

West London Waste Authority

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13 September 2016

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### **West London Waste Authority**

A meeting of the West London Waste Authority will be held in Committee Room 5, Harrow Civic Centre on Friday 23 September 2016 at 11.00 am

### **MEMBERSHIP**

Councillor Keith Burrows, London Borough of Hillingdon  
Councillor Pamela Fleming, London Borough of Richmond  
Councillor Graham Henson, London Borough of Harrow  
Councillor Bassam Mahfouz, London Borough of Ealing (Chair)  
Councillor Amritpal Mann, London Borough of Hounslow (Vice-Chair)  
Councillor Eleanor Southwood, London Borough of Brent

### **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 1 July 2016 **(Pages 3 - 6)**
4. Matters Arising from the Minutes
5. Statement of Accounts for the year ending 31 March 2016 **(Pages 7 - 54)**
6. Waste Prevention Action Plan - a summary of the progress so far in 2016/17 and and plans for the 2017/18 programme **(Pages 55 - 76)**
7. Treasury Management **(Pages 77 - 80)**

8. Urgent Business

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

9. Exclusion of the Press and Public

That the public and press be asked to leave the meeting during discussion of the following items because exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 is likely to be made known.

10. Contracts and Operations Update *(Pages 81 - 128)*

11. Budget Monitoring Report Period 4 (July) *(Pages 129 - 136)*

**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

At a meeting of the West London Waste Authority held on Friday 1 July 2016 at 10.00 am at the Committee Room 5, Harrow Civic Centre.

**Present:**

Councillor Bassam Mahfouz (Chair)

Councillor Amritpal Mann (Vice-Chair)

Councillor Pamela Fleming, Councillor Graham Henson and Councillor Eleanor Southwood

**Apologies for Absence**

Councillor Keith Burrows

**1. Apologies for absence**

Councillor Keith Burrows.

The Clerk advised that Councillor Burrows had provided reasons for his non-attendance at the meeting and reported these to the Authority. In accordance with Standing Order 5, Members of the Authority agreed that the reasons provided were sufficient and therefore the six month rule did not apply.

**2. Appointment of Chair**

**RESOLVED:** That Councillor Bassam Mahfouz be appointed as Chair for the 2016/17 municipal year.

**3. Appointment of Vice Chair**

**RESOLVED:** That Councillor Amritpal Mann be appointed as Vice Chair for the 2016/17 municipal year.

**4. Declarations of interest**

There were no declarations of interest.

**5. Minutes of the meeting held on 18 March 2016**

**RESOLVED:** That the minutes of the meeting held on 18 March 2016 be agreed as a correct record.

**6. Matters arising from the minutes**

Minute 58 – Corporate Governance

The Members were informed that, subject to completion of contract/ paperwork, Emma Beale had been appointed as Managing Director.

Members expressed their thanks to the officers for the work carried out in relation to the recruitment process.

**7. Appointment of Chair and members of Audit Committee including Independent member**

**RESOLVED:** That (1) Councillor Amritpal Mann be appointed as Chair of the Audit Committee and that Councillors Keith Burrows and Eleanor Southwood be appointed as the other two members for the 2016/17 Municipal Year;

(2) the appointment of Andrea White as the Independent Member of the Audit Committee be re-confirmed.

**8. Dates of meetings for 2016/17**

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

Friday 27 January 2017 at 11.00am (Audit Committee at 10.00am)

Friday 24 March 2017 at 10.00am

Friday 23 June 2017 at 10.00am

Friday 22 September 2017 at 11.00am (Audit Committee at 10.00am)

Friday 8 December 2017 at 10.00am

**9. Corporate Governance**

Members received a report of the Clerk which provided a review of the Authority's Corporate Governance and policies.

Jay Patel, Head of Finance, outlined the content of the report and, in response to a Member's comment, undertook to report back to the next meeting an addendum of an ethical clause to incorporate within the Tenders and Contracts Regulations.

**RESOLVED:** That (1) the changes to the Member Code of Conduct, Tenders and Contracts Regulations and Local Code of Corporate Governance be approved;

(2) it be noted that the Clerk would approve minor changes to other governance documents.

**10. Draft Statement of Accounts for the year ending 31 March 2016**

Members received a report of the Treasurer which summarised the provisional outturn figures for 2015/16 and presented the draft Statement of Accounts for the year.

Jay Patel, Head of Finance, reported that the external auditors had reviewed the Authority's accounts in June and had been content with their findings. He drew Members' attention to the Annual Governance Statement contained within the report.

In response to a Member's question as to whether wood sent for energy re-use could be counted towards recycling and whether the Authority was looking towards more recycling and re-use. Some Members advised that the removal of wood from recycling figures had significantly reduced recycling percentages. Barry Lister, Interim Head of Service, reported that it was the intention to recycle all materials but that there were only a few outlets for some materials, including those for wood and carpets. He added that wood was difficult in terms of recycling as the bulk was grade C (including MDF and treated fence panels) which made it difficult to process with other products. Ken Lawson, Contract Manager, advised that the option of recycling chipboard had been explored but that, on testing, the levels of toxins were too high. The Authority diverted for recovery approximately 20,000 tonnes of wood per year. Members were advised that if treated incinerator bottom ash (IBA) including recovered metal

could be included towards recycling targets this would add approximately 6-7% per annum.

**RESOLVED:** That (1) it be noted that the Final Statement of Accounts would be presented for approval to the September Audit Committee and Authority meetings;

(2) the 2015/16 provisional out-turn figures and detailed in Appendix 1 to the report be noted;

(3) the Draft Statement of Accounts and Annual Governance Statement contained therein (Appendix 2) be noted;

(4) the Chair write to the Mayor of London about the positive impact of counting treated IBA and recovered metals arising from EfW plants would have on recycling rates.

## **11. Waste Prevention – Update on the Waste Prevention Action Plan for 2015/16**

Members received a report which presented the results of the Waste Prevention Action Plan for 2015/16.

Roger St Paul, Senior Waste Minimisation Officer, outlined some of the main activities undertaken, including those in primary schools. He reported that over 6,000 people had been reached through organised events/ activities and that suggestions to reduce waste had been well received. The team had won 'The Best Team of the Year' category at the Local Authority Recycling Advisory Committee (LARAC) 2015 Awards and the Authority had been finalists for the Best Waste Minimisation or Prevention Project at the same Awards event. In addition, the Authority had been a finalist at the National Recycling Awards 2015 for a Waste Prevention Award. He added that the Authority had achieved 7 out of 11 of its' activity targets.

Members congratulated officers on the achievements in this area and endorsed the work being done in schools, recognising the difficulties in relation to encouraging residents to use food waste pods. Prevention of food waste was to be encouraged and work in schools would assist in raising awareness. The view was expressed that the provision of food pod liners may encourage residents and that it would also be beneficial for the collectors. Roger St Paul advised that intervention activities would be taking place in Brent, Ealing, Hounslow and Richmond in the coming weeks. It was requested that Members of the Authority be advised when these activities were scheduled to take place.

**RESOLVED:** That the results of activities in 2015/16, as detailed in Appendix 1 to the report, be noted.

## **12. Health & Safety: Review 2015-2016 and Plan 2016-2017**

Barry Lister, Interim Head of Service, introduced a report which reviewed the Authority's Health and Safety arrangements for the year 2015/16 and presented the Authority's Health and Safety Plan 2016/17. He advised that the policy was kept under constant review and was available to view on the Authority's intranet. He also expressed his gratitude to the officer from the London Borough of Hounslow who provided advice on health and safety matters.

**RESOLVED:** That (1) the outcomes from the annual Health and Safety Review meeting held in April 2016 be noted;

(2) the actions achieved against the key issues for the Authority in 2015/16, as shown in Appendix 1 to the report, be noted;

(3) the Authority's Health and Safety Plan for 2016/17, as shown in Appendix 2 to the report,

be agreed;

(4) the schedule of the main Routine and Regular Items undertaken at the Twyford SWTS, as shown in Appendix 3 to the report, be noted.

### 13. Exclusion of Press and Public

Having re-ordered the agenda in order to consider item 16, Budget Monitoring Report Period 2 (May), before item 15, Joint Waste Management Strategy and Contracts Update, it was

**RESOLVED:** That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following items for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
15.	Joint Waste Management Strategy and Contracts Update	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
16.	Budget Monitoring Report Period 2 (May)	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

### 14. Budget Monitoring Report Period 2 (May)

Members received a confidential report of the Treasurer which provided an update on the financial position of the Authority at the end of May, the key operational performance indicators (KPIs), delegated financial decisions and changes to accounting requirements.

**RESOLVED:** That (1) the current financial position in 2016/17 to Period 2 and Key Performance Indicators be noted.

(2) the financial decisions taken under the Scheme of Delegation to Officers be noted;

(3) the changes to accounting requirements, that is a shorter timeframe for approving the 2017/18 accounts (June 2018) be noted.

### 15. Joint Waste Management Strategy and Contracts Update

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

Barry Lister, Interim Head of Service, outlined the content of the report and responded to questions and comments. He undertook to provide Members with an update prior to the next meeting.

**RESOLVED:** That the report be noted.

**The meeting finished at 11.14 am.**

The minute taker at this meeting was Alison Atherton.

**Statement of Accounts for the year ending 31 March 2016****SUMMARY**

This report presents recommendations arising from a meeting of the Audit Committee earlier on 23 September 2016.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Agree the Audit Committee's recommendation to approve the Statement of Accounts for 2015/16 (Appendix 1)

**1. Introduction**

It is a statutory requirement to publish signed and certified Statement of Accounts by 30 September. Therefore the Authority needs to formally approve its accounts, incorporating any changes required by the auditors as a result of the audit.

The Statement of Accounts in Appendix 1 will need to be signed by the Chair, Clerk and Treasurer following approval at the September Authority meeting. Our external auditors will then certify the accounts. The signed and certified Statement of Accounts will then be published by 30 September.

**2. Statement of Accounts**

At its meeting earlier today the Audit Committee considered the statement of accounts and a range of supporting papers including:

- Ernst & Young's report summarizing the key findings from the external audit of the statement of accounts
- The Annual Internal Auditors report
- The risk register highlighting the mitigation and controls in relation to key risks
- Annual Assurance Statements from Chief Officers and Senior Managers

The Audit Committee was satisfied that the accounts and information provided ensure that the Statement of Accounts provide a true and fair view of the Authority's finances for the year ending 31 March 2016. Therefore, the Audit Committee are recommending that the Authority approve the statement of accounts.

There has been no notable change to the accounts first reported and considered in detail at the July Authority meeting. Only minor changes and presentational changes were identified during the audit process. The changes have been applied and the final out turn figure is as reported to the July Authority meeting with the accounts continuing to show strong operational performance and a healthy reserve position.

**3. Financial Implications** – The financial position and performance are provided in the Statement of Accounts.

**4. Legal Implications** – It is a statutory requirement for the Authority to produce annual financial statements.

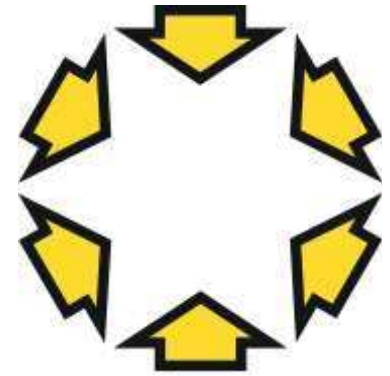
**5. Impact on Joint Waste Management Strategy** – The draft Statement of Accounts set out in this report demonstrates that the Authority is supporting the boroughs to deliver improved value for money to its residents in line with Policy 7 and demonstrates partnership working as set out in policy 8.

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.

Policy 8: The West London Waste Authority and constituent Boroughs will work together to achieve the aims of this strategy and are committed to share equitably the costs and rewards of achieving its aims.

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**West  
Waste**

**West London Waste Authority  
Statement of Accounts  
For the year ended 31 March 2016**

**West London Waste**  
*Let's be resourceful*

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## Narrative Statement

### Introduction

West London Waste Authority (WLWA) is a statutory joint waste disposal authority established on 1 January 1986 to undertake the waste disposal functions set out in the Waste Regulation and Disposal (Authorities) Order 1985 made under the Local Government Act 1985, Section 10.

WLWA undertakes the waste disposal function for its six constituent boroughs in west London and its administrative area covers a population of approximately 1.7 million and an area of 38,000 hectares.

The six boroughs are responsible for the collection of waste in their areas and the Authority's statutory responsibility is to arrange for the provision of:

- facilities for the receipt, recycling and disposal of waste which is collected by the six constituent boroughs;
- transport and disposal of waste which the constituent boroughs receive at their household reuse and recycling centres;
- household reuse and recycling centres; and
- the storage and disposal of abandoned vehicles which are removed by the constituent boroughs.

The Authority is governed by six Councillors, one from each of the six constituent boroughs: the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The members of the Authority usually meet five times each year. They are supported by an Audit Committee that meets regularly during the year to consider matters of risk, control and governance. Additionally, there are regular Borough Partnership Meetings between officers of the Authority and officers of the constituent boroughs.

The main administrative offices of the WLWA are located in Hounslow Civic Centre. At the end of the year WLWA employed 33 staff (previous year: 32). WLWA is headed by the Director and three part-time chief officers – The Clerk, Treasurer and Chief Technical Adviser, who are also full time chief officers employed in the constituent boroughs. Having close working relationships with the boroughs has enabled the Authority to receive support in specialised areas from borough staff as follows:

- London Borough of Hounslow – legal, human resources, health and safety, occupational health advice and committee administration;
- London Borough of Ealing – procurement, communications, treasury, payroll, ICT, finance systems;
- London Borough of Harrow – insurance;
- London Borough of Hillingdon – internal audit.

These arrangements have not only provided relevant expertise but have also helped deliver value for money in back office functions.

In recent years there has been a major shift of focus on how waste is disposed of – moving from the landfilling of waste towards increased reuse, recycling, composting and recovery of energy and materials. The Authority has taken on the role of coordinating waste minimisation, that is, the prevention of waste arising. This work requires close co-operation with the constituent boroughs, achieved through an agreed Joint Waste Management Strategy.

In west London, working in partnership with constituent boroughs, the Authority has procured cost effective and long term contracts that will see most of the constituent boroughs' waste that cannot be recycled or composted used to produce energy. Work is progressing on the construction of a new energy from waste recovery centre and from 2016 this will provide for 300,000 tonnes of waste per year to be treated, in addition to the 90,000 tonnes already going to energy recovery. The electricity generated will be sufficient to power over 50,000 homes.

Crucially this new approach will mean that a minimum of 96% of waste will not go to landfill so avoiding 83,000 tonnes of carbon dioxide emissions each year.

## Activity

The principal statutory responsibility for the Authority is to receive, treat, transport and dispose of waste collected by boroughs from their households. A breakdown of the borough's collected waste for 2015-16 is provided in the table below. This shows a 0.2% fall in volume of borough collected waste being received by the Authority to 559,000 tonnes for 2015-16. During 2015-16, 50.8% of waste was recycled, reused, composted or converted to energy. The table below provides a breakdown of the waste tonnages.

	<b>2015-16</b>	<b>2014-15</b>
	<b>Tonnes</b>	<b>Tonnes</b>
Recycling and reuse	66,000	71,000
Composting	84,000	92,000
Energy recovery	134,000	144,000
Landfill	275,000	266,000
<b>Total waste</b>	<b>559,000</b>	<b>573,000</b>

The Authority arranges for the constituent boroughs to provide the household reuse and recycling centres for residents to deposit their waste. Some of these centres also take in trade waste and other borough collected waste such as street cleansing and fly tipping. The Authority is responsible for arranging the transport and composting or disposal of all the waste received at these sites except for the waste that the boroughs recycle. The above total includes the waste collected and disposed from these sites.

There are seven household reuse and recycling centres. The boroughs operate six of these (either directly themselves or through contractors) for which the Authority arranges transport and disposal through contracts with the private sector. The remaining site is operated by the Authority as agents of one of the boroughs.

In 2015-16 residual waste sent for disposal from these centres totalled 77,000 tonnes. Of this householders deposited 42,000 tonnes; 22,000 tonnes was trade waste and 13,000 tonnes was borough collected waste. A breakdown is provided below.

	<b>2015-16</b>	<b>2014-15</b>
	<b>Tonnes</b>	<b>Tonnes</b>
Household residual waste	42,000	39,000
Household recycle and re-used waste	26,000	25,000
Household composted waste	14,000	15,000
Trade residual waste	22,000	18,000
Borough residual street cleansing waste	13,000	11,000
<b>Total Household Re-use and Recycling Centre waste</b>	<b>117,000</b>	<b>108,000</b>

## Financial Performance

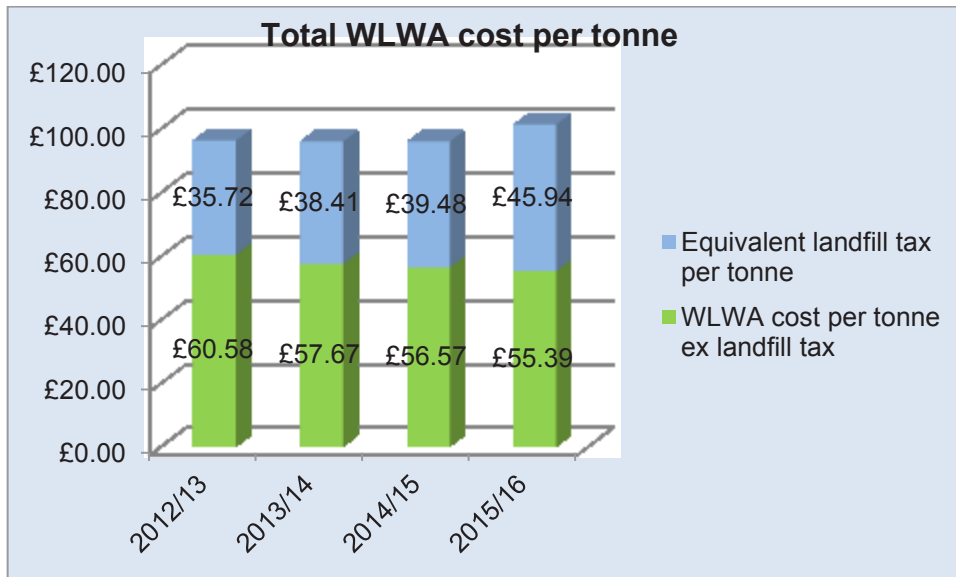
WLWA is primarily financed by an annual levy on the constituent boroughs. Other income is generated from sources such as charges paid by the boroughs and businesses for the disposal of non-household waste. For the levy, boroughs' tonnages are the basis for the majority of the apportionment with some fixed costs allocated according to Council Tax Base (i.e. the number of Band D properties). Authority expenditure is primarily related to waste treatment and transport contracts with the private sector and landfill tax.

During the year, the Authority raised an annual levy on the constituent boroughs of £59.1 million, an increase from £56.5 million in 2014-15. The net cost of services for the year was £56.5 million, an increase of £1.6 million from the previous year's £54.9 million, due to the rise in the government's landfill tax rate. The overall result showed that the surplus on provision of services rose to £2.5 million from £1.4 million in the previous year.

An actuarial gain on the pension liability valuation of £1.2 million (compared to an actuarial loss of £2.6 million in 2014-15) has resulted in an overall surplus for the year of £3.7 million (2014-15: deficit of £0.7 million).

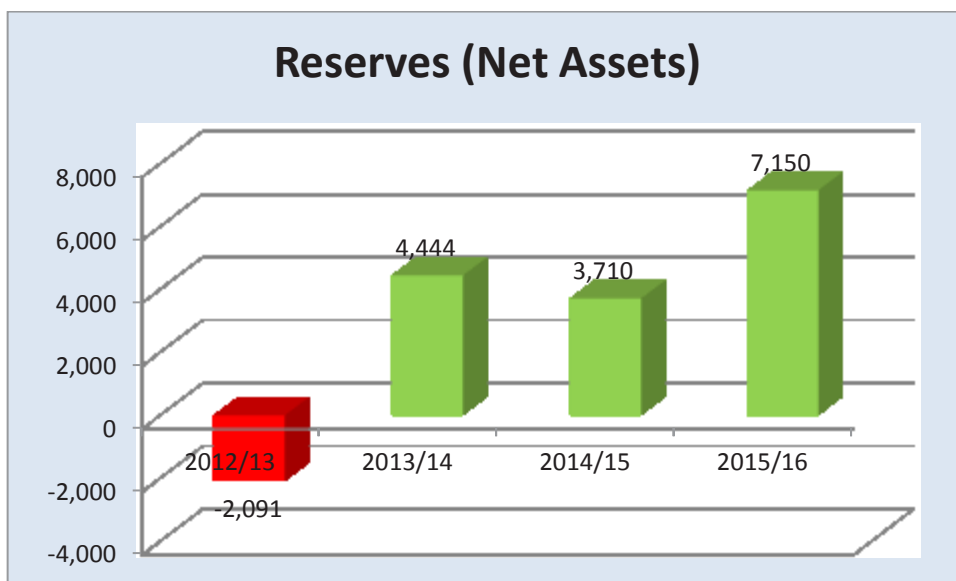
The Authority's aim for 2015-16 was to break even and maintain reserves as a buffer against unexpected budget pressures – so reducing the risk of having to request additional in-year funding from Boroughs. The Authority has achieved this target.

To put the numbers into context and provide a better perspective of financial performance, it helps to look at results over time. To this effect, the key measure is the Authority's cost per tonne. This looks at how effectively the Authority has managed costs and is a key measure of efficiency and performance, particularly when splitting out landfill tax which is a result of government policy / tax rates. The total cost of delivering services (Net Cost of Services and Financing) is divided by the total tonnes of waste (all materials) disposed by the Authority, to provide an overall cost per tonne figure. This has been plotted over a four year period in the chart that follows.



The key feature illustrated by this chart is that the Authority’s cost per tonne excluding landfill tax has reduced over the last four years from £60.58 per tonne to £55.39 per tonne. This reflects the effective control of costs and spending over the period and improving efficiency. This has gone a long way to mitigating the effect of the government’s increase in the landfill tax rate during the same period.

Once again, by considering a longer timeframe, the level of reserves provides better perspective about the Authority’s financial health. So the chart below considers the Authority’s Total Reserves over the same period. It illustrates that in 2012-13 the Authority had more obligations and liabilities than it did assets and therefore held a negative reserve position. From 2013-14 the Authority improved from this position building reserves as a financial buffer and therefore has been in a better position to manage any unexpected risks, particularly important in context of the £180 million project to construct an Energy from Waste plant currently in progress.



## **Energy from Waste Recovery Centre**

As part of the West London Residual Waste Service contract with the Suez consortium, most of the waste is collected at transfer stations they operate on behalf of the Authority. Currently, interim arrangements are in place for the waste to be transported and disposed at landfill sites during the construction period of the new energy recovery centre.

When construction is complete in 2016, waste will be transported to the new energy recovery facility and through modern processes the waste will be used to generate enough electricity to power approximately 50,000 homes. The revenue generated from the sale of the power and recycling produced at the facility will offset some of the cost of the operations.

To continue building the new energy recovery centre, capital contributions in 2015-16 of £15.8m (2014-15: £22.4 million) from the Authority have been funded by loans from 4 of the constituent Boroughs. The Suez consortium has also made capital contributions of £32.9 million (2014-15: £46.8 million). Together with capitalised interest of £3.2 million (2014-15: £1.5 million) the total capital work in progress of £152.1 million (2014-15: £100.2 million) forms part of the Authority's long term assets. The capacity that this new plant provides, in addition to the 90,000 tonnes currently being converted to energy under the Residual Waste Services contract with Viridor, will bring to an end the Authority's reliance on landfilling waste.

Financial performance is reported to the Authority on a regular basis and matters of financial control are considered by the Audit Committee. The financial outturn and performance for the year shows that the Authority has achieved a position of financial stability, with operating performance delivering surpluses and a strong balance sheet reflected in net assets and positive reserves. The Authority's long term capital investment also effectively manages the longer term risks of increasing landfill costs and tonnages and the Authority is now well placed to deliver good value for money services to boroughs for the foreseeable future.

## Accounting Policies

### General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom that is recognised by Statute as representing proper accounting practices. They are also in line with the Accounts and Audit Regulations (2015).

### Borrowing costs

Borrowing costs that can be directly attributed to the construction or manufacture of an asset for which a substantial period is required to bring the asset to its intended usable condition are capitalised as part of the costs of the relevant asset. All the other borrowing costs are expensed as incurred. Borrowing costs are the interest and other costs incurred by the Authority in connection with borrowing funds.

### Capital Adjustment Account

This account sets out amounts set aside from revenue resources, or capital receipts, to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

### Capital Work in Progress

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

### Cash and Cash Equivalents

The Authority manages its own cash balances and holds balances during the year within its bank account and deposits funds under a service level agreement with the London Borough of Ealing.

### Debtors and Creditors

The accounts are prepared on an accruals basis. Outstanding debtors and creditors are brought into the accounts at year-end. Where exact amounts are unknown at the time of closing the accounts, accruals are supported by activity and pricing data.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction, using the straight-line method, over their estimated useful lives, as follows:

Type of Asset	Years
Buildings	21-25
Fixed Plant	8-12
Vehicles and equipment	7-8



## **Financial Instruments**

Financial instruments represent transactions, with a contract, which result in a financial asset for one entity and a financial liability for another. Financial instruments cover both financial liabilities and assets.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest of the instrument.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement includes the amount payable for the year according to the loan agreement.

The Authority's financial assets comprise of bank balances and loans and receivables. Loans and receivables are financial assets that have a fixed or determinable payment, but are not quoted on an active market. Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the liability multiplied by the effective rate of interest of the instrument.

## **Going Concern**

The Authority's Statement of Accounts have been prepared on a Going Concern basis, i.e. the accounts have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future. This conclusion is supported by the Authority's 3 year Business Plan and also its medium to long term Financial Model which covers a period of 25 years from the balance sheet date of these accounts.

## **Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

## **Impairments**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

## **Leasing - The Authority as Lessee**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangements is dependent on the use of specific assets.

### **Finance Leases**

Items of property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability of the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Items of property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent free period at the commencement of the lease).

### **Minimum Revenue Provision (MRP)**

Under Part IV of the Local Government and Housing Act 1989 the Authority is required to set aside a minimum revenue provision (MRP) as part of the means to finance capital expenditure.

The Authority's policy is to apply, as prescribed, either the asset life or depreciation method and is based on 4% of the capital financing requirement.

## **Pension Scheme**

WLWA does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority (LPFA). This enables all WLWA staff to participate in the LPFA Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Administration) Regulations 2008.

The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the tri-annual valuation date (31 March 2013). The WLWA is committed to provide for service benefits up to the valuation date.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Employee Benefits (IAS19). Details are provided to the Authority by the LPFA's Actuary (currently Barnett Waddingham). The Notes to the Core Financial Statements provide details of how the Authority has met these requirements.

## **Post Balance Sheet Events**

Events after the balance sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non adjusting event. A reasonable estimate of the financial effect of this event cannot be made. It may be some time before the impact of Brexit becomes clearer. It should be noted that for the Authority and pension fund there are both financial opportunities as well as risks from the low cost borrowing and volatile market conditions. No other events have been identified.

## **Public Private Partnership Contracts**

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the contractor.

As the Authority is deemed to control the services that are provided under its PPP schemes, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) is balanced by the recognition of a liability for amounts due to the contractor to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority and measured at current value.

The amounts payable to the PPP contractor each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP contractor.

(The profile of write-downs is calculated using the same principles as for a finance lease)

## **Property, Plant and Equipment**

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

All property, plant and equipment are used in operations and measured at current value. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are normally not capitalised (other than major projects spanning multiple years) but are charged to the Comprehensive Income and Expenditure Statement in the year to which they relate.

Land and buildings are re-valued every five years applying Fair Value assumptions using independent professional valuations to reflect the current value to the Authority in their existing use. The last valuation was undertaken by Vail Williams, Consultant Surveyors in March 2015. Non-property assets will be carried at historical cost as a proxy for current value.

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Authority and the cost of the item can be determined reliably.

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Comprehensive Income and Expenditure Statement in the period which it is incurred.

## **Provisions**

Bad debt provisions are included within the Accounts based on the ageing of debt and management judgement where there is uncertainty regarding bad and doubtful debts.

## **Revenue Recognition**

Levy Income is recognised on an accruals basis. Additionally the Authority operates a Pay as you Throw (PAYT) system with partner boroughs. Under this system boroughs are initially billed on estimated tonnages to be disposed of. On a quarterly basis reconciliation is performed on actual tonnages and boroughs are reimbursed or charged additionally, based on difference between estimated and actual tonnage. The trade, agency and other income recognised for the year is based on revenue generated from actual tonnages.

## **Service Borough Costs**

Administrative costs charged to the Authority by constituent boroughs are based on the time spent in respect of services rendered (e.g. financial, legal and technical). There are service level agreements in place where appropriate.

## **VAT**

All income and expenditure is shown net of VAT.

## Statement of Responsibilities for the Statement of Accounts

### The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For WLWA, that officer is the Treasurer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

### The Treasurer's Responsibilities:

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority Code.

The Treasurer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Treasurer is also responsible for the maintenance and integrity of the financial information included on the Authority's website.

### Statement of the Treasurer

I certify that the Statement of Accounts presents a true and fair view of the Authority's income and expenditure for the year ended 31 March 2016 and the Authority's financial position as at 31 March 2016.

\_\_\_\_\_  
Ilan O'Donnell  
Treasurer  
23 September 2016

### Audit Committee

I can confirm that these Accounts were considered by the Audit Committee at their meeting on Friday, 23 September 2016 and recommended for Approval by the Authority. The accounts were approved by the Authority on 23 September 2016.

\_\_\_\_\_  
Signed on behalf of West London Waste Authority  
Councillor Bassam Mahfouz (Chair)  
23 September 2016

## Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices:

	Note	2015-16 £'000	2014-15 £'000
<b>Gross expenditure</b>			
Employees		(1,852)	(1,690)
Premises		(2,242)	(2,156)
Waste transport and disposal		(53,378)	(50,986)
Other supplies and payments		(1,174)	(1,048)
Impairments	6	(27)	(828)
Depreciation	6	(68)	(334)
<b>Total</b>		<b>(58,741)</b>	<b>(57,042)</b>
<b>Gross income</b>			
Trade waste		1,308	1,134
Agency		431	545
Miscellaneous income		548	459
<b>Total</b>		<b>2,287</b>	<b>2,138</b>
<b>Net cost of services</b>			
		<b>(56,454)</b>	<b>(54,904)</b>
Financing and investment income and expenditure	5	(194)	(133)
Levies on constituent councils	16	59,125	56,457
<b>Total</b>		<b>58,931</b>	<b>56,324</b>
<b>Surplus on provision of services</b>			
		<b>2,477</b>	<b>1,420</b>
Revaluation gain on properties		0	477
Actuarial gain/(loss) on pension liability	19	1,193	(2,631)
<b>Other comprehensive income and expenditure</b>		<b>1,193</b>	<b>(2,154)</b>
<b>Total comprehensive income and expenditure</b>		<b>3,670</b>	<b>(734)</b>

## Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets/(liabilities) of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserve is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

The unaudited accounts were issued on 15 July 2016 and the audited accounts were authorised for issue on 23 September 2016.

		<b>2015-16</b>	<b>2014-15</b>
		£'000	£'000
Property, plant and equipment	6	5,166	5,486
Capital work in progress	7	152,149	100,156
<b>Long Term Assets</b>		<b>157,315</b>	<b>105,642</b>
Cash and cash equivalents	9	12,458	8,317
Short term debtors	10	3,295	3,474
<b>Current Assets</b>		<b>15,753</b>	<b>11,791</b>
<b>Total Assets</b>		<b>173,068</b>	<b>117,433</b>
Short term creditors	11	(6,081)	(5,056)
<b>Current Liabilities</b>		<b>(6,081)</b>	<b>(5,056)</b>
Long term borrowing	12	(52,495)	(33,474)
Other long term liabilities	18	(99,619)	(66,683)
Pension fund liability	19	(7,723)	(8,510)
<b>Long Term Liabilities</b>		<b>(159,837)</b>	<b>(108,667)</b>
<b>Net Assets</b>		<b>7,150</b>	<b>3,710</b>



Usable Reserves		12,091	9,500
Unusable reserves	13	(4,941)	(5,790)
<b>Total Reserves</b>		<b>7,150</b>	<b>3,710</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into "usable" reserves (i.e. those that can be applied to fund expenditure) and other reserves. The surplus (or deficit) on the provision of services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The net increase/decrease before transfers to earmarked reserves shows the statutory General Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	<b>Total Usable Reserves</b> £'000	<b>Unusable Reserves</b> £'000	<b>Total Authority Reserves</b> £'000
<b>Balance at 1 April 2015</b>	<b>9,500</b>	<b>(5,790)</b>	<b>3,710</b>
Surplus on provision of services (accounting basis)	2,477	0	2,477
Other comprehensive expenditure	0	1,193	1,193
Total comprehensive expenditure	2,477	1,193	3,670
Other adjustment (Note 6)	(232)	2	(230)
Adjustments between accounting basis and funding basis under regulations (Note 4)	346	(346)	0
<b>Increase/(decrease) in year</b>	<b>2,591</b>	<b>849</b>	<b>3,440</b>
<b>Balance at 31 March 2016</b>	<b>12,091</b>	<b>(4,941)</b>	<b>7,150</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for reserves which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority:

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
<b>Net surplus on the provision of services</b>	2,477	1,420
Adjustments to net surplus	1,644	(4,314)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,121</b>	<b>(2,894)</b>
<i>Investment activities</i>		
Payments for capital work in progress	(15,773)	(22,418)
Payments for plant and equipment	(45)	(342)
Proceeds from disposal of plant and equipment	5	75
Interest received	61	0
<b>Net cash used in investment activities</b>	<b>(15,752)</b>	<b>(22,685)</b>
<i>Financing activities</i>		
Interest paid	0	0
Loans raised	15,772	22,418
Loans repaid	0	0
Other	0	(440)
<b>Net cash generated from financing activities</b>	<b>15,772</b>	<b>21,978</b>
<b>Net movement in cash and cash equivalents</b>	<b>4,141</b>	<b>(3,601)</b>
Opening balance	8,317	11,918
<b>Cash and cash equivalents at end of year</b>	<b>12,458</b>	<b>8,317</b>

## Cash Flow Statement

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
<b>Adjustments to net surplus for non-cash movements</b>		
Depreciation and impairments	95	1,162
IAS 19 non-cash pension entries	406	374
Decrease/(increase) in short term debtors	179	(2,581)
Increase/(decrease) in short term creditors	1,025	(3,350)
Other adjustments	0	(52)
Sub Total	1,705	(4,447)
<b>Adjustments for items included in financing/investing activities</b>		
Interest received	(61)	(106)
Interest paid	0	239
Total Adjustments	<b>1,644</b>	<b>(4,314)</b>

## Notes to the Core Financial Statements

The notes to the core financial statements (notes to the accounts) are provided to give additional information about items included in the core statements. The notes expand on some of the information and provide further explanation of a number of matters prescribed by Statement of Recommended Practice (SORP).

### 1. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in the financial statements, the Authority has had to make certain judgements about complex transactions or those involving certainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future funding levels and long term contracts;
- Whether contracts need to be accounted for as service concessions or with embedded leases;
- The calculation of debtor and creditor accruals; and
- The recognition of assets and calculation of depreciation

### 2. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains a number of estimates that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 for which there may be a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Pensions Liability</b>	Estimation of net pension liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the London Pensions Fund Authority to provide expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured and are illustrated in note 19.

### 3. Events after the Balance Sheet Date

The Statement of Accounts is authorised for issue by the Treasurer of the Authority on 23 September 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016 they have been taken into account.

The EU referendum is the only such condition. It may be some time before the impact of Brexit becomes clearer and a reasonable estimate of the financial effect of this event cannot be made.

### 4. Adjustments between Accounting Basis and Funding Basis under Regulations

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
<b>Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:</b>		
Depreciation* (note 6)	68	334
Impairments* (note 6)	27	828
Reversal of items relating to IAS19 Retirement Benefits	407	257
	<b>502</b>	<b>1,419</b>
<b>Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:</b>		
Statutory provision for the Repayment of Debt* (note 13)	(110)	(112)
Revenue financing to Capital (note 13)	(48)	(342)
	<b>(158 )</b>	<b>(454)</b>
<b>Transfer (from)/to general reserves</b>		
Accumulated Absences Account (note 13)	2	(5)
	<b>2</b>	<b>(5)</b>
Net additional amount to be credited to general balances for the year	<b>346</b>	<b>960</b>

\* Adjustments impact capital adjustment account (unusable reserve)

## 5. Financing and Investment Income and Expenditure

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Interest payable and similar charges	0	4
Pensions interest and expected return on pensions assets	255	235
Interest receivable and similar income	(61)	(106)
	<b>194</b>	<b>133</b>

## 6. Property, Plant and Equipment

	<b>Land and Buildings Freehold</b>	<b>Land and Buildings Leasehold</b>	<b>Fixed Plant and Vehicles</b>	<b>TOTAL</b>
	£'000	£'000	£'000	£'000
Gross book value at 1 April 2015	5,080	0	3,508	<b>8,588</b>
Adjustment*			(2,591)	<b>(2,591)</b>
Additions	45			<b>45</b>
Disposals			(157)	<b>(157)</b>
Impairments			(27)	<b>(27)</b>
Gross book value at 1 April 2016	<b>5,125</b>	<b>0</b>	<b>733</b>	<b>5,858</b>
Accumulated depreciation brought forward	(80)	0	(3,022)	<b>(3,102)</b>
Adjustment*			2,359	<b>2,359</b>
Disposals			119	<b>119</b>
Depreciation charge for the year	(20)		(48)	<b>(68)</b>
Accumulated depreciation carried forward	<b>(100)</b>	<b>0</b>	<b>(592)</b>	<b>(692)</b>
Net book Value at 31 March 2016	<b>5,025</b>	<b>0</b>	<b>141</b>	<b>5,166</b>
Net book Value at 31 March 2015	5,000	0	486	5,486

The adjustment\* lines represent a correction to 1) remove the book value of assets transferred to the public private partnership contractor in 2013 which were included in long term assets and 2) include assets under ownership of the Authority but previously not recognised as long term assets. The adjustment has no material impact on the accounts and £232,000 net adjustment has been applied for completeness and accuracy.

## 7. Capital Work in Progress

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Energy from waste facility:		

Opening balance	100,156	29,386
Expenditure in year	48,745	69,230
Interest capitalised in year	3,248	1,540
	<hr/>	
Closing balance	<b>152,149</b>	<b>100,156</b>
	<hr/>	

The Suez consortium commenced (in December 2013) the construction of an Energy from Waste facility in Severnside, South Gloucestershire. Construction is expected to take approximately 3 years with an estimated completion date in October 2016. West London Waste Authority is required to make total capital contributions of £60 million during the construction phase, with the consortium contributing £125 million. Under the PPP agreement, on completion of the construction, the Authority will hold the rights to this asset.

To build the new energy recovery centre, during the year £15.8 million of capital contributions from the Authority have been funded by loans from 4 of the constituent London Boroughs. The consortium has also made capital contributions of £32.9 million.

## 8. Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Authority) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet is made up of the following categories of "financial instruments". There are no significant differences between the carrying value and the fair value of these items.

	Long term		Current	
	2015-16	2014-15	2015-16	2014-15
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Cash and bank balances	0	0	12,458	8,317
Loans and receivables	0	0	0	20
<b>Financial Liabilities</b>				
Long Term Borrowing	(52,495)	(33,474)	0	0
Financial Liabilities at amortised cost	(99,619)	(66,683)	0	0

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- An interest rate of 7.604% at 31 March 2016 for loans from Boroughs
- No early repayment or impairment is recognised



- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

	<b>2015-16</b>		<b>2014-15</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	£'000	£'000	£'000	£'000
Borough Loans (note 16)	52,495	55,059	33,474	35,199

The fair value of outstanding borough loans is greater than the carrying amount due to fixed rate loans having interest rates higher than rates available for similar loans in the market at balance sheet date. The valuation of financial instruments is classified into 3 levels according to the quality and reliability of the data used to determine fair values. Loans are valued at Level 2 as the valuation of the underlying debt is derived from observable inputs and not from quoted prices in active markets. The valuation is derived from a predefined and predictable cashflow resulting from loans, using a net present value approach.

#### Nature and Extent of Risks arising from Financial Instruments

##### Overall Procedures for Managing Risk:

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund its services. The procedures for risk management in relation to key financial instruments are set out through the legal framework detailed within the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance.

In order to comply with the requirement that the Authority is required to set a balanced budget (Local Government Finance Act 1992) this is reported at the same time as the levy setting meeting. The annual Treasury Management Strategy outlines the detailed approach to managing risk in relation to financial instrument exposure. Actual performance is compared to the strategy and reported annually to members.

The Treasurer is responsible for all of the Authority's banking, borrowing and investment activities. Under the Authority's new service level agreement (effective from April 2014), the London Borough of Ealing provides a low risk option for investing balances.

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.

- Refinancing and Maturity risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

### *Credit Risk*

Credit risk for the Authority arises from deposits with banks and credit exposures to debtors. Deposits are not made with banks unless they are rated independently and meet the Authority's credit criteria, which are restricted to the upper end of the independent credit rating criteria. The credit risk around debtors is set out in Note 10.

### *Liquidity Risk*

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Through the Local Government Finance Act 1992, the Authority is required to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that the Authority will be unable to raise finance to meet its commitments.

### *Refinancing and Maturity Risk*

The Authority's approved Treasury strategy is set to avoid the risk of refinancing on unfavourable terms. The maturity analysis for borrowing is set out in Note 12. All trade and other payables are due to be paid in less than one year.

### *Market Risk*

As at the 31 March 2015 the Authority holds no variable rate borrowings as they are all fixed rates. Therefore there is no predicted impact for this on the Comprehensive Income and Expenditure Statement.

## **9. Cash and Cash Equivalents**

The balance of cash and cash equivalents is made up of the following:

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Bank balance (HSBC)	3,458	3,817
Deposit placed with the London Borough of Ealing	9,000	4,500
<b>Total</b>	<b>12,458</b>	<b>8,317</b>

## 10. Short Term Debtors

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Other Local Authorities	83	193
Central Government Bodies	2,654	2,558
Other Entities and Individuals	117	366
Prepayments and Accrued Income	441	360
	<hr/>	<hr/>
<b>Sub - Total</b>	<b>3,295</b>	<b>3,477</b>
	<hr/>	<hr/>
Less provision for bad debts	0	(3)
	<hr/>	<hr/>
<b>Total</b>	<b>3,295</b>	<b>3,474</b>
	<hr/>	<hr/>

In determining the recoverability of Short Term Debtors, the Authority considers the credit quality of the receivable. Credit risk is considered to be low as the majority of balance relates to the HMRC.

Provisions for doubtful debts are recognised against trade receivables, based on estimated irrecoverable amounts determined by debt analysis and management judgement. Short Term Debtors disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period.

<b>Age of receivables due</b>	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
< 90 days	200	12
90 – 180 days	0	119
> 180 days	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>200</b>	<b>131</b>
	<hr/>	<hr/>

## 11. Short Term Creditors

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Other Entities and Individuals	(4,871)	(4,168)
Other Local Authorities	(1,210)	(888)
	<hr/>	<hr/>
<b>Total</b>	<b>(6,081)</b>	<b>(5,056)</b>
	<hr/>	<hr/>

## 12. Long Term Borrowing

The Authority's capital expenditure for the project to build a residual waste to energy plant is financed by loan arrangements with four constituent Boroughs (Brent, Ealing, Harrow and Richmond). The interest charged was 7.604% and will be repaid over 25 years with interest being charged on the reducing balance basis. The table below reflects the long term portion of these loans.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Opening balance	(33,474)	(9,602)
Loans in year	(15,773)	(22,418)
Interest accrued	(3,248)	(1,454)
	<b>(52,495)</b>	<b>(33,474)</b>
Analysis by maturity	<b>2015-16</b>	<b>2014-15</b>
		£'000
5 years or less	(4,348)	(2,773)
Between 5 and 10 years	(6,315)	(4,027)
10 years or more	(41,832)	(26,674)
	<b>(52,495)</b>	<b>(33,474)</b>
Long term liability	<b>(52,495)</b>	<b>(33,474)</b>

## 13. Unusable Reserves

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Revaluation reserve	(1,185)	(1,186)
Capital adjustment account	(1,609)	(1,544)
Pensions reserve	7,723	8,510
Accumulated absences account	12	10
	<b>4,941</b>	<b>5,790</b>

### (i) Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated from 2010-11 (Revaluation Reserve brought forward from earlier years was nil). Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Balance as at 1 April	(1,185)	(707)
Revaluation gains	0	(580)
Revaluation losses set off against previous year's gains	0	102
	<hr/>	<hr/>
Balance at 31 March	<b>(1,185)</b>	<b>(1,185)</b>
	<hr/>	<hr/>

### **(ii) Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Balance as at 1 April	(1,544)	(2,252)
Depreciation	68	334
Statutory provision for repayment of debt	(110)	(112)
Impairment	27	828
Net written out amount of the cost of non-current assets consumed in the year	(1,559)	(1,202)
Other adjustments	(2)	0
Revenue financing to capital	(48)	(342)
	<hr/>	<hr/>
Balance at 31 March	<b>(1,609)</b>	<b>(1,544)</b>
	<hr/>	<hr/>

### **(iii) Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns

on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources of the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Balance as at 1 April	8,510	5,621
Actuarial gains or losses on pension assets and liabilities	(1,193)	2,631
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	725	610
Employer's pensions contributions and direct payments to pensioners payable in the year	(319)	(352)
Balance at 31 March	<b>7,723</b>	<b>8,510</b>

#### **(iv) Accumulated Absences Account**

The Accumulated Absences Reserve reflects untaken leave balances outstanding as at the 31 March 2015. This reserve absorbs the differences that would otherwise arise in the General Fund from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Balance as at 1 April	10	15
Amounts accrued at the end of the current year by which remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	2	(5)
Balance at 31 March	<b>12</b>	<b>10</b>

## 14. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Salary and Termination Benefits (£)		Pension Contributions (£)		Total (£)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	Director (ending 31/3/2016)	89,847	84,829	12,174	15,269	102,021
Clerk (ending 9/4/2015)	276	11,025	50	1,985	326	13,010
Clerk (commencing 10/4/2015)	9,750	0	1,755	0	11,505	0
Technical Advisor	10,000	10,000	1,800	1,800	11,800	11,800
Treasurer	10,000	10,000	1,800	1,800	11,800	11,800

The number of employees excluding Senior Officers whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	2015-16	2014-15
	No of employees	No of employees
£50,000 to £54,999	1	1
£65,000 to £69,999	1	1
£80,000 to £84,999	1	1

During the year following a restructure and compulsory redundancies to deliver long term savings, 2 employees including the Director received redundancy payments. One redundancy payment was below the £20,000, and one within £20,000 to £40,000 band. Both analyses above include these redundancy payments. Not included in the above classifications but a cost under pension scheme regulations, the redundancy of the Director resulted in additional pension costs of £164,000 paid to the LPFA.

## Members Allowances

No member allowances have been paid in year.

## 15. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2015-16	2014-15
	£'000	£'000
Audit of the Authority	20	20
<b>Total Fees</b>	<b>20</b>	<b>20</b>

## 16. Related Party Transactions

This disclosure has been prepared after considering the requirements of "related party transactions" in accordance with the Authority's interpretation and understanding of International Accounting Standard 24 (IAS 24) and its applicability to the public sector utilising current advice and guidance. Any disclosure under IAS 24 is designed to set out relationships with other parties that might materially affect the Authority. The Authority is composed of one Councillor from the six constituent boroughs, the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames and is financed by an annual levy on the constituent boroughs.

The Authority has sought and received declarations from Members, the advisors and senior officers of any "related party transaction" in which they or their related parties have been engaged in during 2015-16. No related party transactions were declared. During 2015-16 the officer in the post of Clerk to the Authority is also Chief Officer at the Borough of Harrow. The Treasurer and the Technical Advisor are also Chief Officers at the Borough of Ealing. The Authority pays the individuals directly for the services they provide. The Authority also receives support services from Ealing, Hillingdon, Hounslow and Harrow, and the cost of these support services are set out below and are included in the Comprehensive Income and Expenditure Account.

	<b>Brent</b>	<b>Ealing</b>	<b>Harrow</b>	<b>Hillingdon</b>	<b>Hounslow</b>	<b>Richmond</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>							
Pay as you Throw	8,624	11,301	6,229	8,077	7,882	5,733	47,846
Fixed Cost Levy	1,787	2,256	1,721	1,967	1,699	1,849	11,279
<b>Total Levies</b>	<b>10,411</b>	<b>13,557</b>	<b>7,950</b>	<b>10,044</b>	<b>9,581</b>	<b>7,582</b>	<b>59,125</b>
Agency and other income	472	0	0	520	230	0	1,222
<b>Total 2015-16</b>	<b>10,883</b>	<b>13,557</b>	<b>7,950</b>	<b>10,564</b>	<b>9,811</b>	<b>7,582</b>	<b>60,347</b>
Total 2014-15	10,493	12,778	7,644	10,031	9,074	6,982	57,002
<b>Expenditure</b>							
Waste Transport and Disposal Costs	44	3	0	72	34	2	155
Rent and Rates	77	0	0	331	38	0	446
Support Services	0	79	10	10	16	0	115
Other	111	144	107	122	106	115	705
<b>Total 2015-16</b>	<b>232</b>	<b>226</b>	<b>117</b>	<b>535</b>	<b>194</b>	<b>117</b>	<b>1,421</b>
Total 2014-15	191	121	18	415	413	3	1,161



	<b>Brent</b>	<b>Ealing</b>	<b>Harrow</b>	<b>Hillingdon</b>	<b>Hounslow</b>	<b>Richmond</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Debtors 2015-16</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>83</b>
Debtors 2014-15	0	20	0	119	54	0	193
<b>Creditors 2015-16</b>	<b>149</b>	<b>252</b>	<b>329</b>	<b>288</b>	<b>147</b>	<b>45</b>	<b>1,210</b>
Creditors 2014-15	42	142	84	398	130	92	888
<b>Loans 2015-16</b>	<b>13,124</b>	<b>13,124</b>	<b>13,124</b>	<b>0</b>	<b>0</b>	<b>13,124</b>	<b>52,496</b>
Loans 2014-15	8,369	8,369	8,368	0	0	8,368	33,474
<b>Investments 2015-16</b>	<b>0</b>	<b>9,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,000</b>
Investments 2014-15	0	4,500	0	0	0	0	4,500

## 17. Leases

### Finance Leases

The Authority is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding.

All finance leases concluded in 2014-15.

### Operating Leases

The Authority uses plant and equipment financed under the terms of operating leases, with typical lives ranging from five to ten years. The Authority's operating leases for plant and machinery, analysed by years are:

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Within 1 year	147	169
Between 2 and 5 years	59	157
<b>Total</b>	<b>206</b>	<b>326</b>

In addition, The Authority has rental leases at the main transfer station sites. Values shown are annual rents for each site.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Victoria Road (until March 2098)	540	540
Transport Avenue (until September 2020, with rights to extend to 2098)	700	700
Total	<b>1,240</b>	<b>1,240</b>

## 18. Other Long Term Liabilities

The project to build an energy from waste plant includes investment by the Suez consortium which the Authority will benefit from over the life of the contract. A liability is recognised as project assets are completed, equal to the fair value of each asset less any capital contribution. This benefit will be realised when the plant becomes operational, over the life of the contract.

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Energy from waste facility:		
Opening balance	66,683	19,871
Developer's contribution	32,936	46,812
Closing balance	<b>99,619</b>	<b>66,683</b>

The twenty seven year, £900 million contract provides for up to 300,000 tonnes of waste that West London's residents haven't recycled to be treated each year. Crucially, the new approach will mean a minimum of 96% of waste will not go to landfill.

## 19. Defined Benefit Pension Scheme

The West London Waste Authority (WLWA) does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority. This enables all WLWA staff to participate in the London Pensions Fund Authority (LPFA) Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 1997.

The Scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the tri-annual valuation date. The WLWA is committed to provide for service benefits up to the valuation date.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Retirement Benefits (IAS 19) in respect of retirement benefits. Details are provided to the Authority by the Actuary (currently Barnett Waddingham) via the LPFA. The notes to the Core Accounts provide details of how the Authority has met these requirements.

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that is required to be made is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of General Fund via the Movement in Reserves Statement.

Changes in the net pension liability arising as a result of past events which are not concurrent with the assumptions made in the course of the last actuarial valuation, or as a result of revised actuarial assumptions are charged to the Pensions Reserve.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Total Reserves via the Movement in Reserves Statement during the year:

**Balance sheet disclosure**

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Present value of funded obligation	(22,445)	(23,474)
Fair value of Scheme Assets (bid value)	14,926	15,185

<b>Net Liability</b>	<b>(7,519)</b>	<b>(8,289)</b>
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Present value of unfunded obligations	(204)	(221)
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<b>Net Liability in Balance Sheet</b>	<b>(7,723)</b>	<b>(8,510)</b>
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**Comprehensive Income and Expenditure Statement**

	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Service costs	447	352
Net interest on defined liability	255	235
Administrative expenses	23	22
	<b>725</b>	<b>609</b>

<b>Reconciliation of the present value of the scheme liabilities:</b>	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Opening balance as at 1 April	23,694	20,295
Current service cost	447	341
Interest cost	724	871
Change in financial assumptions	(1,778)	2,966
Change in demographic assumptions	0	0
Experience (gain)/loss on liabilities	0	2
Liabilities assumed/extinguished on settlements	0	0
Estimated benefits paid net of transfers in	(808)	(1,189)
Past service costs including curtailments	0	11
Contributions by scheme participants and other employers	383	410
Unfunded pension payments	(13)	(13)
	<b>22,649</b>	<b>23,694</b>
Closing balance as at 31 March	<b>22,649</b>	<b>23,694</b>

<b>Reconciliation of fair value of the scheme (plan) assets:</b>	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Opening balance as at 1 April	15,185	14,674
Interest on assets	469	636
Return on assets less interest	(585)	337
Other actuarial gains	0	0
Administration expenses	(23)	(22)
Employer contributions	318	352
Contributions by scheme participants and other employers	383	410
Benefits paid	(821)	(1,202)
Settlement prices received/(paid)	0	0
	<b>14,926</b>	<b>15,185</b>
Closing balance as at 31 March	<b>14,926</b>	<b>15,185</b>

### Assumptions

As at	31 March 2016		31 March 2015		31 March 2014	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI increases	3.1%	-	3.1%	-	3.5%	-
CPI increases	2.2%	-0.9%	2.3%	-0.8%	2.7%	-0.8%
Salary increases	4.0%	0.9%	4.1%	1.0%	4.5%	1.0%
Pension increases	2.2%	-0.9%	2.3%	-0.8%	2.7%	-0.8%
Discount rate	3.5%	0.4%	3.1%	0.0%	4.4%	0.9%

<b>Life expectancy from age 65 (years)</b>		<b>31 March 2016</b>	<b>31 March 2015</b>
Retiring today	Males	21.8	21.7
	Females	24.4	24.3
Retiring in 20 years	Males	24.2	24.0
	Females	26.7	26.6

<b>Sensitivity analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustment to discount rate	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	22,296	22,649	23,008
▪ Projected service cost	364	371	378
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	22,688	22,649	22,610
▪ Projected service cost	371	371	371
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	22,937	22,649	22,330
▪ Projected service cost	378	371	364
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
▪ Present value of total obligation	23,353	22,649	21,967
▪ Projected service cost	380	371	362

<b>Re-measurements in other comprehensive income</b>	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Return on plan assets in excess of interest	(585)	337
Other actuarial gains/(losses) on assets	0	0
Change in financial assumptions	1,778	(2,966)
Change in demographic assumptions	0	0
Experience gain/(loss) on defined benefit obligation	0	(2)
<b>Total</b>	<b>1,193</b>	<b>(2,631)</b>

<b>Projected pension expense for next year</b>	<b>2016-17</b>
	£'000
Service cost	371
Net interest on the defined liability/(asset)	265
Administration expenses	22
<b>Total</b>	<b>658</b>

**Employer contributions** **321**

<b>Assets by Class</b>	<b>2015-16</b>	<b>2014-15</b>
	£'000	£'000
Equities	6,933	6,589
LDI/Cashflow matching	1,513	1,140
Target Return Portfolio	3,175	4,390
Infrastructure	818	752
Commodities	67	141
Property	533	430
Cash	1,887	1,743
<b>Total</b>	<b>14,926</b>	<b>15,185</b>

<b>Analysis of 2015-16 Assets</b>	<b>% Quoted</b>	<b>% Unquoted</b>
<b>Equities</b>		
Basic Materials	1.2%	0.0%
Communications	3.9%	0.0%
Consumer, Cyclical	3.3%	0.0%
Consumer, Non-Cyclical	14.6%	0.0%
Energy	0.4%	0.0%
Financial	5.7%	0.0%
Industrial	5.9%	0.0%
Technology	2.7%	0.0%
Utilities	0.0%	0.0%
<b>Diversified Fund</b>		
Equities	1.2%	0.0%
Bonds	0.0%	2.5%
Pooled Funds	0.7%	1.7%
Cash	0.7%	0.0%
Alternative Assets	0.0%	0.2%
<b>Private Equity</b>	0.0%	8.7%
<b>LDI</b>	0.0%	10.1%
<b>Alternative Debt</b>	0.0%	3.4%
<b>Total Return</b>	5.6%	0.0%
Fixed Income	0.0%	5.3%
Hedge Funds		
<b>Infrastructure</b>	0.3%	5.1%
<b>Real Estate</b>	0.0%	3.6%
<b>Commodity Funds</b>	0.0%	0.4%
<b>Cash</b>	13.0%	0.5%
<b>Derivatives (Currency Hedge)</b>	0.0%	(0.8%)
<b>Total</b>	<b>59%</b>	<b>41%</b>

## 20. Contingent Liabilities

At 31 March 2016 there were no contingent liabilities (2014-15: £649,158). .

## Annual Governance Statement 2015-16

### 1. Scope of Responsibility

The WLWA is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging its responsibilities the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code can be obtained from WLWA's website (<http://westlondonwaste.gov.uk>). This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1) which requires all relevant bodies to prepare an annual governance statement.

### 2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with its stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aim and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

### **3. The Governance Framework**

The key elements of the Governance Framework include

- Production of a three year business plan and long term financial forecasts
- Performance monitoring information (Key Performance Indicators)
- Statement of Accounts
- Schemes of delegation for Officers
- Monthly scrutiny of operations at Chief Officer's meetings
- Audit Committee
- Internal Audit
- Whistle Blowing Policy
- Financial Regulations and Related Policies
- HR Policies providing a framework for the organisation culture
- Health & Safety Policy and annual action plans
- Public meetings, except for confidential items
- Clear communication with stakeholders
- Joint Waste Management Strategy

### **4. Review of Effectiveness**

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the internal auditor's annual report, and also by comments made by the external auditors.

The work of the Audit Committee includes monitoring the progress of action plans and ensuring appropriate systems of governance and internal control. The Audit Committee considered reports from the internal auditors on:

- Contracts and Procurement
- Waste Tonnage Data
- Assets and Inventories
- Trade Waste

All reports provided reasonable assurance and there were no high risk recommendations. All recommendations have been implemented.

Risk registers were regularly reviewed at all levels within the Authority and were considered at each Audit Committee meeting. Financial performance was scrutinised and a strong focus on controlling spending delivered efficiency savings.



The Authority has been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Officers and Audit Committee and that it is agreed that the current arrangements can be regarded as fit for purpose in accordance with the Governance Framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below:

- Develop contract monitoring and control processes in relation to the PPP and other contracts

## 5. Significant Governance Issues

There are no significant governance issues.

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Councillor Bassam Mahfouz,  
Chair to the Authority  
23 September 2016

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Hugh Peart,  
Clerk  
23 September 2016

## **Independent Auditor's report to the Members of West London Waste Authority**

### **Opinion on the Authority financial statements**

We have audited the financial statements of West London Waste Authority for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Movement in Reserves Statement;
- Cash Flow Statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of West London Waste Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the West London Waste Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Treasurer and auditor**

As explained more fully in the Statement of Responsibilities set out on page 13, the Treasurer is responsible for the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In

addition, we read all the financial and non-financial information in the Statement of Accounts for the year ended 31 March 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of West London Waste Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts for the year ended 31 March 2016 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Conclusion on West London Waste Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### ***Authority's responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### ***Auditor's responsibilities***

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### ***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2015, as to whether West London Waste Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether West London Waste Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, West London Waste Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### ***Conclusion***

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, we are satisfied that, in all significant respects, West London Waste Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

**Certificate**

We certify that we have completed the audit of the accounts of West London Waste Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Helen Thompson

for and on behalf of Ernst & Young LLP, Appointed Auditor

23 September 2016

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**Waste Prevention Action Plan – a summary of the progress so far in 2016/17 and plans for the 2017/18 programme****SUMMARY**

This report provides an update on the delivery of projects in west London by the WLWA Waste Minimisation Team.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) *Note the progress of activities so far in 2016/17 (as at appendix 1)*
- 2) *Note and approve the changes to activities in the 2016/17 WPAP (as at appendix 2)*
- 3) *Note the process to be followed to develop a plan for 2017/18*

**1. Introduction** – In 2010 it was agreed that The Authority should take the lead role to deliver the campaigns agreed by the constituent boroughs in the Waste Prevention Strategy (2011 – 15) and yearly Waste Prevention Action Plans (WPAP). The Waste Minimisation (WM) Team delivers the campaigns which target the 5 key waste streams of food, textiles, waste electrical and electronic equipment, furniture and nappies. The WM Team is also responsible for the Authority's website, intranet, social media, and media communications.

**2. Background** – The WPAP for 2016/17 was agreed at the Authority meeting on 11<sup>th</sup> December 2015. Each quarter the progress against actions in the plan are reported to the constituent boroughs and then published on the Authority's [website](#).

**3. Progress so far in 2016/17** – Appendix 1 contains the progress from 1<sup>st</sup> April until 30<sup>th</sup> June 2016. The year has started well with 5 actions with a green status, 6 with amber and none are red. Some of the highlights to date include -:

**Food** – The second chance smoothie events are still proving to be popular and in total there were 12 food waste related events in quarter 1, this has increased to 22 as of the end of August. Over 2000 people have been engaged at these events.

The Waste Minimisation Team has secured funding in partnership with Brent, Ealing, Hounslow and Richmond to run food waste recycling interventions in these boroughs. Data has been collected for a period before the work took place and will continue to be monitored to allow us to see the impact of this project.

**Textiles** – All 8 swishes for the year are now booked in, including regular ones at Hounslow library. Work is also progressing in partnership with Resource London for a series of sewing skills workshops in west London.

**Events** – 43 events have been organised and attended between April and the end of August. The team is currently undertaking a west London Love Food Hate Waste library tour in 28 locations across all 6 boroughs. There is scope for more talks to be given and we are actively contacting groups to encourage them to get involved with the team's activities.

**4. Changes to the 2016/17 WPAP** – There are several changes that need to be made to the WPAP for this year, these are listed below:

**Food (Fo1)** – Following evaluation of the Ready Steady LFHW event held in February 2016 the WM Team will look for alternative large scale events to run as community interest in this event was lower than anticipated.

**Furniture (Fu1)** – Community Interest Company (CIC) Accession closed down in April 2016. The WPAP originally contained an action to fund an upcycling film with them. This has now been removed from the plan.

**Electricals (E1)** – Due to Recycle Week being moved from June to September, the WM Team is unable to support a Recycle Week WEEE competition due to competing priorities. A competition will instead be held during Waste Week in March 2017.

**Nappies (N1)** – A hire charge will no longer be made to parents borrowing the west London nappy pack and it is proposed to reduce the target number of parents from 36 to 27. The target change is due to staff availability and delays in purchasing of stock.

**Social Media (C3)** – The current action includes a target of 7 million opportunities to see. This target needs to be reviewed because the data that has previously been used to calculate this is no longer available due to changes in the way Twitter functions. New measures are currently being investigated.

**Rubbish Diet (C4)** – Following a review and discussions about priorities in west London it was decided not to renew this project for 2016/17.

**Wastebuster Universe (C6)** – The contract with Wastebuster through our WEEE compliance scheme has been terminated due to a large budget reduction by the compliance scheme as a result of international market changes. Therefore this action has been removed as west London schools no longer have access to Wastebuster's services which restricts our ability to communicate with them and encourage action.

**5. Looking ahead to 2017/18** – Going forward, waste minimisation will be included in the updated strategy or partnership plan which will replace the current Joint Municipal Waste Management Strategy. In 2015/16 there were discussions about developing west London's first 3 year WPAP to give greater certainty and allow more detailed future planning for all councils.

Consultation with the constituent boroughs about the activities for next year began at the beginning of September. This is the timetable for the process to devise a new WPAP:

- All boroughs to provide details of their priorities for the next few years and any requests for specific activities or material focuses before 16<sup>th</sup> September.
- The WM Team will produce a costed plan and will circulate it to boroughs on or before 7<sup>th</sup> October.



- Boroughs will then need to respond to this before 21<sup>st</sup> October to allow the budget to be calculated ready for the Authority's budget setting process.

**6. Financial Implications** – Spend for the 2016/17 actions is in line with the budget provision. The proposed budget for 2017/18 is part of the consultation with boroughs and the budget setting process.

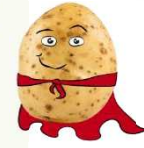
**7. Impact on Joint Municipal Waste Management Strategy** – Waste prevention activities are in line with the following policies:

Policy 7: The WLWA 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.

Policy 8: The WLWA and constituent boroughs will work together to achieve the aims of this strategy and are committed to share equitably the costs and rewards of achieving its aims.

Background Papers		
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# West London Waste

Let's be resourceful

GETSWISHING

Textiles



Furniture



Nappies



Electricals



[www.westlondonwaste.gov.uk](http://www.westlondonwaste.gov.uk)

## Waste Prevention Action Plan 16/17

### Progress April – June 2016

Each quarter the Waste Minimisation Team reports on the work being carried out to fulfil the actions in the current Waste Prevention Action Plan. This report sets out what we've been doing and what we have booked or planned for the next few months.

If you have questions about anything we've done or want to work with us then please get in touch. We can be reached via email: [info@westlondonwaste.gov.uk](mailto:info@westlondonwaste.gov.uk), by phone: 020 8825 9468, on Facebook: West London Waste Authority and on Twitter @WestLondonWaste.

What we do really is great fun and interesting, so please do get in touch today.

The Waste Minimisation Team



# Food

Ref	Activity and Description	Targets	Status
Fo1	Shout about the benefits of planning, storage, understanding dates, perfect portions and lovely leftover recipes.  More #secondchancesmoothie events will be held. We'll aim for 1 in each borough if there is an appropriately large event and borough support available.	2 Ready Steady LFHW events delivered  Follow up actions developed and completed with 10 community groups  Implement a food waste challenge	Amber  <b>Budget and spend to date</b>  Budget: £10,000 Spend to 30/06/16: £688.18

## Progress

The number of residents engaging with our LFHW (Love Food Hate Waste) promotion has continued to grow.

Our #secondchancesmoothie bike made its debut of the year at the Richmond May Fair on 14<sup>th</sup> May. It was a busy day in the sunshine as hundreds of residents sampled our smoothies made from fruit that would otherwise have gone to waste. More miles were pedalled at Hanwell Carnival and Pitshanger Party in the Park too.

This quarter we were invited by Chiswick WI and Friends of Twickenham Green to give their members more information about reducing waste.

- **Chiswick WI – presentation** (25<sup>th</sup> April) – As a result of them attending our LFHW Ready, Steady Love Food evening, they approached us to speak to their members about the food waste issue. In June the National Federation of Women's Institutes passed a resolution about reducing food waste and food poverty so we're looking forward to speaking to more WI's and helping them implement actions locally.
- **Friends of Twickenham Green** – (7<sup>th</sup> June) – we gave a reduce, re-use, recycle talk around reducing food waste and waste in the local area.

As well as these talks, we were also involved in other food waste reduction awareness activities –

- A talk about food waste followed by a school food waste analysis with pupils on 20<sup>th</sup> April at ACS International School Hillingdon. The whole class measured the food waste from the dining hall and at the end of the day said what they were going to change at home to reduce food waste.
- Compost giveaways with Richmond (15<sup>th</sup> May) and Ealing (28<sup>th</sup> May) Council's Waste & Recycling teams
- Hounslow Junior Citizen Scheme – we gave talks to year 6 classes from 11 schools (between 13- 24 June) about food waste at home and the children made smoothies on the day to help them understand about healthy eating too.



Across the three months from April to June we've attended 12 separate events, spoken to 1,696 people and given out 2,394 recipe cards, bag clips, spaghetti measurers, leaflets and stickers.

## Over the next few months...

July sees the start of our Love Food Hate Waste Library Tour with visits to 7 libraries in July, 8 in August and 7 in September. The full list of libraries on our tour is in the events section on our website [www.westlondonwaste.gov.uk/events](http://www.westlondonwaste.gov.uk/events).

There are confirmed smoothie bike events with another 3 community groups – Brentford Festival (4<sup>th</sup> September), Rotary Club of Pinner (10<sup>th</sup> September) and Queens Park Residents Association (18<sup>th</sup> September).

Ref	Activity and Description	Targets	Status
Fo2	Promote food waste recycling	Project with Resource London - introduce food waste recycling interventions in 6000 households across 4 boroughs.	Amber
			<b>Budget and spend to date</b>
			Budget: £60,000 Spend to 30/06/15: £573.00

## Progress

To help make it even easier for residents to start using their food waste recycling service or to put a wider range of items in the caddies, our team is working with Resource London to deliver food waste recycling interventions in Brent, Ealing, Hounslow and Richmond upon Thames. These are designed to increase the number of residents opting to use their food waste recycling service as part of their normal waste and recycling routine while simultaneously reducing the amount of food waste ending up in the rubbish bin.

Between April and June we have:

- Coordinated the work program with borough's waste teams, contractors and communications teams
- Collated food waste collection data for May to give us a comparison month
- Sourced compostable caddy liners and organised printing of borough specific leaflets and stickers
- Mapped routes and schedules

In addition to 'no food waste' stickers placed on rubbish bins, each household in the target areas will receive a leaflet and six months' supply of caddy liners – based on an average of 3 liners used per week. After 6 months from initial delivery, more caddy liners will be delivered out to the same households to last another 6 months.

## Over the next few months...

The table below details the deliveries scheduled to take place, the number of households and the interventions to be used in each of the boroughs. Delivery of the interventions in Ealing will commence in September 2016.

Borough	Intervention tools	Approx. number of properties	Date of activity
Brent	Stickers, leaflets and compostable caddy liners	5500	5 <sup>th</sup> – 7 <sup>th</sup> July

Borough	Intervention tools	Approx. number of properties	Date of activity
Hounslow	Stickers, leaflets and compostable caddy liners	6000	11 <sup>th</sup> – 15 <sup>th</sup> July
Richmond upon Thames	Leaflets and compostable caddy liners only	5500	11 <sup>th</sup> – 20 <sup>th</sup> July
Ealing	Stickers, leaflets and compostable caddy liners	6000	12 <sup>th</sup> – 16 <sup>th</sup> September

## Textiles

Ref	Activity and Description	Targets	Status
T1	Sew it On	Development of a project plan to investigate textile skills sharing in west London	Amber
			<b>Budget and spend to date</b>
			Budget: £3,000 Spend to 30/06/15: £0

### Progress

We have begun identifying the local activities, organisations and educational resources around textiles. We have also been speaking to Resource London and WRAP's LYC (Love Your Clothes) team about activities as they will be launching a program of textile events promoting skills sharing across the wider London area. Once more is known about this we will put a plan together.

### Over the next few months...

We will continue speaking to Resource London and WRAP's LYC (Love Your Clothes) team to investigate how we can work in collaboration with them.

Ref	Activity and Description	Targets	Status
T2	Swishing is a fantastic way to meet your local community and re-vamp your wardrobe. We will continue to encourage greater swapping of clothes by building capacity in the local community and helping them to host their own swishing events. Using the guide developed in 2014 and our equipment which can be borrowed by groups	8 swishes	Amber
			<b>Budget and spend to date</b>
<ul style="list-style-type: none"> <li>Support community groups and local organisations to run their own swishing events</li> </ul>			Budget: £0 Spend to 30/06/15: £0

## Progress

Our only swish of the quarter took place on 16<sup>th</sup> April at Hounslow Library with 14 people turning up and swapping 77 different items. Hounslow Library have approached us and indicated that they wanted a guaranteed schedule of swishes for the year, so swishes have been scheduled in with them until March 2017.

Our GetSwishing website, created to give people all the information they need to run their own swishing events, is still live and received **476 visitors** for the quarter.

**GETSWISHING**  
Your 5 Step Swishing Guide

More activity is taking place on the GetSwishing Facebook page with increased likes (to 116 at the end of June) and more people reading and replying to posts.

## Over the next few months...

As well as our upcoming scheduled Hounslow Library swishes on 23<sup>rd</sup> July and 24<sup>th</sup> September, we are holding a swish in Ealing Central Library on 21<sup>st</sup> July in collaboration with NCS (National Citizens Service) as part of their overall summer programme.

## Furniture

Ref	Activity and Description	Targets	Status
F1	Promotion of the Re-use and Upcycling Three organisations will be supported to deliver projects that will increase the profile of re-use. <ul style="list-style-type: none"><li>▪ Accession CIC – creation of time lapse film</li><li>▪ Hounslow Furniture Project – signage update and warehouse works</li><li>▪ Develop resources for use by boroughs and contact centre staff to improve diversion of suitable furniture to reuse partners</li></ul>	Reuse targets to be agreed with each organisation.	<b>Amber</b> <b>Budget and spend to date</b> Budget: £8622 Spend to 30/06/16: £0

## Progress

In April 2016, Accession CIC was dissolved as an organisation and is no longer trading, the WPAP will be revised to reflect this. Contact was made with Hounslow Furniture Project and they are looking at a programme of works so they can refresh their premises to encourage more customers to visit their re-use shop.

## Over the next few months...

We will be looking to work with other re-use organisations to help promote re-use services across our boroughs and will revise this action now that Accession CIC no longer exists.

## Electrical Items

Ref	Activity and Description	Targets	Status
E1	Promote local re-use and recycling services for residents in conjunction with DHL Envirosolutions, our compliance scheme  Various activities to encourage residents to recycle more, dispose of properly, donate large items for re-use and buy second-hand.	12 WEEE bring events  Run a Recycle Week competition	Amber  <b>Budget and spend to date</b>  Funded through the WEEE compliance contract

## Progress

Recycle Week usually happens in June every year but has been moved to September instead as it coincided with the week of the EU Referendum vote. Activities will be looked at nearer the time.

There was one WEEE Recycling bring event with the Harrow Recycling Team on the 19<sup>th</sup> May at Holy Trinity Church in Wealdstone. **80kg** of WEEE was collected on the day.

## Over the next few months...

There is a WEEE Bring event in Harrow on the 20<sup>th</sup> July at Camrose Baptist Church in Wealdstone. Planning will also be taking place to run our annual New Year WEEE collection drive across the boroughs in January and February.

## Nappies

Ref	Activity and Description	Targets	Status
N1	Support the promotion of washable nappies  Development of a washable nappy trial kit to be used in west London  It's great to have a choice. We'll promote washable nappies across West London and encourage parents to consider choosing to use cloth.	18 nappy natters  36 parents borrowing the trial kit	Amber  <b>Budget and spend to date</b>  Budget: £6000 Spend to 30/06/16: £0

## Progress

A selection of washable nappies has been purchased in readiness for the trial kits. Pages for the website and the terms and conditions for the nappy trial kit are all currently being developed by the team.



## Over the next few months...



We are currently looking for a launch of the nappy trial kits in quarter 3 this year.

## Communications

Ref	Activity and Description	Targets	Status
C1	Maximise the use of <a href="http://www.westlondonwaste.gov.uk">www.westlondonwaste.gov.uk</a> to bring engaging and interesting content to residents.  Pages to be kept up to date and a new web article added each week	10% increase in unique visitors to the website – 71,361	Green
			<b>Budget and spend to date</b>
			Budget: £1280 Spend to 30/06/15: £382

### Progress

Since April we have published 12 web articles on a variety of topics including food waste recycling, home composting and National Composting week, Real Nappy Week, encouraging furniture reuse and Love Food Hate Waste.

Month	Number of unique visitors	Returning visitors	Total page views
April	5,998	1417 (20%)	7415
May	7055	1708 (20%)	8763
June	5294	1121 (18%)	6415
Totals	17,971	4246 (20%)	22,217

### Over the next few months...

The schedule of web articles will continue and all the information on our website will be reviewed and updated where it's needed.

Ref	Activity and Description	Targets	Status
C2	Monthly newsletters to engage with residents about waste prevention. We're going to make it even easier for others to find out what we're doing by continuing to produce newsletters that residents can sign up to and boroughs can promote	Increase the number of people signed up by 10% - 709	Green
			<b>Budget and spend to date</b>
			Budget: £180 for e-distribution Spend to 30/06/15: £25

### Progress

A combined newsletter was sent out for March/April and individual ones for May and June. Copies can be viewed on our [website](#). There are currently 636 subscribers to our monthly newsletter.

### Over the next few months...

Newsletters will continue to be sent out each month for subscribers to keep up with all our activities across west London.

Ref	Activity and Description	Targets	Status
C3	Increase West London Waste Social Media presence	<ul style="list-style-type: none"> <li>Increase Twitter followers by 5% to 2231</li> <li>45% of tweets to be re-tweeted</li> <li>OTS 8 million per year</li> </ul>	<p><b>Green</b></p> <p><b>Budget and spend to date</b></p> <p>Budget: £90 Spend to 30/06/15: £0</p>

### Progress

We are continuing to use social media to promote all the work we do and to send out ideas and tips.

Month	Followers	No. of Tweets sent	Re-tweets	Facebook Reach	Overall Reach OTS
<b>April</b>	2172	144	82 (57%)	846	477,172
<b>May</b>	2204	137	81 (59%)	457	553,586
<b>June</b>	2261	88	57 (65%)	350	269,018
Total		369		1653	1,299,776

Our overall online reach has continued to increase and as a result, our online engagement is continually surpassing all expectations.

### Over the next few months...

Since July there have been changes in the way our social media channels are measured and tracked due to changes with the way Twitter works. We will continue to promote all our events via social media and we are reviewing our use of Facebook to increase interaction with local residents and attract more people to our events.

Ref	Activity and Description	Targets	Status
C4	The Rubbish Diet	500 sign ups for an online Diet for all boroughs	N/A
	Rubbish Diet will support all residents who sign up, they'll respond to their questions and link people and groups to resources available from WLWA including our talks and events.		<b>Budget and spend to date</b>
			Budget: £7,400 Spend to 30/06/15: £0

## Progress

Following review and discussions with our partners we are sad to say we're not able to continue with this project this year.

Ref	Activity and Description	Targets	Status
C5	Attendance at events to promote the reduce, re-use and recycle messaging  In addition, each borough will receive 36 hours of team support at events they organise e.g. service change roadshows.	5000 people spoken to at events  Attend 40 events	Green  <b>Budget and spend to date</b>  Budget: £2,500 Spend to 30/06/15: £602

## Progress

So far this year our team have attended **18 events** and engaged with **1882 people** across 5 boroughs.

- Ealing                    8 events                    677 residents engaged with
- Harrow                    3 events                    134
- Hillingdon                1 event                    35
- Hounslow                3 events                    392
- Richmond                3 events                    644

Date	Borough	Type	Event name	Spoken to
15/04/2016	Ealing	Food	Recycling Roadshow - Acton Morrisons	38
16/04/2016	Hounslow	Textiles	Hounslow Swish	14
20/04/2016	Hillingdon	Food	Food Waste Assembly - ACS International School	35
21/04/2016	Ealing	Food	Recycling Roadshow - Greenford Broadway	43
25/04/2016	Hounslow	Food/3Rs	Women's Institute Talk - Chiswick	33
26/04/2016	Ealing	Food	Recycling Roadshow - Hanwell Waitrose	52
01/05/2016	Harrow	Food/WEEE	Harrow-on-the-Hill May Festival	124
03/05/2016	Ealing	Food	Recycling Roadshow - Perivale, Tesco	43
14/05/2016	Richmond	Food	Richmond May Fair	500
15/05/2016	Richmond	Compost	Compost Giveaway Day	130
19/05/2016	Harrow	WEEE	Harrow WEEE day - Holy Trinity Church	10
23/05/2016 - 28/5/2016	Harrow	WEEE	Harrow College – Week long WEEE collections at Harrow Weald and Harrow on the Hill campuses	0
25/05/2016	Ealing	Food	LFHW talk @ Ravenor Primary	4
28/05/2016	Ealing	Compost	Ealing Compost Giveaway	100
07/06/2016	Richmond	Food/3R's	Talk to Friends of Twickenham Green	14
13/06/2016 to 24/06/2016	Hounslow	Food	Junior Citizen Scheme	345
18/06/2016	Ealing	Food	Hanwell Carnival	130

**Over the next few months...**

The team is booked to attend a number of events over the next few months. We're happy to attend more though, so if you're putting on an event please get in touch to see how we can be part of it.

Ref	Activity and Description	Targets	Status
C6	Wastebuster Universe  This action will support activity planned in the summer term 2016 by Wastebuster under their contract of work with DHL Enviroolutions	200 individuals playing	N/A
			<b>Budget and spend to date</b>
			Budget: £0

**Progress**

Interaction with the game by the Wastebuster schools has been low in this quarter. It is hoped that planned competitions for schools in the Summer Term will increase this.

**Over the next few months...**

The contract of work with Wastebuster finishes at the end of the Summer term and as a result so will this activity.

Ref	Activity and Description	Targets	Status
C7	Developing resources for the new education centre at Victoria Road Waste Transfer Station		N/A
			<b>Budget and spend to date</b>
			Budget: £4,000

**Progress**

Suez are currently undertaking further work to investigate the suitability of the existing building at Victoria Road as an education centre for children and adults. Until these checks are complete and the potential costs of adaptations are understood this activity is on hold.

**Over the next few months...**

Once the report has been received we may revise this activity to see what resources can be developed to support the talks and presentations we give to make our talks even more interesting if the education centre is not feasible.

## General

Ref	Activity and Description	Targets	Status
G1	The Waste Minimisation Team will actively seek out potential funding opportunities including commercial partnerships		Green
G2	Helping people to find a way to reduce, re-use and recycle that meets their needs and means they do at least one thing differently.		
G3	Respond to appropriate consultations encouraging prevention and re-use	Responding to consultations	£0

### Progress

Funding has been secured from Resource London, in collaboration with Biogen, Countrystyle, LB of Hounslow and LB of Ealing to roll out a package of food waste interventions. The package (consisting of leaflets, bin stickers and compostable caddy liners) will be distributed to a limited number of households in Brent, Ealing, Hounslow and Richmond upon Thames – totalling 24,000 households. More details are shown under activity Fo2 earlier in this report.

There haven't been any appropriate consultations to respond to yet this year.

Ref	Activity and Description	Targets	Status
G4	Waste Minimisation Team staffing and Shared Expertise programme. <ul style="list-style-type: none"> <li>▪ Maximum cost for staff including pension and NI contributions. Includes travel.</li> <li>▪ We will also continue to support the Shared Expertise programme which allows the further partnership working and development of staff for each of the local authorities.</li> </ul>		Green
			<b>Budget and spend to date</b> Budget: £168,695 Spend to 30/06/16: The whole of the budget is allocated

### Progress

Recruitment took place in April/May and there is a full team in place to carry out the actions in this year's WPAP.

## Summary

There are 14 activities in the Waste Prevention Action Plan relating to our priority materials, the status for each is shown in this report and a summary is below:

Green **5 actions**

Amber           **6 actions**  
 Red              **0 actions**  
 Grey             **3 actions**

The total budget for the activities outlined in this progress report is **£217,960**. The total spent to date is on track to be within this budget.

## Links with other waste prevention activities

The activities described below are not covered by this Action Plan and run by Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond Councils.

Borough	April to June 2016	Over the next few months
Brent	<p>Veolia Brent have organised/attended a number of events:</p> <p>Olive Road street festival.            Stonebridge Park community day.            Harlesden town centre litter pick.            Village Way clean up day.            Willesden Green garden party.</p>	<p>More events are planned:</p> <p>July - Kings Drive estate clean up day, Swaminarayan School litter pick, Neasden Town festival, Chalk Hill estate litter pick</p> <p>August - Fryent country park festival, Braemar avenue clean up day, Fryent country park festival and Queens park day.</p>
Ealing	<p>Recycling roadshows took place throughout April/May to promote launch of new alternate weekly service for recycling and rubbish.</p> <p>12<sup>th</sup> April – Ealing Broadway            15<sup>th</sup> April – Acton            21<sup>st</sup> April – Greenford            23<sup>rd</sup> April – Northolt            25<sup>th</sup> April – Ealing Town Hall            26<sup>th</sup> April – West Ealing            28<sup>th</sup> April – Southall            3<sup>rd</sup> May – Perivale            7<sup>th</sup> May – Ealing Broadway</p>	
Harrow	<p>The Recycling Team have run 7 Pop up Road Shows in April and 5 in May.</p>	<p>More events will be attended including Harrow Housing Fair, 3 Estate Action Events, 3 days of action and Pinner Village Show.</p>
Hillingdon		
Hounslow		<p>Recycling roadshows at various locations throughout July.</p>
Richmond Upon Thames		

# West London Waste

*Let's be resourceful*



## Waste Prevention Action Plan 2016/17 – revised September 2016

Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
<b>Food</b>					
Fo1	<b>Love Food Hate Waste</b> We'll be shouting about the benefits of planning, storage, understanding dates, perfect portions and lovely leftover recipes.	£10,000 Project management costs included in action G4	2 large scale LFHW events delivered. Follow up actions developed and completed with 10 community groups Implement an online food waste reduction challenge	Building on the work we started with community groups in 2015 we will continue to engage with further groups in more of the boroughs.  We'll continue to promote simple tips and ideas to inspire residents to reduce their food waste. A mixture of methods will be used including stalls, online information, social media, small training sessions and larger events.	
Fo2	Promote borough food waste recycling	£6,000 Project management costs included in action G4	Agree suitable targets with Resource London	Talking to residents about recycling food and helping to overcome any negative perceptions and de-mystify what happens to it after collection, we'll motivate and make it easy for them to take part in their local recycling services.  In Summer 2016 Resource London will be undertaking a food waste campaign; we'll work alongside them to raise the awareness of food waste in west London. The proposed budget is to support this activity	Resource London
<b>Total</b>		£16,000			
<b>Textiles</b>					

Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
T1	Sew it On Developing a sharing and skills development network for textile re-use, repair and recycling in west London	£3,000 Project management costs included in action G4	A project and business plan will be developed for a longer term programme in the future	The Sew it On project will investigate the existing network of repair, sewing and textile craft organisations in west London. It will explore options for developing a network for sharing and passing on these skills. A proposal will be developed for consideration as part of a 2 or 3 year programme in the future.  The funding for this action will be used to support relevant related activities during the course of the year to help gather data about potential e.g. sewing classes or surveys.	
T2	Support community groups and local organisations to run their own swishing events  Swishing is a fantastic way to meet your local community and re-vamp your wardrobe.	Project management costs included in action G4	8 swishes	We will continue to encourage greater swapping of clothes by building capacity in the local community and helping them to host their own swishing events. Using the guide developed in 2014 and our equipment which can be borrowed by groups	
<b>Total</b>		<b>£3,000</b>			
<b>Furniture</b>					
Fu1	Promotion of Re-use and Upcycling	£8,622	These will be agreed with each project in relation to the activity being carried out <ul style="list-style-type: none"> <li>▪ Online reach</li> <li>▪ Film views</li> </ul>	Three local organisations will be supported to deliver these projects that will increase the profile of re-use: <ul style="list-style-type: none"> <li>▪ Hounslow Furniture Project will have new signage and a facelift on their warehouse to alter the perception of potential customers (£2722)</li> <li>▪ To introduce all the local re-use projects a template for use in animated presentations will be created (approx. £800). The presentations will be hosted on our website.</li> <li>▪ To develop resources for use by boroughs contact centre staff to improve diversion of</li> </ul>	Hounslow Furniture Project Furnish



Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
				<p>suitable furniture to reuse partners (£1,900 match funding for boroughs)</p> <p>This action has been adapted since the original adoption of the WPAP in December 2015 due to changes in circumstances at one of the local charities we were due to support.</p>	
	<b>Total</b>	£8,622			
<b>Electrical Items</b>					
E1	Promote local re-use and recycling services for residents in conjunction with DHL Enviro-solutions, our compliance scheme.	Project management costs included in action G4	<p>12 WEEE bring events</p> <p>Run a Recycle Week competition</p>	Various activities to encourage residents to recycle more, dispose of properly, donate large items for re-use and buy second-hand.	DHL Enviro-solutions
	<b>Total</b>	£0			
<b>Nappies</b>					
v1	<p>Support the promotion of washable nappies</p> <p>It's great to have a choice. We'll promote washable nappies across West London and encourage parents to consider choosing to use cloth.</p>	<p>£6,000</p> <p>Project management costs included in action G4</p>	<ul style="list-style-type: none"> <li>▪ 18 nappy natters</li> <li>▪ 27 parents borrowing the trial kit</li> </ul>	A washable nappy trial kit will be developed and used in west London. The kit containing a variety of different styles and brands of washable nappy will be loaned out to parents for a 3 week period. Parents will be supported to use them and talked through any issues they may have. This budget will allow 7 kits to be available as well as a detailed instructional guide and online advertising images e.g. a Facebook header	
	<b>Total</b>	£6,000			
<b>Communications</b>					
C1	Maximise the use of <a href="http://www.westlondonwaste.gov.uk">www.westlondonwaste.gov.uk</a> to bring engaging and interesting content	Project management costs included in action G4	10% increase in unique visitors to the website	Pages to be kept up to date and a new web article added each week	

Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
	to residents.	£1,280 (20 hours of developer work)			
C2	Monthly newsletters to engage with residents about waste prevention.	£180 for e-distribution Project management costs included in action G4	Increase the number of people signed up by 10%	We're going to make it even easier for others to find out what we're doing by continuing to produce newsletters that residents can sign up to and boroughs can promote.	
C3	Increase West London Waste Social Media presence	Project management costs included in action G4	Increase Twitter followers by 5% 45% of tweets to be re-tweeted	We will continue to use social media to let people know about the range of things they can do at home, work, school and in the community to reduce, re-use and recycle.	
C4	Rubbish Diet	£7,400	500 sign ups	This project will no longer be implemented due to changes in priorities since the WPAP was originally adopted in December 2015	
C5	Attendance at events to promote the reduce, re-use and recycle messaging in partnership with the boroughs	£2,500 for event fees and vehicle hire Staff will attend the events and they need to spend time preparing and booking them. Project management	4000 people spoken to at events Attend 80 events	During 2015/16 the Waste Minimisation Team has attended a wide range of events. People enjoy talking to us and are receptive to our messages.  This year the team will attend 6 major summer fairs: <ul style="list-style-type: none"> <li>▪ Richmond May Fair</li> <li>▪ Hanwell Carnival</li> <li>▪ Hayes Carnival</li> <li>▪ Brentford Festival</li> <li>▪ Pinner Show</li> <li>▪ Queens Park Day</li> </ul>	

Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
		costs included in action G4		Smaller events will also be organised and attended. In addition each borough will receive 36 hours of team support at events they organise e.g. service change roadshows. Time will be allocated on a first come first served basis.	
C6	Wastebuster Universe	£0	<ul style="list-style-type: none"> <li>▪</li> </ul>	Residents are able to play The Wastebuster Universe game at <a href="http://www.wastebuster.co.uk/universe">www.wastebuster.co.uk/universe</a> .  The game will no longer be actively promoted by WLWA as our WEEE compliance scheme's contact with Wastebuster ends in July 2016.	
C7	Developing resources for the new education centre at Victoria Road Waste Transfer Station	£4,000	<ul style="list-style-type: none"> <li>▪ Education centre to be up and running for October 2016</li> </ul>	An education centre is being developed as part of the new disposal contract. The team will research appropriate resources and develop them to ensure visitors to the centre understand the waste hierarchy and the actions they can take.  This project has been adapted since the WPAP was originally adopted in December 2015 following more information becoming available.	
	Total	£15,360			
<b>General</b>					
G1	The Waste Minimisation Team will actively seek out potential funding opportunities including commercial partnerships	Project management costs included in action G4		The Team will look out for government funding opportunities and well as possible links with other organisations and companies.	
G2	Helping people to find a way to reduce, re-use and recycle that meets their needs and means they do at least one	Project management costs included in action G4		The actions in this plan and good practice elsewhere concerning will be reviewed, monitored, evaluated and reported to enable the programme to help the team identify what we need to be doing to help our residents reduce, re-use and recycle.	

Ref	Activity	Proposed budget 2016-17	Targets	Description	External Partners
	thing differently.				
G3	Respond to appropriate consultations encouraging prevention and re-use	Project management costs included in action G4	Respond to relevant consultations	Responding to consultations is important to help shape policy.	
G4	Waste Minimisation Team staffing and Shared Expertise programme.	Permanent positions £165,195 Team travel costs £2,500 Shared Expertise £1,000	n/a	Maximum cost for staff including pension and NI contributions. Includes travel.  We will also continue to support the Shared Expertise programme which allows the further partnership working and development of staff for each of the local authorities.	
	<b>Totals</b>	<b>£168,695</b>			
	<b>Total Waste Minimisation spend</b>	<b>£217,677</b>			

**Treasury Management****SUMMARY**

This report provides an update on the treasury management activities

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Note the treasury management out-turn for 2015-16
- 2) Note the update for the current year including the treasury management and prudential indicators

**1. Background**

1.1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. A key function of treasury management is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk instruments commensurate with the Authority's low risk appetite, providing adequate liquidity before considering investment return.

1.2 Another key function of treasury management is the funding of the Authority's capital plans. These capital plans identify the borrowing need of the Authority which can involve arranging long or short term loans, refinancing or using longer term cash flow surpluses.

1.3 This report outlines the 2015-16 out-turn and treasury management activities so far this year.

**2. Treasury Management Activity**

2.1 The Authority's scale and variety of treasury management activities has been limited to the low risk and essential operations identified below.

2.2 Excess funds are invested through the London Borough of Ealing under a service level agreement. Local Authorities have a high security/credit rating and are a risk averse option. Interest is paid annually based on the average return achieved by the borough over the year.

2.3 The average interest rate for 2015/16 was 0.6% returning £61,000 of investment income. The amount held with the London Borough of Ealing has ranged from £4.5 million to £16.0 million during the year. At the end of the year a total of £9 million was placed with the borough. Prompt access to funds without the loss of any interest is a strong feature of this arrangement.

2.4 So far, in 2016/17 operations have generated further net cash inflows and currently £10.5 million has been placed with the London Borough of Ealing. It is expected that most of the

balances to date will earn in excess of 0.5%. However, with the recent base rate reduction, this level of interest is unlikely to be achieved for the second half of the year.

2.5 Currently the Authority borrows money from 4 London boroughs to finance the construction of a major Energy from Waste Recovery Centre (SERC) under a public private partnership (PPP) project. All funds when drawn are immediately paid over to the contractor for completed construction milestones. Under the PPP arrangements the contractor also makes significant contributions towards the construction of the plant.

2.6 For 2015/16 the Authority commenced the year with a total of £33.5 million of loans from 4 London boroughs. During 2015/16 construction of the new plant progressed and further loan drawdowns took place monthly. At the end of 2015/16 total borrowings stood at £52.5 million.

2.7 The contractor's contribution is approximately double that of the Authority. By the end of 2015/16 the contractor contributed £99.6 million.

2.8 So far, during 2016/17 a further £2.9 million has been drawn down from loan facilities for capital payments. The contractor has also contributed £5.5 million towards the construction of the plant.

2.9 The interest on these loans accrues from the date of each drawdown at a fixed rate of 7.604% and payments will commence when the plant is in full service, in 2016/17.

### 3. Prudential indicators & minimum revenue provision (MRP)

3.1 The treasury management activities are fairly simple and explained above. However, the CIPFA Prudential Code prescribes a range of indicators and provides a framework to support decision making. These are probably more pertinent to organisations with complex treasury management arrangements however the indicators identified in the annual treasury management plan and a brief explanation of what they illustrate are provided in Appendix 1.

3.2 The construction of the £185 million Energy from Waste plant accounts for the majority of the figures in Appendix 1.

**4. Financial Implications** – These are detailed in the report.

**5. Legal Implications** – There are no legal implications as a result of this report.

**6. 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

Prudential Indicator	Prudential code paragraph number	Explanation	2014/15 Estimate £000s	2014/15 Actual £000s	2015/16 Estimate £000s	2015/16 Actual £000s	2016/17 Estimate £000s	2016/17 P4 Actual £000s	Comments
Ratio of financing costs to net revenue stream	37	This is an indicator of affordability of capital plans. It shows that financing costs will only account for a small portion of overall income, so the borrowing is affordable	0%	0%	0%	0%	11%	0%	Within threshold with interest payments only commencing on full service
79 Capital expenditure	47	This is a summary of the Authority's capital spending plans identified in the long term plan. Other than the spend for the completion of the SERC and items in the 16/17 budget, there are no other plans for capital spending	91,398	71,058	50,837	51,673	6,691	8,456	Within threshold over 3 year period with timing of SERC construction spend reflecting delays and shifting from 2014/15 to 2015/16 and 2016/17
Capital financing requirement (CFR)	50	This is a measure of the Authority's underlying borrowing need to finance capital expenditure – primarily to finance the cost of constructing the SERC, by far the largest capital item	123,897	103,557	174,734	157,315	191,649	165,771	Within threshold

<b>Operational boundary for external debt</b>	<b>55/59</b>	This is a projection of debt supporting the capital financing requirement – essentially the value of loans and long terms liabilities financing the construction of the SERC	120,484	100,157	170,338	152,115	193,721	160,515	Within threshold
<b>Authorised limit for external debt</b>	<b>54</b>	This provides £10m headroom for the operational boundary (above) to deal with any unusual cash movements and timing of cashflows	130,484	100,157	180,338	162,115	203,721	170,515	Within threshold



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