in getting contracts signed and Tom Beagan, Head of Service Delivery undertook to provide an update at the end of the month. Jay Patel, Finance Director, confirmed that all suppliers had been checked and the recommendations implemented.

RESOLVED: That the report be noted.

60. Annual Internal Audit Report

Members received the Annual Report on Internal Audits and the Head of Internal Audit opinion. The report also provided details of the work completed by the Audit Team between April 2022 and March 2023.

The Independent Member requested that the dates in paragraph 5 of the report be corrected.

RESOLVED: That the report be noted.

61. 2021/22 External Auditors Report

Members received the draft Audit results report for the year ended 31 March 2022 which summarised Ernst & Young preliminary audit conclusion in relation to the audit of the Authority.

Andrew Brittain and Kalthiemah Abrahams, Ernst & Young (EY), joined the meeting online, to present the report. Mr Brittain reminded Members that the report had been delayed for a number of reasons as explained at the previous meeting and that there was one outstanding issue around the triennial evaluation. It was anticipated that EY would be in a position to issue an unqualified opinion on the financial statements and value for money.

In terms of the 2022/23 audit, Mr Brittain advised that planning work had commenced and that it was intended to conclude this work by the end of the calendar year.

RESOLVED: That the report be noted.

62. Final 2021-22 Statement of Accounts

Members received the report which provided the 2021-22 Statement of Accounts for approval.

RESOLVED: That the Chair of the Authority be authorised to approve the 2021/22 financial statements once the audit had been finalised by Ernst & Young.

63. Draft Statement of Accounts for the year ending 31 March 2023

Members received the report which presented the draft 2022/23 Statement of Accounts.

Jay Patel, Finance Director, outlined the content of the report and advised that the dates in the header required correction. Financial performance over a number of years had been relatively strong and there were greater reserves than required. It was therefore proposed to disperse the excess in reserves back to the boroughs in July.

RESOLVED: That (1) the draft Statement of Accounts for 2022/23, as set out in Appendix 1 to the report, be noted;
(2) the disbursement of PPP contract income totalling £12.7 million, as set out in section 13 of the officer report, be approved.
(3) the disbursement of excess reserves totalling £3.3 million, as set out in section 24 of the officer report, be approved.

64. Assurance Statements for the year ending 31 March 2023

Members received the Assurance Statements from the Authority's Chief Officers and Senior Managers which formed part of the overall governance framework and supported the approval of the Annual Statement of Accounts.

In response to a comment by the Independent Member that there might be benefits in linking assurance statements to the risk management system, Jay Patel, Finance Director, advised that the Authority was a relatively small organisation but that this could be looked at. A Member commented that the gross expenditure in relation to employees appeared to have increased and was advised that this movement was essentially a

valuation adjustment but that further detail could be provided to Members and the notes updated on these draft statements.

RESOLVED: That the Assurance Statements, attached at Appendix 1 to the officer report, be noted.

65. Risk Register

Members received the Authority's updated risk register.

RESOLVED: That the content of the Risk Register, as attached at Appendix 1 to the officer report, be noted.

66. 2022/23 Business Plan

Councillor Deirdre Costigan, Chair of the Authority, chaired the meeting for the remaining items of business.

Members received the report which provided the Authority's Business Plan for 2022/23.

Emma Beal, Managing Director, introduced the report and responded to a Member's questions in relation to UK net zero greenhouse gases targets and whether they related specifically to waste operations, as set out on page 219 of the papers. The Managing Director indicated that she would review this and also consider whether a whole borough target was needed. In terms of the London Mayor's targets of 65% recycling by 2030, 50% should have been achieved by 2020 but once the targets were published Members would be updated.

RESOLVED: That the conclusion of the 2022 Business Plan be approved and that some of the activities, as outlined in the officer report, be rolled over to the 2023/24 Business Plan.

67. 2023/24 Business Plan

Members received the report which provided details of the five strategic priorities that would form the basis for the Authority's Business Plan for 2023/24.

Emma Beal, Managing Director, introduced the report and drew attention to the five strategic priorities :-

- Citizen perception
- 'Reuse' Social Value
- Data Driven Efficiency
- Increased access
- Organisational Excellence

In response to a Member's comment that there was still considerable work to do on food waste, the Managing Director advised that this service was a challenge as not enough residents were using it. Citizen perception would inform all of the programmes and increasing access is also important because if, for example, only 70% of residents had access to a service, targets would never be met.

The Independent Member commented that there should be a link between risk management and the strategic objectives and resistance to change should be considered. A Member commented that perception was key, for example, residents

might consider recycling to be about plastic whereas it was about food. The Members discussed the difficulties of food waste collection in estates, flats and flats above shops and the need to have provision within the planning application process to assist. Another suggestion was to engage schools with food waste collection as the messaging about its importance might then reach parents via their children.

RESOLVED: That the 2023 Strategic Priorities to shape the Business Plan for 2023/24 be approved and included in the Annual Report.

68. Contracts and Operations Update

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

Tom Beagan, Head of Service Delivery, introduced the report and advised that since the publication of the agenda the Government had announced a change in legislation which would require all HRRCs to accept some DIY waste from Autumn 2023. There were some risks around this change in terms of a reduced ability to charge but there might also be opportunities, for example, harmonising charging policies across the Boroughs.

In response to a question about disposal of vapes and whether any communications around e-waste was required, the Head of Service Delivery advised that these were mostly being placed in residual waste by residents but that he would report back to the Authority if more were being seen in electrical waste bins at the HRRCs. The Members were advised that the government were expected to release a consultation on e-waste and that there was a suggestion that vapes would be included as a separate category.

RESOLVED: That the report be noted.

69. Programmes Update

Members received a report which provided an update on the Authority's programmes.

Referring to the Reuse and Social value table on page 245 of the agenda, a Member questioned how and when the West London Waste plan would consider whether there were the right number of waste sites. The Members were advised that the plan was in the process of being updated, coordinated by the West London Alliance and that this issue was being dealt with by planners and expected to take between 3 – 5 years to deliver. A periodical update could be submitted to the Authority.

Emma Beal, Managing Director, stated the importance of protecting waste sites for waste use. Moving to a circular economy would require the definition of waste to change as there should be a technical assessment to decide whether items could be reused or recycled.

RESOLVED: That (1) the progress on the Authority's programmes outlined within the officer report be noted;
(2) the importance of aligning priorities and working in partnership in order to increase the chances of successful delivery be noted.

70. Finance Update

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

RESOLVED: That (1) the current financial position and forecast for 2023/24 be noted;
(2) the 2023/24 Key Performance Indicators be noted.
(3) the Key Performance Indicators to date be noted.

71. Human Resources Services Update

Members received an update on the Authority's Human Resources Services.

RESOLVED: That the report be noted.

72. Jay Patel - Finance Director

Members expressed their gratitude to Jay Patel, Finance Director, who was retiring from the Authority's employ, for all his work and keeping the Authority in good financial shape. Members wished him well for the future.

The meeting finished at 11.51 am.

The minute taker at this meeting was Alison Atherton.

WLWA Business Plan 2023-24

SUMMARY

This report provides details of the strategic priorities that form the basis for the Authority's Business Plan for 2022/23. The key points are:

- Legislative delay represents a financial risk to WLWA and Boroughs if we are not ready to meet the carbon taxes that the Emissions Trading Scheme represents to Local Authorities. Detailed in Appendix 1
- The risk will be managed using the existing JMWMS framework for waste agreed with Boroughs in March 2022 and the strategic priorities.
- Employees and stakeholder feedback was good but with very clear recommendations to improve clarity and capacity. The action plan is detailed in section 4 and has informed the improvements to strategic priority 5 Organisational Excellence.
- The annual strategic priorities have been reviewed and aligned with the environment directors' priorities and the six joint WLWA and Borough waste policies. The budgeted programmes are delivering on priorities 1-4 this year but are complex to deliver and report. Aligning Borough budget savings next year with programmes will reduce some of this complexity.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) *Note the shared financial risk posed by the emissions trading scheme and encourage Borough Environment Directors and Finance Directors to engage in early budget savings discussions with WLWA to inform 2024-25 budget setting, priorities and programmes.*
- 2) *Approve the action plan resulting from the employees engagement survey in section 4*
- 3) *Approve the changes to strategic priority 5 Organisational Excellence.*
- 4) *Note the accountability and responsibilities for each of the 2023 Strategic Priorities in Appendix 1.*

1. Background

Since 2019, the Joint Municipal Waste Management Plan and consequently the West London Waste Authority business plan has focused on outcomes and joint working whilst we wait for clarity on environmental legislation and waste regulations.

2. Introduction

This report provides an update on the WLWA 2023-24 Business Plan and the strategic priorities agreed in the June meeting.

3. Roll over from the 2022-23 Business Plan

Due to confirmation of further legislative delays, the Joint Plan for 2030, Infrastructure Investment Plan, and Extended Producer Responsibility Strategy will be removed from the annual plan and will be reconsidered once the legislation is clear.

Appendix 1 details the financial risk posed by the emissions trading scheme. This risk is exacerbated by the delays to waste regulations following the Environment Act 2021. To manage the risk, WLWA is using the existing Joint Municipal Waste Management Strategy (JMWMS) framework agreed with Boroughs in March 2022. More detail is provided in section 7 of this report – Financial Implications.

The HR strategy will be addressed in HR update reports.

4. Feedback from the Employees engagement survey

The feedback from the Employees engagement survey in June was:

WLWA is a high performing team but intervention is necessary to prevent slippage.

- 55% of indicators are 8/10 or above, 45% of indicators are 7/10 or above, 0 indicators are below 7/10, however:
 - A proportion (~16%) of the organisation are showing signs of being disengaged. Almost all of these are in leadership or management roles.
 - Resourcing, roles and responsibilities and team (trust) should be addressed.
- Employees across the organisation perceive WLWA to be a diverse and inclusive workplace today.
- Diversity *and* inclusion both scored an average 8/10 from the employee’s perspective, however:
 - A proportion (potentially as many as a third) of the organisation has reported being on the receiving end of discriminatory behaviour.

The recommendations and actions are shown in the table below.

Recommendation	Action	Date
CULTURE		
Put specific emphasis on changing the climate by tackling resource issues (where able to) and creating something for people to enjoy (e.g. a positive company-enhancing event such as team building).	Consider resources during Budget setting for 2024-25 Half day sports day event. Inclusive Team Meeting with Abbey Road Ops.	By Mid Nov 2023 Complete DATE Planned DATE
Reset what the culture needs to be and bake it into systems and processes that mean people are held accountable for doing their bit. Address the rise in control and its opposing nature to the company values.	Include governance in Strategic priority 5 Organisational Excellence Review / implement formal and informal governance improvements. SLT commitment to Managers to set clear objectives and measures and stick to them.	Complete 5 Sept 2023 1 Oct 2023 – 31 Mar 2024 Complete 5 Sept 2023
LEADERSHIP		

Complete a comprehensive 360 on all leaders and managers where honest and candid feedback is provided about each other and over whether people are behaving in accordance with the company values.	Two away days for Managers and Leaders resetting what the culture needs to be. Review Leadership and Management structure Comprehensive 360	4-5 Sept 2023 By end Dec 2023 By 31 March 2024
CLARITY		
Run a workshop with middle managers to understand where role / responsibility / accountability confusion lies and to identify where greater clarity is needed.	Two away days Strategic priorities reviewed Clear accountability and responsibility for delivery of the strategic priorities created.	Complete 4-5 Sept 2023
Run a workshop with employees to understand how the organisation can become more 'people centric' in their eyes again. In doing so, explore what's missing from a career progression and growth perspective for people.	Plan using lessons learned from the Leaders and Managers away days and the DEI training initiative.	TBC By 31 March 2024
DIVERSITY		
Run a DEI training initiative and look to discover more about the incidents that may have led to people feeling like they have been on the receiving end of discriminatory behaviour	Suitable training organisation identified Planning call diarised Training initiative and feedback	Complete DATE DATE TBC

5. Feedback from the Stakeholder engagement survey

The headlines from the stakeholder engagement survey in July/August are:

- A really good organisation
 - Transformed from what it once was
 - Very strong leader
 - Strong leaders who are showing growth
 - Strong relationships with strong performers in wider team / management team
- An organisation going through change – we sense a little of your recent disruption
 - Questions over whether WLWA has become too focussed on broader agendas and lost sight of core business (waste).
 - A team that is stretched beyond its natural capacity

Stakeholders provided some excellent ideas for improvement which will be considered further as the strategic priorities are updated this year and for next year.

6. 2023-24 Strategic Priorities updates

It was reported to the June Authority that using five strategic priorities we will start to invest in and initiate the change of our waste management model. The lessons learned from the 2022-

23 Business Plan identified the need for single point accountability, and for business planning timing to pull forward six months to inform budget planning 2024-25.

Feedback from the employee engagement survey and stakeholder survey has been used to strengthen Strategic Priority 5 Organisational Excellence in year with clear objectives and measures to invest in and initiate improvements in people, systems and governance.

Priorities 1-4 are being delivered by the budgeted programmes for the remainder of this year and will be reported by the Projects Director.

The Finance Director post has been deleted, the Finance Manager is now in SLT and responsibility for people, systems and governance has been reallocated across SLT under interim management arrangements. The structure of management is also being reviewed.

Financial monitoring of the programmes has demonstrated the complexity of reporting WLWA investment and Borough savings. To mitigate this and create simplicity WLWA has offered early collaborative budget savings meetings to all Boroughs to align Borough budget savings with WLWA programmes where possible.

Need identified	Progress
Each priority to have single point accountability at a senior level in the organisation.	Complete 5 Sept 2023
Business planning to pull forward by six months to inform budget planning 2024-25.	Started. Target completion, Oct 2023
Improve Strategic Priority 5 Organisational Excellence in year.	Complete 5 Sept 2023
Restructure senior leadership team.	Started. Target completion Oct 2023
Review Management structure.	Target completion Dec 2023
Offer budget savings meetings to all Boroughs	Two meetings diarised. Target completion Oct 2023

The strategic priorities, detailing accountability and responsibility is shown in section 11.

The improvements to Strategic Priority 5 Organisation Excellence for the next six months is detailed in Appendix 2.

7. Financial Implications

The cost risk of the emissions trading scheme will take effect from 2028 and is expected to be substantial risk. It is difficult to calculate and, being based upon a market approach will be difficult to predict year on year. The working cost assumption for now is c. £36 per tonne or up to £3m per Borough. This assumption will continue to be reviewed as modelling work takes place and an industry consensus emerges.

Legislative clarity is required before WLWA and the six constituent Boroughs can agree a joint plan. The JMWMS framework agreed in March 2022 uses a waste reduction / circular economy / decarbonisation approach to mitigate the risk of overspending whilst targets are unfunded or unsupported by legislation by using:

- the co-benefits of addressing ETS and reducing cost by reducing waste,

- £1m invested in funded programmes for this 2023-24 Business Plan to create alignment with carbon savings and Borough financial savings.
- internal improvements to support the direction of travel created by the programmes in Strategic Priority 5 Organisational Excellence.

Costs associated with the updates and changes are:

- Already budgeted:
 - Wellbeing sports day half day
 - The employee engagement survey and stakeholder engagement surveys.
 - The waste composition analysis.
 - Three posts deemed to directly support Strategic priority 5 Organisational Excellence.
 - £1m investment with expected savings
- Mitigated
 - The costs associated with restructuring will be partly offset by the deletion of the Finance Director post.
- Additional
 - £2,500 spent on the Leaders and Managers two away days
 - Diversity, equality and inclusion workshop - £TBC <£5,000
 - People centric workshop with employees - £TBC < £5,000

The programmes spending is below budget. The expected savings are being delivered direct to Boroughs and are as expected at the half year point. Detail on the programme savings will be reported regularly by the Projects Director.

8. Risk Management

Leaders and Managers will review and update risk item 3 in the risk register as part of strategic priority 5 Organisation Excellence.

9. Legal Implications

The Regulations to follow the Environment Act 2021 are further delayed. This creates confusion for an organisation such as WLWA which wants to support individual Boroughs as best it can but has no clarity of funding, legislative support or targets.

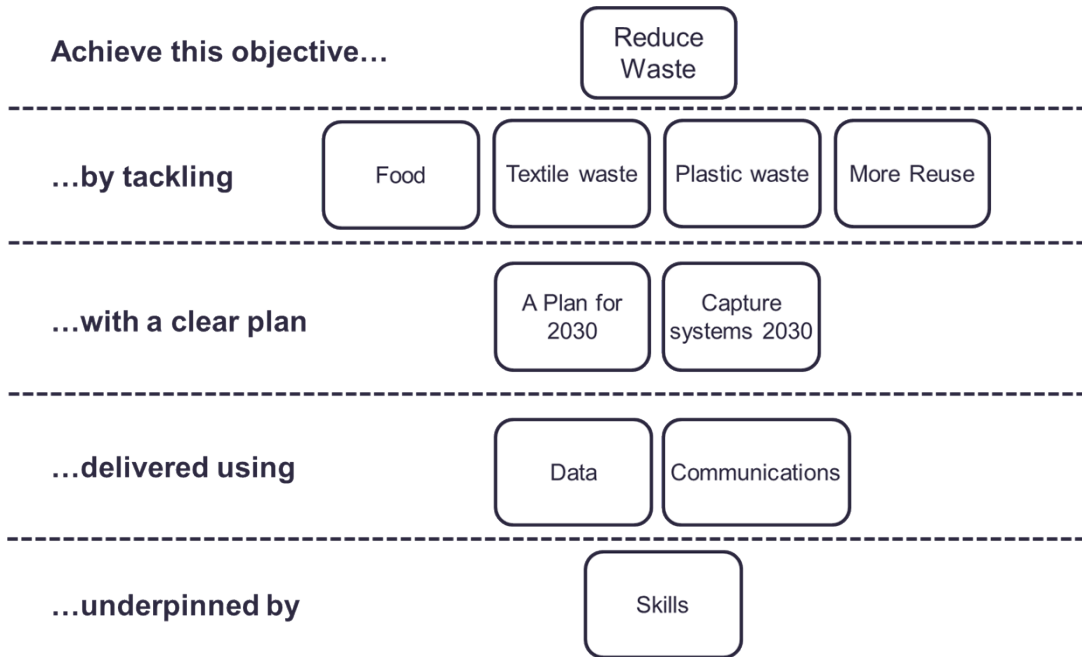
10. Impact upon the Environment Directors priorities

The strategic priorities in the business plan deliver on the Environment Directors priorities agreed in September 2022.

Enviro Board priorities	Bringing the community with us		Dealing with financial challenges		Climate Adaptation and decarbonisation		Accountable
	Sustainable decision making		CEOG / Circular Economy / One World Living				
WLWA/ Borough policies	Communications	HRRC harmonisation/Doubling recycling infrastructure	Data / Smart Cities	Food / EPR	Internal change		
Priorities	Director Projects	Director Ops	Head of Finance	Director Projects	Managing Director		
	Citizen Perception	Reuse Social Value	Data Driven Efficiency	Increased Access to Excellent Services	Organisation Excellence		

11. Impact on Joint Municipal Waste Management Strategy

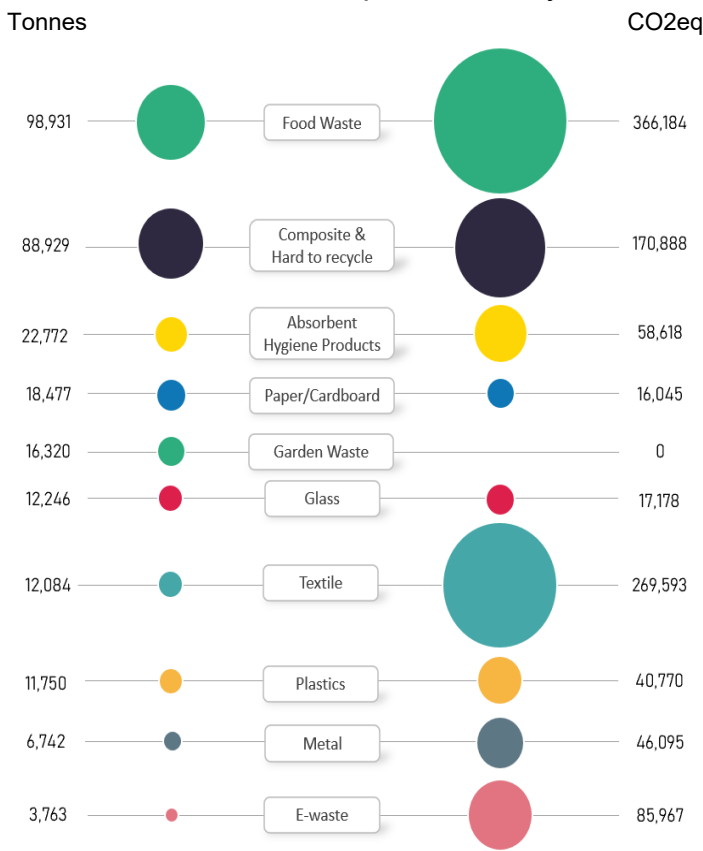
The business plan will deliver on the framework agreed in March 2022.



12. Impact upon Carbon reduction

The JMWMS framework agreed in March 2022 uses a waste reduction / circular economy / decarbonisation approach to mitigate the risk of overspending. This has the co-benefit of promoting carbon reduction measured as the carbon embedded in waste.

WLWA 2022 Waste Composition Analysis



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

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Financial implications of Emissions Trading Scheme

Sapna Dhanani, Finance Manager
West London Waste Authority
September 2023

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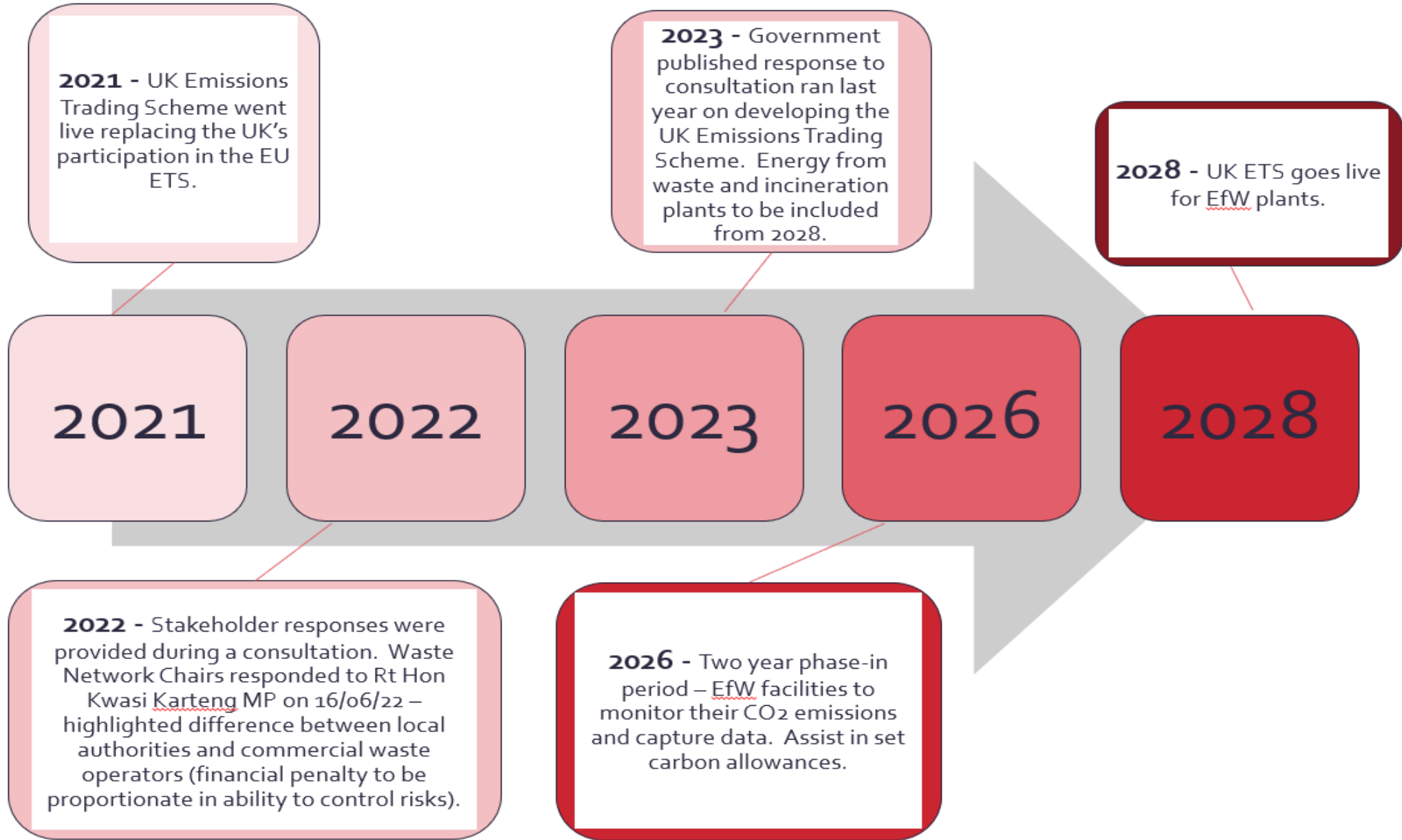
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Treating waste as a valuable resource

What is the UK ETS?

The UK Emission Trading Scheme (ETS) is a cap-and-trade system which caps the total level of greenhouse gas emissions, creating a carbon market with a carbon price signal to incentivise decarbonisation.

Timeline of UK ETS



Mitigations to reduce cost implications

Joint
Municipal
Waste
Management
Strategy

WLWA
Programs

Joint
opportunities

Legal advice

Reserves

JMWMS

Achieve this objective...

Reduce
Waste

...by tackling

Food

Textile waste

Plastic waste

More Reuse

...with a clear plan

A Plan for
2030

Capture
systems 2030

...delivered using

Data

Communications

...underpinned by

Skills

Programs

Communications

To better inform residents of complex recycling challenges and inform boroughs of recycling opportunities

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Digital Twin

To decarbonise collection services and find immediate cost savings for boroughs

Social Value & Reuse

To decarbonise HRRC services and create social value

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Joint saving opportunities

Food

£2m

- Reduce food in residual waste
- Increase food capture rate

Dry Mixed Recycling

£1m

- Reducing contamination from DMR

HRRC Saving opportunities

c. £2.5m

- Bulky waste segregation
- Black bag splitting
- Fair usage policy
- Reuse service
- Many more!

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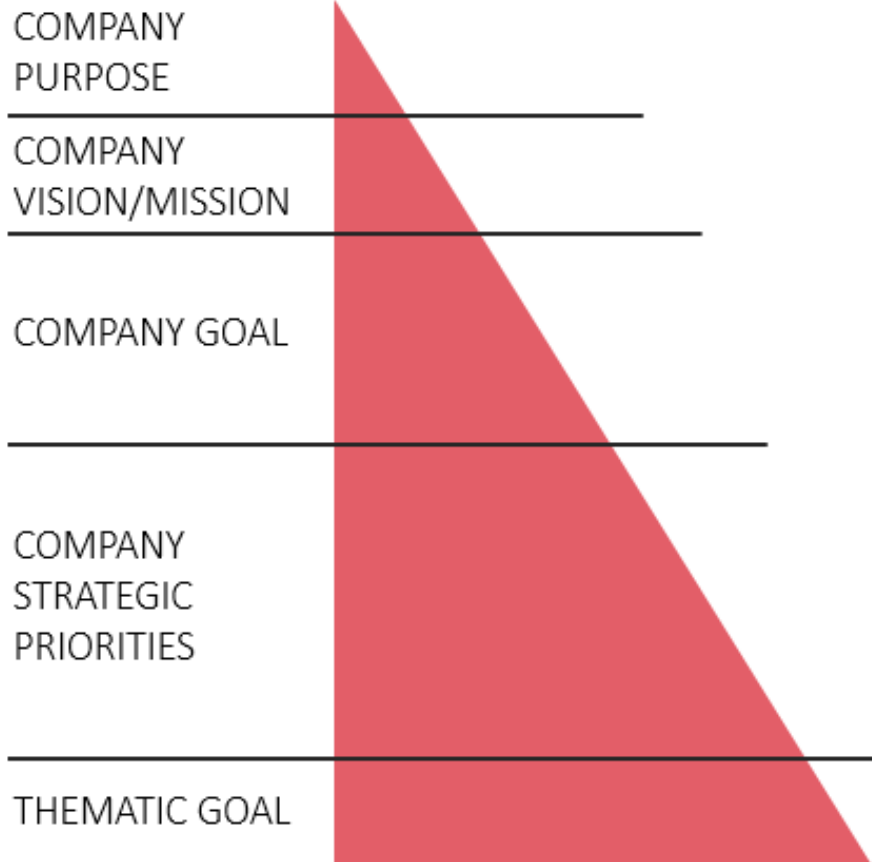
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**Thank you.
Any questions?**

THE STRATEGIC PYRAMID

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We exist to be **leaders in 'treating waste as a valuable resource'**

We believe in **a carbon neutral West London** and our mission - in pursuit of that vision - is to **create the new accepted model for how waste and resources are managed; we are going to redefine how people perceive and understand waste.**

Long-term (5-10 years): **A carbon neutral West London**

Medium-term (3-5 years): **Deliver and prove a repeatable model that changes people's understanding of waste, increases access to waste management services, and improves the perceived value of waste amongst citizens.**

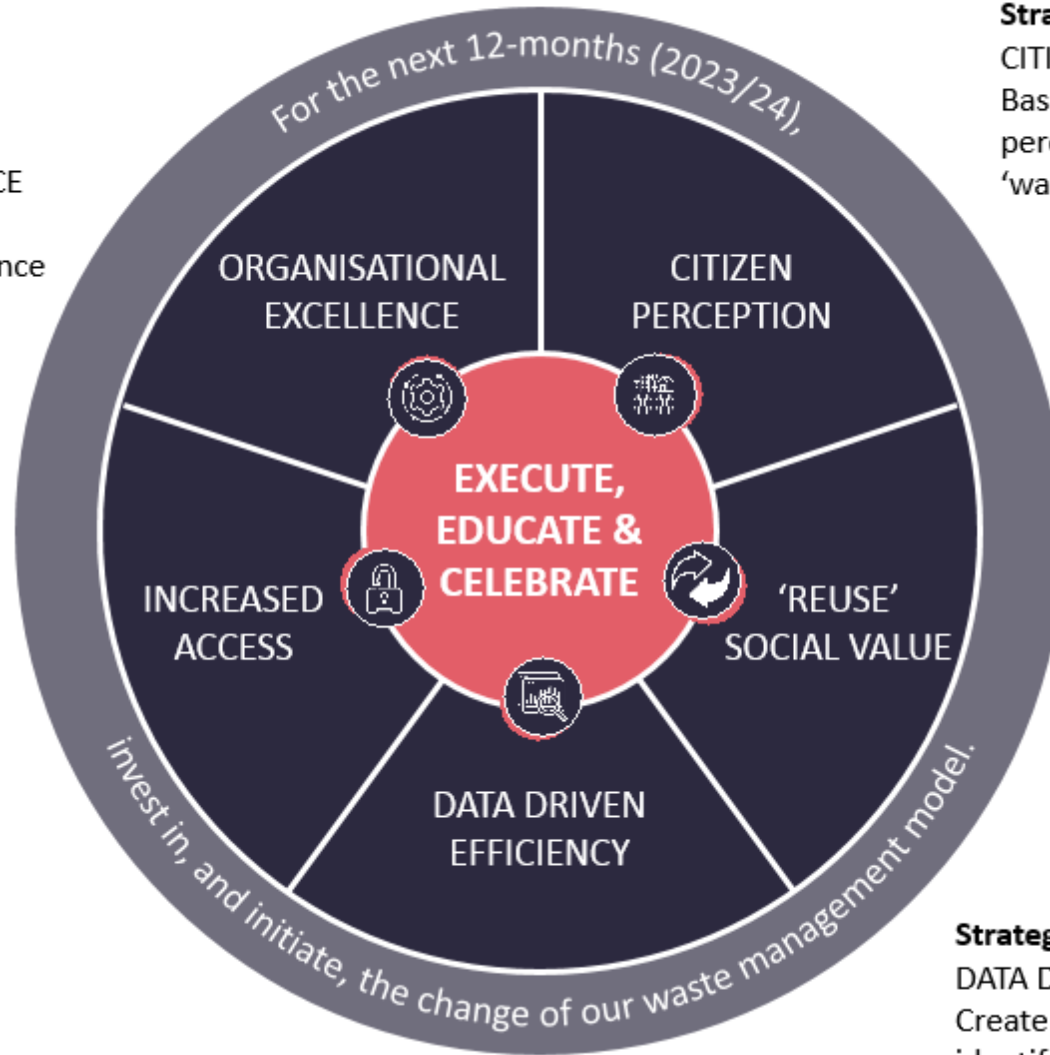
Short-term (twelve months): **Invest in, and initiate, the change of our waste management model.**

1. **Citizen perception;** Baseline West London citizen's perception of the value of 'waste'.
2. **Reuse;** Measure and scale up the 'social value' of 'reuse' in order to maximise value and educate more effectively.
3. **Data driven efficiency;** Create a digital twin of waste services to identify and implement improvements.
4. **Access to services;** Expand food, reuse, e-waste and textile waste capture to include more of West London.
5. **Organisational excellence;** Invest in, and improve, our people, systems and governance to drive greater outcomes.

Execute, Educate and Celebrate!

Strategic Priority 5;
ORGANISATIONAL EXCELLENCE
 Invest in, and improve, our people, systems and governance to drive greater outcomes.

Strategic Priority 4;
INCREASED ACCESS
 Expand food, reuse, e-waste and textile waste capture to include more of West London.



Strategic Priority 1;
CITIZEN PERCEPTION
 Baseline West London citizen's perception of the value of 'waste'.

Strategic Priority 2;
'REUSE' SOCIAL VALUE
 Measure and scale up the 'social value' of 'reuse' in order to maximise value and educate more effectively.

Strategic Priority 3;
DATA DRIVEN EFFICIENCY
 Create a digital twin of waste services to identify and implement improvements.

Enviro Board priorities	Bringing the community with us Sustainable decision making		Dealing with financial challenges		Climate Adaptation and decarbonisation CEOG / Circular Economy / One World Living			
WLWA/ Borough policies	Communications	HRRC harmonisation/Doubling recycling infrastructure	Data / Smart Cities	Food / EPR	Internal change			Accountable
Priorities	Director Projects	Director Ops	Head of Finance	Director Projects	Managing Director			
	Citizen Perception	Reuse Social Value	Data Driven Efficiency	Increased Access to Excellent Services	Organisation Excellence			
					People	Systems	Governance	
					Director Ops	Head of Finance	Director Projects	

Strategic Priorities 1-4 are being updated and refined by the Accountable owners.

Strategic Priority 5 has been re-written. Feedback from the Leaders and Managers two away days will be incorporated to develop next steps.

Strategic Priority 5; ORGANISATIONAL EXCELLENCE

What are we trying to achieve and how will we know whether we have achieved it?

STRATEGIC PRIORITY:	2023/24 OBJECTIVE;	WHY?;	MEASURES; METRIC THAT DETERMINE OUR SUCCESS	NEXT STEPS; ACTIONS WE SHOULD/MUST TAKE:
<p>SP5; OPERATIONAL EXCELLENCE</p> <p><i>Invest in, and improve, our people (1-3), systems (4-6) and governance (7-9) to drive greater outcomes.</i></p> <p>ACCOUNTABLE: Emma RESPONSIBLE: Tom (People) Sapna (Systems) Peter (Governance)</p>	<p>By the end of 2023/24 we want to have,</p> <ol style="list-style-type: none"> Established charters of behaviour within teams eg SLT, Managers Group, and the strategic priorities teams . Delivered a self-service HR system for Managers and employees. Increased the management skills of Managers and Leaders. Created an IT strategy. Delivered a self-service data system for internal and external use Increased the data decision making and data visualisation competencies of all employees. Established informal policies, processes and procedures of governance. Reviewed the formal governance rules, policies and procedures Increased the governance skills of Managers and Leaders. 	<p>This is of importance to WLWA because:</p> <ul style="list-style-type: none"> Investment in our people, systems and governance underpins all of the other priorities They support the building of the culture we want at the core of the organisation. They help us differentiate ourselves as an employer of choice. Each element creates a stable base from which to deliver a great service to each other and our customers. Ultimately, they enable us to deliver on our strategy. 	<p>We will know we have achieved this, if by the end of 2023/24 we have,</p> <ol style="list-style-type: none"> Delivered charters with high levels of compliant behaviour. Agreed updated HR policies and reported back through Lattice reporting and appraisals. Reported employees annual feedback. Agreed the IT strategy at all levels inc Members. Reported monthly on use of Power BI data use (individual, manager, team). Agreed a draft house style for data reporting and visualisation. Reviewed the use of the Nine Habits of Trust, Five steps of Critical thinking, "I intend to", Coaching, Lean and Six Sigma, Data driven decision making and Insights. Agreed a draft plan to update formal governance rules, policies and procedures. Recorded agendas, minutes and decision making at SLT and Managers group. 	<ol style="list-style-type: none"> x x x x

WEST LONDON WASTE AUTHORITY

Report of the Projects Director

22nd September 2023

Programmes Update

SUMMARY

This report provides an update on the WLWA Programmes.

- WLWA programmes are delivering on target savings across Communications, HRRC, Social Value and Reuse and Smart Cities Data programmes.
- Borough data is a critical deliverable for the progression of two of the core savings areas in Social Value and Reuse and the Smart Cities Data Programmes.
- Working together across the climate emergency teams will enable us to create consistency of message and to optimise our resources to maximum benefit.
- Changes in the Projects team and a restructuring of programme roles will enhance clarity and collaboration internally and with Boroughs.

RECOMMENDATION(S)

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

1. Introduction

The WLWA programmes are in the budget for three years from 2023 and are designed to enhance the efficiency of the waste management system across collections, disposal and treatment.

The Citizen Perception Programme - will measure the levels of knowledge, engagement and participation of residents across the region. This will be used to create new and direct messaging to help shift residents' approach to waste reduction, material diversion and recycling resulting in more efficient usage of the service already provided.

The Social Value and Reuse Programme is designed to deliver a system change to the HRRC services including operational efficiencies, material value benefits and the capture of reuse. The reuse items captured will be managed through our proposed Circular Economy hubs and form the basis of our Social Value measurements.

The Smart Cities and Data Programme will provide collection routing efficiency savings and consolidate Borough and Authority data. This will be used to identify trends and opportunities to drive further efficiency in our joint waste system and provide a basis for modelling the required changes to service delivery from the Environment Bill (Extended Producer Responsibility EPR, Consistency of Collections and Deposit Return Scheme DRS).

The Increased Access programme is focused on expanding residents' access to collection services to all properties and includes the food waste investment. This programme requires working with Boroughs to identify new ways of operating and expanding collections services to cover additional materials such as e-waste, textiles and any extended producer responsibility product trials.

2. Risk

Risk	Mitigation	Owner	RAG
Borough operations delivery of change will affect the efficiency of the project (take longer to reach break-even)	Operational management and information is not in WLWA control. Use Abbey Road information and data to indicate success and continue.	Boroughs	Amber
Lack of Borough collections data preventing/delaying saving.	Environment Directors group and Borough Partnership owners of the data requests.	Boroughs	Amber

Programme risks include the continuing loss of material from the existing recycling and diversion systems which will result in high ongoing disposal cost and will not meet recycling or carbon targets.

Further risks include effective integration with other programmes and projects, which will be managed through regular reporting and the governance process.

A team resource risk has been highlighted previously and has now resulted in a reorganisation of the delivery structure due to key members of the team leaving WLWA. This is covered in section 4 Staffing implications.

3. Financial Implications

All programmes are currently under spent on budget year to date. There are delays in some of the procurements, provision of data and some implementation of HRRC changes. These impacts will be assessed during the revised processes and delivery timelines will be updated and reported at the December meeting.

Officers have worked with Boroughs and managed to deliver on target or above savings across the programmes as follows;

Programme	Expected saving annual	Savings YTD	Comment
Communications	£200k	c.£152k	Material collection
HRRC, reuse and Social Value	£533k	c.£275k	Material management
Smart Cities and Data	£600k	c.£400k	Brent collections

The communications programme savings have been realised through changes to the delivery of bulky waste service to a wider materials collection service including reuse and greater waste diversion. This has been achieved in Brent with all collections performed through this service. Other boroughs are using the service to manage peak demand and developing business cases for potential wider implementation and savings opportunities.

The HRRC, reuse and social value programme savings have been generated through material diversion and offtake contracts for paper, card and inert materials at Harrow, Hillingdon, Ealing and Brent sites.

The Food Waste programme spend has now been committed with the remaining Boroughs completing the procurement and roll out of their business cases.

Food waste savings are continuing to accrue in line with previous reporting from reduction and expansion of collection services. The figures will be updated following the next round of waste composition analysis in December.

We are asking Boroughs to meet with WLWA officers as part of the budgeting process for the next financial year and agree on interventions to be included in the Borough budgets. This is to create wider agreement on savings and empower operational teams to deliver on the changes needed at the sites.

4. **Staffing Implications** – The programme staffing structure has been revised for greater clarity on the individual programmes and the cross-team nature of the change delivery. Accountable senior leaders have been allocated the delivery of Priorities and Managers have been allocated as responsible officers for programmes aligned with their long-term deliverables.

The management of programme delivery will be through a matrix approach, enhancing the collaboration and broadening the engagement with Boroughs. (Appendix 1)

Recruitment is already underway for the Project Management role and for the 0.5FTE Circular Economy Manager role.

The team has two people leaving, the Strategic Development Lead and Net Zero Carbon Manager. A recruitment plan is being developed including using new recruitment strategies to attract candidates in a difficult market.

5. **Health and Safety Implications** – None

6. **Legal Implications** – None

7. **Implications for the Environment Directors**

The programmes are a key element in delivering the Environment Directors priorities in the next two years. The four priorities are shown below, supported by examples:

<p>Bringing the community with us (inc. behaviour change)</p>	<p>Sustainable decision making (eg Doughnut model) across West London</p>	<p>Climate Adaptation and Decarbonisation</p>	<p>Dealing with financial challenges whilst delivering on climate change</p>
<ul style="list-style-type: none"> •Make it work for everyone •Creating the change needed to meet net zero •Impacts on residents <ul style="list-style-type: none"> •Green economic development and growth 	<ul style="list-style-type: none"> •Aligning decision making priorities <ul style="list-style-type: none"> •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 <ul style="list-style-type: none"> •Collaboration

Key areas include behaviour change, data gathering, resilience and skills, social value evaluation and future proofing the system.

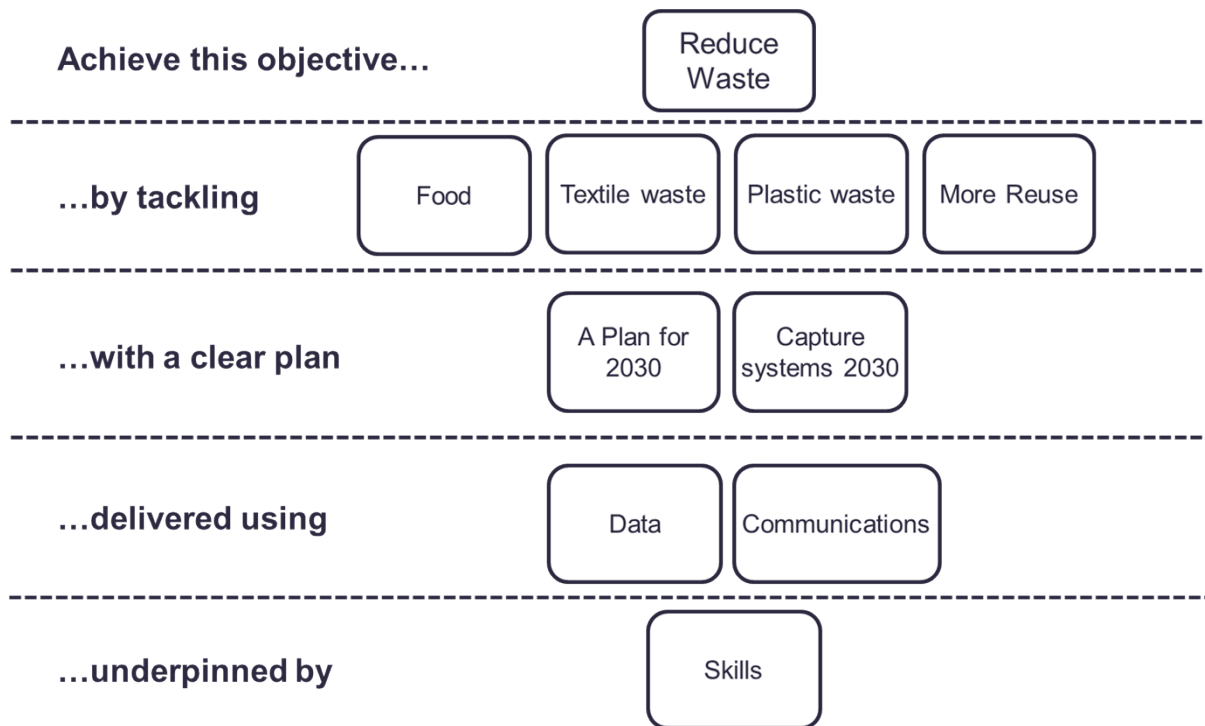
8. **Joint Waste Management Strategy**

A key factor in the Joint Waste Management Strategy is the 65% recycling target. To meet this a 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:



The programmes are intrinsically linked to the Authority’s Joint Waste Management Strategy and Business Plan. The projects are driving the design of the new policies 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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	Motoko Doolan, Net Zero Carbon Manager motokodoolan@westlondonwaste.gov.uk	07917 075 876
	Sarah Ellis, Strategic Development Lead sarahellis@westlondonwaste.gov.uk	07584 631 710

Appendix 1

Enviro Board priorities	Bringing the community with us		Dealing with financial challenges		Climate Adaptation and decarbonisation				
	Sustainable decision making				CEOG / Circular Economy / One World Living				
WLWA/Borough programmes	Communications	HRRC harmonisation/Doubling recycling infrastructure	Data / Smart Cities	Food / EPR	Internal change				Accountable
Priorities	Director Projects	Director Ops	Head of Finance	Director Projects	Managing Director				
Program	Citizen Perception	Reuse Social Value	Digital Twin	Food waste recycling	Operational Excellence				
Responsible	Circular Economy Mgr	Strategic Devt Lead "Delivery"	Ops Mgr	MI Manager	New Role "Development"	Contracts & Procurements Mgr	Director Ops	Head of Finance	Director Projects
Supporting Managers	Senior Accountant					HR Manager	Proj Mgr Finance	Governance /PMO	Contracts & Procurements Mgr

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WEST LONDON WASTE AUTHORITY

Report of the Head of Service Delivery

22 September 2023

HR services update

SUMMARY

This report provides an update on the Authority’s Human Resources (HR) services. The key points are:

- The Authority is on track to deliver against the improvement plan set out on the June HR Services Update.

RECOMMENDATION(S) The Authority is asked to:

- 1) Note this report

1. Introduction

WLWA’s HR service was given ‘Limited Assurance’ status in an internal audit last December. Key actions included:

- Reviewing and updating policies
- Undertaking relevant DBS checks
- Getting employee files fully up to date and complete
- Delivering recruitment training to staff
- Creating a checklist for new starters
- Addressing a backlog of email requests for HR support

An approach was described to the Authority’s June meeting for providing immediate HR support, addressing the audit requirements, and assessing options for the future of the service. Specialist HR consultants were to be appointed to deliver the work and the timescales were set out as follows:

Date	Work completed
30 Jun 2023	HR advisors appointed
30 Sep 2023	Critical outstanding audit actions complete (>85% of total actions)
30 Sep 2023	Review of HR services complete
31 Dec 2023	All audit actions fully complete and long-term HR solution is being rolled-out

2. Progress update

An HR consultant, acting as HR Manager to the Authority, has been in post since June. Another HR consultancy has delivered an assessment of the work required to meet the audit requirements and has since been appointed to deliver the policy update element of this work, with the HR Manager delivering the remainder.

Performance to date against the audit requirements is described below:

Audit Requirement	Status	Description
Reviewing and updating policies	On track	Consultants started the work in August
Undertaking relevant DBS checks	On track	HR Manager is delivering
Getting employee files fully up to date and complete	On track	HR Manager is delivering
Delivering recruitment training to staff	On track	Currently being scheduled by HR Manager
Creating a checklist for new starters	Complete	Evidence sent to auditors
Addressing a backlog of email requests for HR support	Complete	Evidence sent to auditors

In addition, the HR Manager has produced an Options Appraisal for future HR delivery models for the organisation. This is currently being reviewed and discussed by the Senior Leadership Team.

In summary, the HR improvement objectives and timescales are on-track to be achieved.

3. Financial Implications

The June HR Services Update described a potential £27k overspend on the HR staffing budget to deliver the approach. The overall cost will be within the June estimate.

4. Staffing Implications

Employees of the Authority are now receiving quality HR support. The HR Manager is part-time, meaning that availability of the support is limited, but this is encouraging a level of self-service, increasing employees' understanding of employment law and HR matters.

5. Legal Implications

Without sufficient HR support, the Authority is at risk of inadvertently breaking employment law. Commissioning HR support is helping to mitigate this risk.

Contact Officers	Tom Beagan, Head of Service Delivery tombeagan@westlondonwaste.gov.uk	01895 545516
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WEST LONDON WASTE AUTHORITY

Report of the Head of Service Delivery & Operations Manager

22 September 2023

Contracts and operations update

SUMMARY

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

- Most contracts and operations are performing very well
- Operational issues at Victoria Road transfer station has led to delays for some Boroughs
- A number of previously unsigned contracts have been completed and/or signed
- Key waste legislation change has been delayed, delaying cost and carbon benefits.

RECOMMENDATION(S) The Authority is asked to:

- 1) Note this report
- 2) Approve work to support the boroughs in creating and adopting a new West London Waste Plan

1. Introduction

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

2. Contract performance

The performance of the Authority's key operational contracts is explained in the following table.

Contractor	Service	Value (per year)	Operations		Financial risk (RAG)
			RAG	Description	
WLERL, operated by Suez	Residual waste 300,000 tonnes/yr	£35m	A	Good performance at SERC and Transport Avenue transfer station. Disruption caused by fires, crane malfunction and a break-in at Victoria Road transfer station. Fires at both transfer stations.	G
Viridor (Lakeside)	Residual waste 90,000 tonnes/yr	£14m	G	The contract is operating well.	A
BioCollectors	Food waste All Boroughs' food waste	£0.4m	G	The contract is operating well.	G
West London Composting	Garden waste All Boroughs' garden waste	£1.5m	G	The contract is operating well.	G
N+P	Dry mixed recycling From Ealing and Brent	£3m	G	The contract is operating well.	G
Waste-a-Way Recycling	Transporting waste & recyclables using bulk haulage vehicles.	£1m	G	The contract is operating well.	G

Contractor	Service	Value (per year)	Operations		Financial risk (RAG)
			RAG	Description	
Suez	Transporting waste & recyclables using RoRo vehicles.	£0.5m	G	The contract is operating well.	G

WLERL Operations

Sevenside Energy Recovery Centre (SERC) is operating well. The transfer station in Brentford (Transport Avenue) is also operating well. It is receiving extra third party waste from Hammersmith & Fulham and Kensington & Chelsea while Wandsworth Bridge is being repaired.

The transfer station in Ruislip (Victoria Road) suffered a major fire on 7 July when flammable waste from a Borough site was shredded. It was extinguished but the site was closed for half a day. The fire damaged a section of temporary roof, allowing water ingress which caused electrical faults to the waste cranes. The faults and subsequent repair works resulted in tipping delays to Borough vehicles and accumulation of waste on site, which was removed over the following days.

The cranes move waste from the tipping bunkers to the compactors. They are around 40 years old and are about to be replaced. Preparatory works for the replacement are taking place and the new cranes are due to be installed next April. The new cranes, costing £3.5m, are expected to greatly improve reliability and efficiency. The preparatory works are expected to improve the reliability of the old cranes, and are being delivered out of hours to minimise minimal disruption.

A break-in occurred at Victoria Road overnight on 14 August. Significant criminal damage was caused resulting in another half day closure of the site. The site returned to normal operations within two days. The Police are currently investigating. To prevent future break-ins, Suez has re-positioned intruder detection CCTV cameras and is currently identifying further actions.

Another major fire happened at Transport Avenue on 6 September. Residual waste in an outside bay caught alight leading to the site being closed for a day and a half whilst it was fully extinguished and the site made-good. Borough vehicles were diverted to Victoria Road and other contingency sites resulting in some tipping delays. Normal operations resumed on 8 September.

The table below shows the number of fires reported at the transfer stations since 2019/20. Despite being only six months into the current contract year, the number of fires is already the same as the previous full year.

	2019/20	2020/21	2021/22	2022/23	2023/24 YTD
Transport Ave	3	6	7	8	10
Victoria Rd	6	8	13	17	12
Total	9	14	20	25	25

To help tackle fires, the new fire suppression system at Victoria Road, costing £2m, is currently being commissioned. A similar system is now fully operational at Transport Avenue.

WLWA has established a fire prevention working group and is encouraging Boroughs to help prevent fires by:

- Sending only bulky waste to be shredded at the sites
- Preventing residents/traders from tipping flammable wastes at their HRRCs/transfer stations
- Communicating with residents about keeping flammable items out of residual waste

Viridor financial risk

The Viridor Lakeside contract is heavily impacted by inflation and is therefore placing cost pressures on the budget this year. Efficiencies are being sought by sending more waste directly to the Lakeside facility, rather than via the transfer stations, in order to minimise handling costs.

3. Procurements

Extensions to the mattress recycling contracts were awarded to the incumbent contractors Circom and Matt UK for a period of two years. They continue to provide a good service and excellent value. The contracts are collectively worth £0.75m a year.

Procurements are currently out for a kerbside collected paper and cardboard recycling contract for Brent and a rubble recycling contract for all Borough sites.

At June's WLWA Audit Committee meeting it was identified that a number of contracts had not yet been signed due to delays by legal advisors HB Public Law. Following an increase in resource and weekly progress meetings, two contracts have now been signed - Circom (mattresses) and Quattro (rubble). Three more contracts are completed and awaiting signatures from the Contractor.

4. Abbey Road HRRC and Waste Transfer Station (WTS)

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

A member of staff has been suspended for a potential health and safety breach and an investigation is underway.

The site is otherwise operating well. The HRRC has a year-to-date diversion (from residual waste) rate of 80%, which is second highest of the Borough sites after Townmead Road in Richmond (81%). Opportunities are currently being explored for separating additional materials for reuse and recycling.

The WTS is operating well and managing over 60% more material than last year since it started accepting street cleansing waste collected by Brent Council. This arrangement is saving Brent over £100,000 a year in waste transfer costs

5. Richmond's sites: Townmead Road HRRC/WTS and Central Depot

WLWA currently provides waste operations management at Richmond's two waste sites.

Operational and health and safety improvements have been delivered at both sites. An internal health and safety audit recognised the improvements and some areas where further work is needed. An action plan is in place.

6. Legislative change

The Government has updated its position on two of the key legislative reforms affecting the waste and resources industry.

Extended Producer Responsibility (EPR) – The introduction of EPR for packaging has been delayed by a year to autumn 2025, meaning delays to the payments that WLWA and the Boroughs were expecting to receive, and delays to legislation-driven waste reduction. A new consultation on EPR has been launched and will end in October. WLWA will be responding and will support all Boroughs to respond individually.

Consistency in collection – This has been delayed until after the introduction of EPR. No further clarity has been provided on the changes that Councils will be required to make to collection services.

7. The West London Waste Plan

West London Alliance is currently leading an update of the West London Waste Plan. The plan will take several years to update and will result in updated waste management planning policies as well as an updated list of defined waste management sites. This is a much-needed document, particularly considering the increase in pressure from developers to convert waste sites into non-waste uses.

The west London Boroughs are all contributing to the plan in terms of governance, technical support and financial contributions for the consultants who will be producing much of the work. A memorandum of understanding is currently being developed between participating organisations. It is recommended that WLWA provides technical support from its position as a waste disposal authority, in developing the plan, and to support the boroughs to create and adopt a new West London Waste Plan.

8. Financial Implications

Section	Financial Implications
West London Residual Waste Services contract	<p>The costs of repairs caused by the fires, crane malfunction and break-in, are borne by the Contractor, although the Authority bears the risk of insurance premium increases above an agreed level – incidents like this will cause premiums to increase. There were also operational costs incurred by Boroughs when Victoria Road was closed or congested as a result of these issues. WLWA is working with Boroughs to better understand these costs and communicate them to the Contractor.</p> <p>The crane replacement and fire suppression system upgrade at Victoria Road transfer station will be financed by the Contractor and WLWA is not obliged to contribute to the costs. The improvements will improve the speed of Borough tipping, leading to operational savings.</p> <p>The financial risk RAG status from this contract is green because the contract set-up protects the Authority from the full impacts of inflation, meaning that significant variance from the budgeted position is unlikely in this contract year.</p>
Viridor (Lakeside)	The cost of managing 90,000 tonnes of residual waste through this contract is projected to be 3% higher than the budgeted amount due to the impact of inflation.
Procurements	The mattress recycling contracts were extended on the basis that the market has not changed since the previous procurement and the contract rates continue to deliver good value.
Abbey Road HRRC and Waste Transfer Station (WTS)	<p>Suspension of the staff member at Abbey Road will result in additional staffing costs, from agency support, while the health and safety incident is investigated.</p> <p>Use of the WTS to support Brent Council's contract arrangements is expected to save Brent over £100,000 per year in waste transfer costs.</p>
Richmond's sites: Townmead Road HRRC/WTS and Central Depot	<p>WLWA's staffing costs to support the sites are covered as part of a Service Level Agreement with the London Borough of Richmond upon Thames (LBRuT).</p> <p>LBRuT remains responsible for costs associated with delivering the Health and Safety action plan.</p>
Legislative change	Extended Producer Responsibility (EPR) is expected to deliver a rebate of at least £1m per Borough, of which some be received by WLWA. The delay of a year will delay the rebate. WLWA's response to the live consultation on EPR will aim to maximise: waste prevention, reuse, and recyclability by design as well as maximise the rebate to Local Authorities.
The West London Waste Plan	Technical support for delivering the plan will be delivered within existing staffing budgets.

9. Staffing Implications

At Abbey Road, cover for the suspended staff member is being provided through a combination of existing staff and agency staff.

10. Legal Implications

Under the service level agreement, LBRuT remains legally responsible for health and safety compliance at its Townmead Road and Central Depot sites.

11. Impact on Carbon reduction

Replacing the cranes at Victoria Road will speed up tipping times, increasing the efficiency of the Boroughs' collection services and saving carbon.

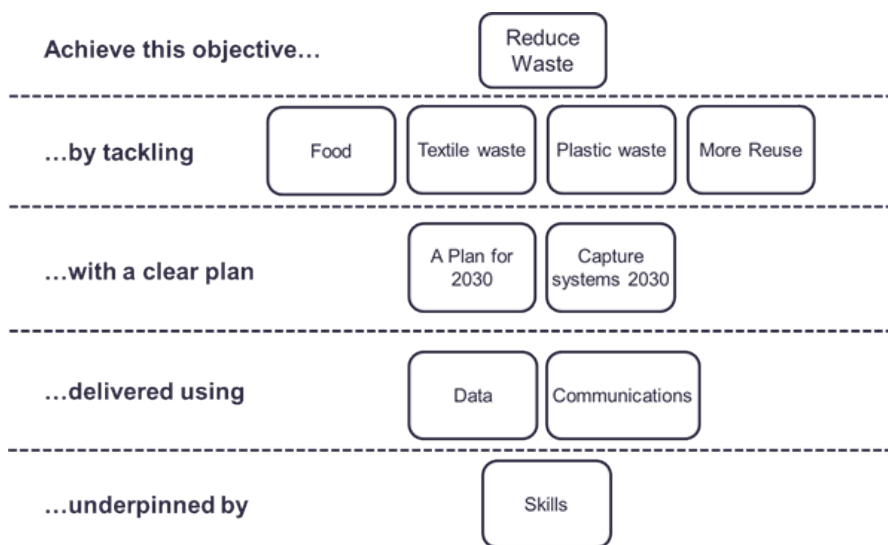
The delay to packaging Extended Producer Responsibility legislation will delay the designing-out of waste by packaging producers by a further year, preventing carbon savings.

12. Impact on Environment Directors Priorities

Priority	Key points raised within this report
Bringing residents with us	Delays to packaging EPR and consistency legislation may delay improvements to waste management services.
Sustainable decision making	N/A
Climate adaptation and decarbonisation	See Section 10
Dealing with financial challenges whilst delivering on climate change	Investments in the cranes at Victoria Road will save Boroughs costs and carbon through reduced tipping times and more efficient collection operations.

13. Impact on 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 and is shown below.



Delays to packaging EPR will adversely affect all elements of the framework.

14. Impact on statutory, national and London targets

Delays to packaging EPR will slow progress against the target of 65% recycling by 2035 (2030 in London).

Contact Officers	Tom Beagan, Head of Service Delivery tombeagan@westlondonwaste.gov.uk	01895 545516
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Finance Report July 2023

SUMMARY

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

- Day to day financial performance for YTD is showing a deficit largely due to 2 factors
 - Contracted rates for waste disposal are higher than budgeted
 - Business rates are significantly higher than budgeted
- Tracking return on investments on funded programmes. Spending has not met expectations but direct borough savings are being achieved. We are seeking to do more collaborative working with Boroughs to achieve our year end targets.
- Operational performance is shown in the KPIs and is largely on track with one key exception on food waste as lower volumes continue to be collected than anticipated.
- There were no delegated decisions to note.
- The treasury management information reflects the continuing simple, low risk approach.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the current financial position and forecast for 2023/24
- 2) Note the KPIs to date
- 3) Note the delegated decisions
- 4) Note the Treasury Management outturn for 2022/23 and update for 2023/24

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.

High Level Summary

	P4 Budget £ 000s	P4 Actual £ 000s	P4 Variance £ 000s	Full Year Budget £ 000s	Full Year Forecast £ 000s	Full Year Variance £ 000s
Expenditure						
Employees	872	863	(9)	2,616	2,773	156
Premises	867	1,154	287	2,601	3,449	849
Waste Transfer and Disposal	17,177	17,596	419	51,531	52,603	1,072
MRF Waste Transfer and Disposal	752	1,534	782	2,256	3,038	782
Supplies and Services	397	324	(73)	1,190	1,131	(59)
Depreciation	3,458	3,458	0	10,375	10,375	0
Financing and Other	1,985	1,985	0	5,955	5,955	0
Concession Adjustment	(1,523)	(1,523)	0	(4,570)	(4,570)	0
	23,985	25,390	1,405	71,954	74,754	2,800
Income						
Levies	(22,372)	(22,708)	(336)	(67,116)	(67,452)	(336)
MRF Service Charge	(752)	(1,534)	(782)	(2,256)	(3,038)	(782)
Trade and Other	(861)	(1,154)	(294)	(2,582)	(2,954)	(372)
	(23,985)	(25,396)	(1,412)	(71,954)	(73,444)	(1,490)
(Surplus) / Deficit	(0)	(7)	(7)	(0)	1,310	1,310
PPP Contract Income	0	0	0	0	0	0
Disbursement to boroughs	0	0	0	0	0	0
Net (Surplus) / Deficit	(0)	(7)	(7)	(0)	1,310	1,310
HRRC Fund	0	71	71	0	815	815
Actuarial (loss)/gain on pension liability	0	0	0	0	0	0
Total Income & Expenditure after Reserve	(0)	64	64	(0)	2,125	2,125
Programme of work funded by PPP income						
Depreciation	36	36	0	107	107	0
Premises	15	15	0	45	45	0
Employees	103	80	(22)	308	285	(23)
Supplies and Services	220	220	(0)	660	660	(0)
Programme costs funded by PPP income	(373)	(373)	0	(1,120)	(1,120)	0
Programmes Total	0	(22)	(22)	0	(23)	(23)
Disbursement to boroughs in Jul (relates to 22/23)	0	3,301	3,301	0	3,301	3,301

From a year to date activities perspective, the overall performance for the period shows a favourable variance (i.e. underspend) of £7k compared to budget. However, total expenditure is overspent by £1.4m. This is largely due to higher Waste Transfer and Disposal costs reflective of increased prices compared to budget and business rates within Premises costs being higher than budget.

It is also worth noting that the MRF Waste Transfer and Disposal costs are overspent by £782k. This is due to the inclusion of Brent's contract which was not budgeted. However, this cost is a nil effect to the authority as these costs are directly recovered back from the boroughs. Higher Trade income (recognising £294k more than budget) has contributed to reduce the overall deficit to a surplus.

The first four months of the year have seen slightly higher than budgeted waste volumes. To put in to perspective, levy costs have been 1.5% higher than budgeted to the end of July. Therefore, we have taken a prudent approach and forecasted for a slight increase in volume compared to budget, as we have seen in the first quarter. This has resulted in a forecasted overspend on levies at year end by 0.5%.

There is a overspend in Waste Transfer and Disposal costs which is primarily reflective of higher than budgeted disposal costs.

Employees is also showing a £156k overspend against budget for the full year. This is due to payments made for staff leaving, as well as agency staff used to cover gaps in services.

In June, we presented a deficit of £2.7m for the full year which was partially made up of a higher than budgeted cost for waste treated as 'deemed landfill' during the SERC site closure in April. The overall deficit has since reduced to £1.3m, as we have received a £1.5m credit from WLER for the landfill reconciliation for prior years. This has been an ongoing discussion with the contractor for some time, and has only been concluded in recent weeks.

Included within the budget monitoring, is also a disbursement of excess reserves from the previous financial year of £3.3m which was presented in June as part of the 2022/23 draft outturn report.

To note, the excess revenue share from the PPP contract which relates to 2022/23 has now been received (£19.1m). Two thirds of this has been paid to the boroughs in disbursements in July. It is too early to forecast if any excess revenue will come through for 2023/24 through the PPP contract so this has not been forecasted.

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:

Looking at the PAYT waste forecast, the overall residual waste variance of £833k is made up of higher waste tonnages than budgeted for the first 4 months coupled with the higher prices (due to inflation). The higher waste volumes are also reflected in the PAYT levy variance (£336k) which shows actual rebates paid from boroughs to WLWA for higher than budgeted tonnages.

Secondly, in terms of FCL waste, there has been higher than budgeted HRRC volumes leading to higher forecast costs against budget with residual waste making up £178k of the variance.

On a positive note, the level of trade and other income is healthy and forecast to out-perform the budget by £372k.

The forecast for the year for the improvements to borough HRRC's anticipates investments will be made by the year end.

It should be noted that the waste sector faces a challenging and volatile insurance market. Insurance premiums have been on the rise in recent years. There is a potential in year financial risk of the insurance premium coming in higher than previous years, which has not been budgeted. The costs of repairs caused by the fires, crane malfunction and break-in, are borne by the Contractor, although the Authority bears the risk of insurance premium increases above an agreed level – incidents like this will cause premiums to increase.

2. KPIs for 2023/24

Appendix 2 summarises the performance to the end of July, in both a summary table, and significant KPIs being shown graphically with a year on year trend.

Most indicators are on target (green) and the performance is reflected in the RAG rating and commentary. There are two red indicators one being for food waste and the other for sickness days. Lower volumes of food waste tonnages have been collected compared to budget. In terms of sickness days, an employee on long term sick has since returned to work.

Staff turnover is amber due to the outcome being pushed closer to the red threshold in coming months due to known leavers. People development is an amber and this will be monitored to ensure staff are continuing to develop and make a positive impact.

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 have been none to note.

4. Treasury Management Outturn and Update

The Authority limits its scale and variety of treasury management activities to simple, low risk and essential operations, as identified in each years' annual plan.

Essentially excess funds are invested through a service level agreement with Ealing Council with interest being paid annually based on the average return achieved by the borough over the year. The agreement also gives the opportunity for the deposit of funds for fixed periods to enjoy higher rates.

The average interest rate achieved for 2022/23 was 3.4% returning £554k investment income. This is reflective of the interest rates increasing throughout the year, and the high return on short term investments made via Ealing Council. The amount held at year end was £28.0 million.

So far, in 2023/24 operations have been steady and the main change in cash balances is from the receipt of £19.1 excess revenue share income from the PPP contract relating to 2022/23. Two thirds of this income has been passed through to boroughs leaving the Authority with suitable liquidity and reserves to develop projects for managing the risk of upcoming legislative changes.

In terms of borrowings, there have been no changes either last year or this.

For 2022/23 the Authority commenced the year with a total of £85.9 million of repayment loans from four London boroughs and the PWLB. The payments during the year reduced this to a balance of £83.6m by the end of the year.

The interest on borough loans is fixed at 7.604% and the PWLB loan is fixed at 2.24%. 2021/22 saw £5.2m paid in interest.

The key requirements of the CIPFA prudential code is for authorities to ensure that capital expenditure plans are affordable, prudent and sustainable.

It is worth noting that the Authority demonstrates this in its long term financial plans (20 years) which are approved alongside the budget at every January Authority meeting. The plans show:

- balanced annual budgets over the period
- good liquidity is maintained throughout
- all debt is repaid
- all capital expenditure is ultimately charged through levies
- the growth in levies is significantly less than inflation

This provides a complete picture in a typical way used by commercial businesses for long term planning.

The prudential code also prescribes a range of indicators to report. These are more pertinent to public bodies with complex treasury management arrangements and complex long term plans. They are less relevant to Authority’s operations, however the indicators and a brief explanation are provided in Appendix 3. The construction of the Energy from Waste plant accounts for the majority of the value in figures in this appendix.

5. Impact on Joint Waste Management Strategy – Improvements to financial management in the Authority will continue to ensure that the Authority addresses policies of the JWMS.

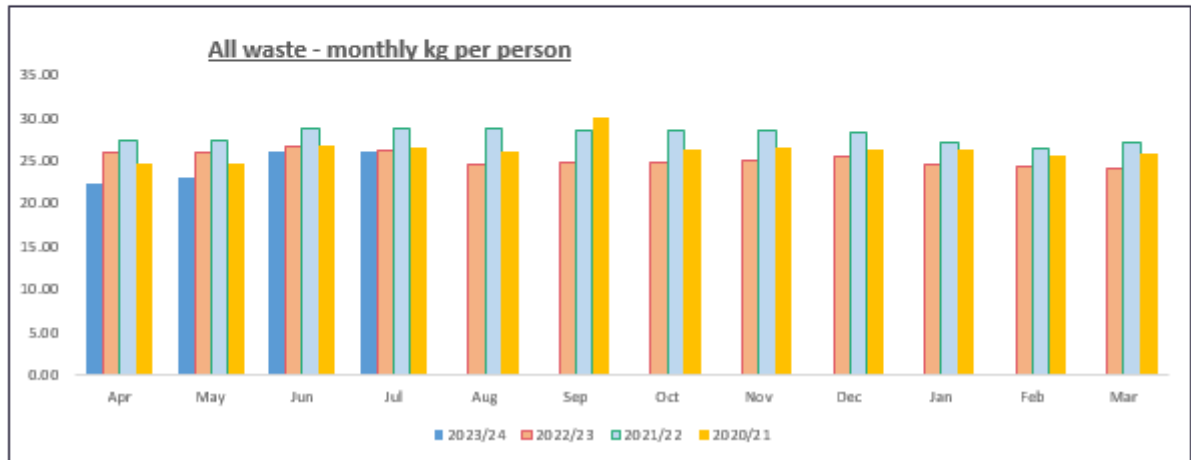
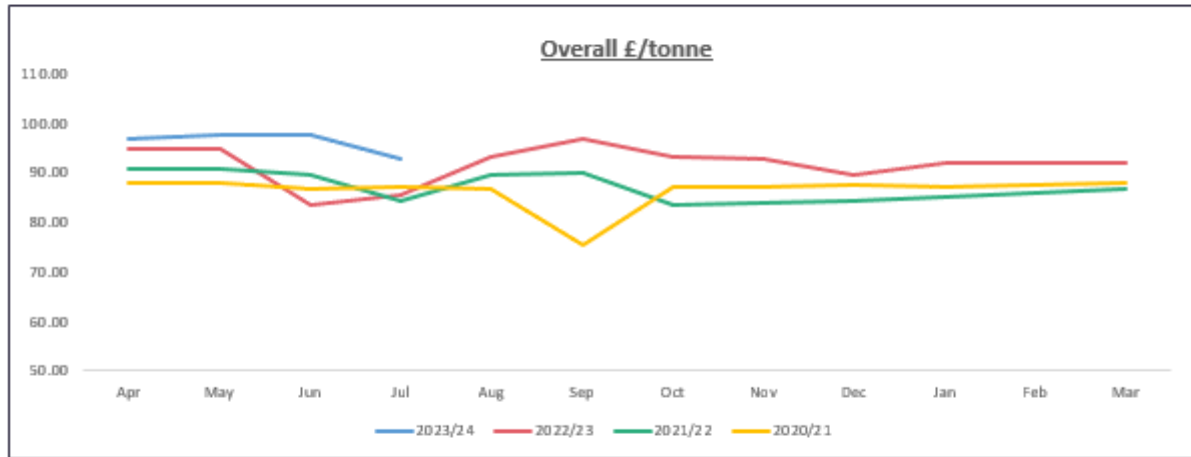
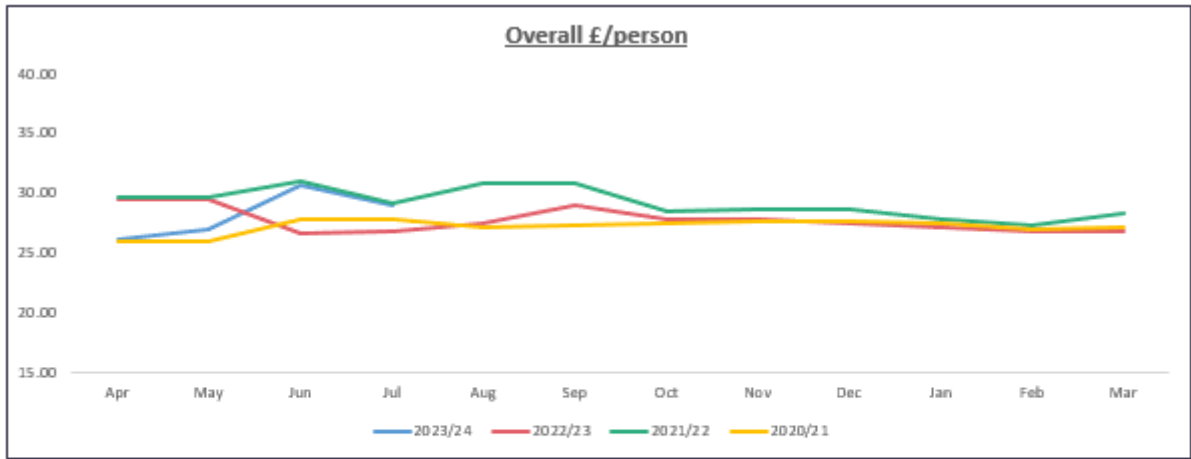
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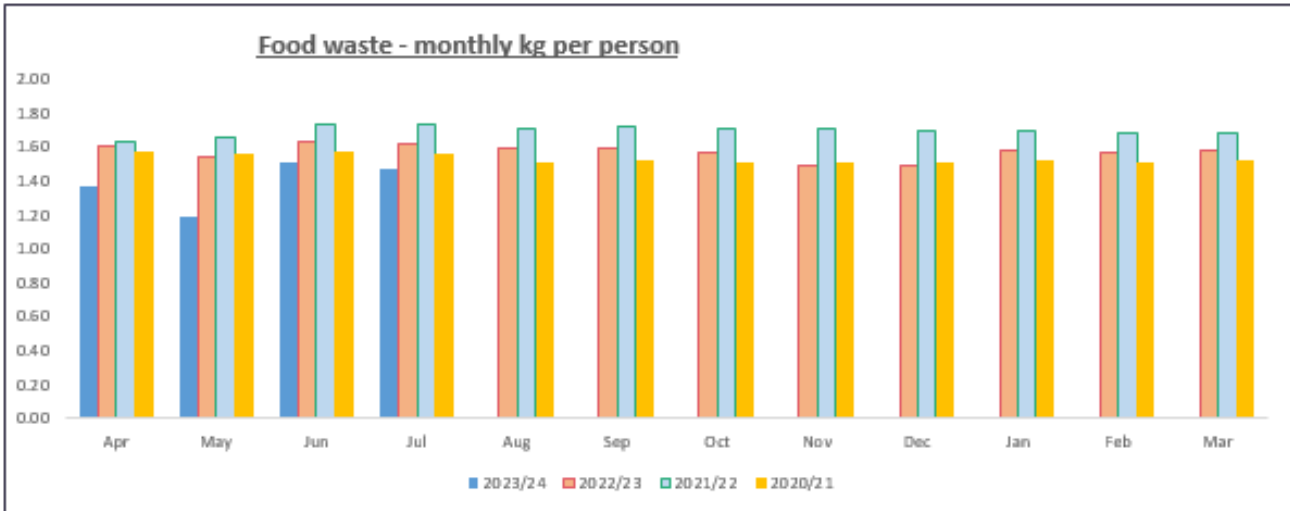
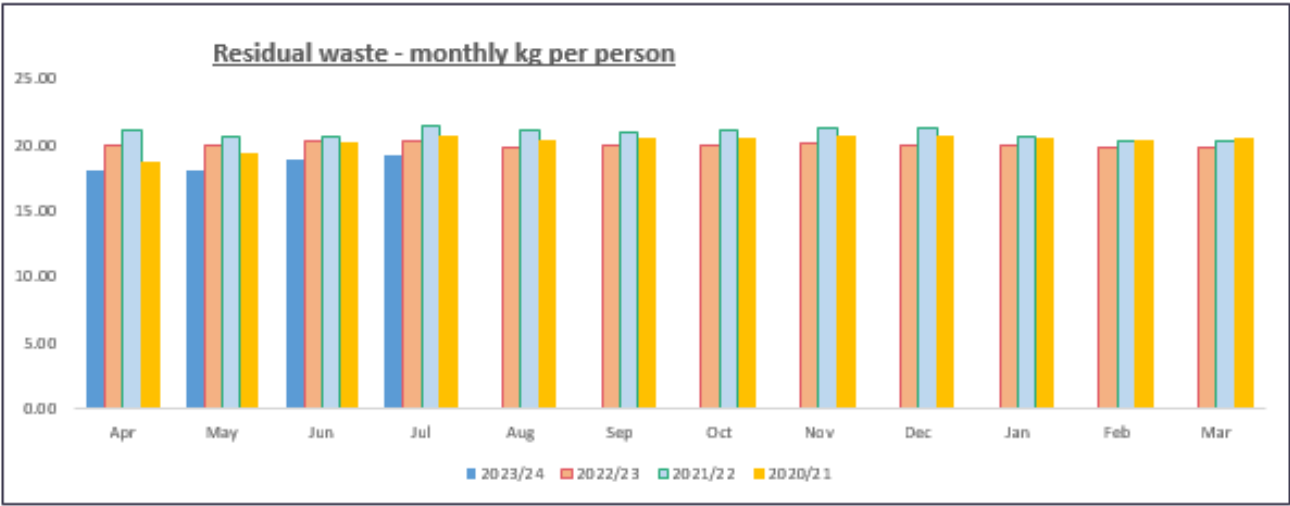
Appendix 1

Pay As You Throw	24 YTD	Period 4		2023	Full Year	Forecast		
	Budget	Actual	Variance	Commentary	Budget	Estimate	Variance	Commentary
	£ 000s	£ 000s	£ 000s		£ 000s	£ 000s	£ 000s	
Waste - Residual	13,794	13,895	101	Higher tonnages for the first 4 months largely offset by £1.5m back dated credit received for the years 18-22 (4 years) relating to the landfill reconciliation.	41,382	42,215	833	Forecast based on tonnages continue to remain high throughout the year.
Waste - Food	126	125	(1)	4.5% lower tonnages collected than the same period last year.	379	375	(3)	Forecasts based on YTD current level of activity.
Waste - Mixed Organic	0	0	0		0	0	0	
Waste - Green	552	789	237	19% higher tonnages collected compared to the same period from last year.	1,657	1,802	146	Forecasts based on current level of activity for the 4 months - Green waste volumes to fall over the year.
Waste - Other	190	105	(85)		569	314	(255)	
Depreciation	2,938	2,938	0		8,814	8,814	0	
Financing	1,507	1,507	0		4,521	4,521	0	
Premises	425	655	230	Business rates increase significantly for FY 23/24 across organisation.	1,276	1,966	690	Forecasts based on YTD current level of activity.
Concession Accounting Adjustment	0	0	0		0	0	0	
Levy Income	(17,695)	(18,031)	(336)		(53,086)	(53,422)	(336)	
PAYT Net Expenditure	1,837	1,983	146		5,511	6,585	1,074	
Fixed Cost Levy	24 YTD Period 4			2023-24 Full Year Forecast				
	Budget	Actual	Variance	Commentary	Budget	Estimate	Variance	Commentary
	£ 000s	£ 000s	£ 000s		£ 000s	£ 000s	£ 000s	
Employees	872	863	(9)	Vacant posts compared to budget - HR Manager/Coordinator, Net Zero Planner, savings of 0.6 for CE Manager, Project manager, driver post at AR.	2,616	2,773	156	Allows for budgeted roles to be filled in, but also in line with the HR Paper, includes the costs of outsourcing HR services for 6 months. Includes Honorarium payments for staff and recognises redundancy of Finance Director.
Premises	442	498	57	Business rates increase significantly for FY 23/24 across organisation.	1,325	1,483	159	Forecasts based on YTD current level of activity.
Waste - Residual	1,680	1,717	38	Higher tonnages for the first 4 months largely offset by £1.5m back dated credit received for the years 18-22 (4 years) relating to the landfill reconciliation.	5,039	5,218	178	Forecast based on tonnages continue to remain high throughout the year.
Waste - Green	93	141	48		279	327	49	Forecasts based on current level of activity for the 4 months.
Waste - Wood	379	299	(80)		1,138	898	(240)	Forecasts based on YTD current level of activity.
Waste - Other	363	525	161	Higher volume of Mattresses collected.	1,090	1,454	364	Forecasts based on YTD current level of activity.
Waste - MRF Ealing	752	781	29		2,256	2,285	29	
Waste - MRF Brent	0	754	754	Nets out with income below.	0	754	754	
Supplies and Services	397	324	(73)		1,190	1,131	(59)	Costs being accrued for variety of services including IT, Software upgrades, Licences, Maintenance (machinery & site) and Audits.
Depreciation	520	520	0		1,561	1,561	0	
Financing	150	150	0		450	450	0	
Revenue Funding of Debt	328	328	0		984	984	0	
Concession Accounting Adjustment	(1,523)	(1,523)	0		(4,570)	(4,570)	0	
Trade Waste and Other Income	(861)	(1,154)	(294)	Backdated credit received for c. £1.5m for landfill reconciliation (years 2018 - 2022)	(2,582)	(2,954)	(372)	
MRF Income Ealing	(752)	(781)	(29)		(2,256)	(2,285)	(29)	
MRF Income Brent	0	(754)	(754)	Nets out with costs above.	0	(754)	(754)	
Levy Income	(4,676)	(4,676)	0		(14,029)	(14,029)	0	
Fixed Cost Levy Net Expenditure	(1,837)	(1,989)	(152)		(5,511)	(5,276)	236	
(Surplus) / Deficit	(0)	(7)	(7)		(0)	1,310	1,310	
PPP Contract Income	0	0	0		0	0	0	
Disbursement to boroughs	0	3,301	3,301		0	3,301	3,301	Payment to Boroughs relating to prior year 22/23
HRRC fund	0	71	71		0	815	815	
Total Income & Expenditure	(0)	3,365	3,365		(0)	5,426	5,426	
Social Value & Reuse	154	132	(22)		463	440	(23)	Forecasts based on YTD current level of activity.
Digital Twin	166	166	0		497	497	0	Forecasts based on YTD current level of activity.
Communications	53	53	(0)		160	160	(0)	
Programme costs funded by PPP inco	(373)	(373)	0		(1,120)	(1,120)	0	
Programs total	0	(22)	(22)		0	(23)	(23)	

Appendix 2

Key Performance Indicators 23/24							Cumulative	
KPI	23/24 Target	Red Threshold	22/23 Actual	Description	Commentary about target	Jul-23	Commentary about performance	
Keep Waste Moving								
1	Diversion from Landfill %	95.00%	< 95% = Red	99.89%	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.	99.7%	
2	Turnaround times (% above 25 minutes) for borough vehicles	4.5%	>7.5% = Red	6.8%	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. FY23 saw an increase due to crane issues at Victoria Road and rail strikes, but expecting to see an improvement to prior years in FY24.	3.5%	
Increase Efficiency								
3	Overall £/tonne	£93.47	> £98.15 (i.e. +5%) = Red	£92.07	Looks at total tonnes collected cumulatively and the total spend of waste transfer and disposal.	Reflects boroughs budgeted tonnages.	£93.02	Higher tonnages for residual and green waste for 4 months. This cost has been offset by the credit for the backdated landfill rec (without credit £/tonne would have been £97.15). More waste gone to Lakeside for July.
4	Overall £/person	£29.32	> £31.84 (i.e. +5%) = Red	£26.72	Total spend of waste transfer and disposal divided by total population of 6 boroughs (provided from ONS website).	Reflects boroughs budgeted tonnages.	£29.01	
Divert From Waste								
5	All waste - monthly kg per person	26.14	> 28 kg = Red	24.18	Total cumulative waste collected divided by population (taken from ONS website).	Reflects boroughs budgeted tonnages.	25.99	
6	Residual waste - monthly kg per person	19.61	> 21 kg = Red	19.73	Total cumulative residual waste collected divided by population (taken from ONS website).	Reflects boroughs budgeted tonnages. Food within residual should be reducing this figure.	19.24	
7	Food waste - monthly kg per person	1.64	< 1.55 kg = Red	1.58	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.	1.48	Lower volumes of food waste collection than budget.
Effective Control								
8	People development	125.00	< 450 = Red	515.00	Total number of learning and development activities carried out in financial year (amongst total employees).	Includes monthly team meetings.	80.00	Expected to pick up over the course of the year.
9	Staff turnover	15%	> 20% = Red	15%	Cumulative leavers YTD against total budgeted staff.	Not a large staff number therefore can be skewed by minimal movement. Counts employees who leave WLWA after their first probation review at 10 weeks of employment.	7.0%	3 leavers in next few months will push the outcome close to the red threshold.
10	Sickness rate	2.0%	> 3% = Red	2.4%	Cumulative sick days lost year to date.	In 2020, published figures show that sickness absence rates in public sector stood at 2.7%. This has increased to 4.4% in 2022. Have left target at 2% after considering the wide gap between the size of our workforce and those of other public sector	4.5%	Long term sickness skewing the figures. Employee has returned back to work in July.
11	Paying suppliers promptly	30	> 30 days = Red	27	Average number of days to pay suppliers in the month.	Statutory level	23.8	
12	Maintaining cash flow (Minimising trade)	8%	> 10% = Red	0%	Debt at end of period (percentage of non levy income excluding borough debt).	Reflects debt at end of period.	0.0%	
13	RIDDOR incidents at Abbey Road	0	> 1 = Red	0		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.	0.00	
14	Average time taken in days to complete the entire hazard card process from start to finish	5	> 10 days = Red	0	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.	1.28	





Appendix 3

Summary for report

Prudential Indicator	Prudential code	Description	2022/23 Estimate £000s	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Actual to date £000s	2024/25 Estimate £000s	2025/26 Estimate £000s
Ratio of financing costs to net revenue stream	73/74	This is an indicator of affordability of plans	8%	9%	7%	6%	7%	7%
Capital expenditure	48/50	This is a summary of the Authority's capital spending plans	1,044	71	3,000	13	2,000	2,000
Capital financing requirement (CFR)	51/54	This is a measure of the Authority's underlying borrowing need	194,372	229,766	186,997	229,779	178,254	169,511
Operational boundry for external debt	56	This is a projection of debt supporting the capital financing requirement	171,653	149,050	160,479	165,986	160,219	148,448
Authorised limit for external debt	55	This provides headroom for debt to deal with any unusual cash movements	181,653	159,050	170,479	175,986	170,219	158,448
Gross debt (new Prudential Indicator replaces net debt)	60/62	This reflects the amount of gross debt	183,998	184,736	177,257	180,863	181,437	173,887

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Note on terminology: debt is gross debt less cash