



West London Waste Authority

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14 September 2017

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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 22 September 2017 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 23 June 2017 **(Pages 3 - 8)**
4. Matters arising from the Minutes
5. Statement of Accounts for the year ending 31 March 2017 **(Pages 9 - 58)**
6. Contracts Update **(Pages 59 - 62)**
7. Operations Update **(Pages 63 - 68)**
8. Waste Minimisation - Summary Update on the 2017/18 Waste Minimisation Plan and proposed 2018/19 Programme **(Pages 69 - 86)**

9. Joint Municipal Waste Management Strategy Review *(Pages 87 - 92)*
10. Treasury Management *(Pages 93 - 96)*
11. Budget Monitoring Report Period 4 (July) *(Pages 97 - 100)*

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

12. Budget Monitoring Report Period 4 (July) *(Pages 101 - 106)*

**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 23 June 2017 at 10.00 am at the Committee Room 5, Harrow Civic Centre, Station Road, Harrow, HA1 2XY.

**Present:**

Councillor Bassam Mahfouz (Chair)

Councillor Amritpal Mann (Vice-Chair)

Councillor Keith Burrows and Councillor Pamela Fleming

**Apologies for Absence**

Councillor Graham Henson and Councillor Eleanor Southwood

**53. Apologies for absence**

Councillors Graham Henson and Eleanor Southwood.

**54. Appointment of Chair**

**RESOLVED:** That Councillor Bassam Mahfouz be appointed as Chair for the 2017/18 municipal year.

**55. Appointment of Vice Chair**

**RESOLVED:** That Councillor Amritpal Mann be appointed as Vice-Chair for the 2017/18 municipal year.

**56. Declarations of interest**

There were no declarations of interest.

**57. Minutes of the meeting held on 24 March 2017**

**RESOLVED:** That the minutes of the meeting held on 24 March 2017 be taken as read and signed as a correct record.

**58. Matters arising from the minutes**

Councillor Keith Burrows expressed his gratitude to both Members and officers for their good wishes during what had been a difficult time for him and his family.

**59. 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 2017/18 Municipal Year;

(2) the appointment of Andrea White as the Independent Member of the Audit Committee

be re-confirmed to 30 June 2018..

## **60. Dates of Meetings for 2017/18**

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

Friday 26 January 2018 at 11.00am (Audit Committee at 10.00am)

Friday 23 March 2018 at 10.00am

Friday 29 June 2018 at 11.00am (Audit Committee at 10.00am)

Friday 21 September 2018 at 10.00am

Friday 7 December 2018 at 10.00am

## **61. Head Office Re-location**

Members received a report which detailed the preferred option of buying a new head office for the Authority before the current building was demolished.

Jay Patel, Head of Finance outlined the content of the report indicating that buying a building was financially the best option for the Authority. He emphasised the importance of being able to move quickly should a suitable property become available.

A Member sought clarification as to whether there had been any discussion with the boroughs in terms of depreciation charges to be levied to them and was advised that Finance officers had been informed. Ian O'Donnell, Treasurer, advised that Finance Directors would want to know how accommodation would be paid for, future costs and the impact on the levy. He advised that the Authority was unlikely to get the sort of deal that it had with the London Borough of Hounslow in terms of accommodation again. The Chair added that he would circulate the terms of any agreement to his Authority Member colleagues before any purchase was made.

In terms of staff retention and the proposal to locate the new head office in Hounslow to aid this, a Member stated that whilst she understood the reasoning, all local authorities were having to make efficiency savings and reduce parking. Another Member added that the search for new offices should not be restricted to the Hounslow area as what was in the best interest of the business that was most important.

**RESOLVED:** That (1) the Managing Director, together with the Treasurer and in consultation with the Chair, be authorised to purchase a new head office for the Authority; (2) a capital budget of £2.5 million for the purchase and all associated costs be authorised; (3) the need to use the expertise of property agents, solicitors, refurbishment contractors and other specialists to secure and deliver suitable head office accommodation be noted; (4) the Chair circulate the terms of any agreement to his Authority Member colleagues before any purchase was made.

## **62. Replacement IT Service**

Members received a report which detailed the changes needed for IT services and capital budget requirements.

Jay Patel, Head of Finance, outlined the content of the report and advised that the Authority needed to identify an alternative IT service provider as Ealing Council were no longer able to offer support. It was necessary to understand the costs of the change and to also be aware of the risks in relation to price.

**RESOLVED:** That (1) a capital budget to procure a comprehensive range of replacement IT infrastructure and services up to the value of £200,000 be authorised;  
(2) the anticipated savings in running costs of £10,000 per year be noted.

### **63. Communications Strategy**

Emma Beal, Managing Director, introduced the report which provided the Authority's Communications Strategy and an update on the key activities planned or carried out this year which supported the Business Plan 2017-2020.

Emma Beal outlined the content of the report and advised that the purpose of the Strategy was to establish the Authority a leader in treating waste as a valuable resource. This vision would be promoted in all areas of the Authority's work.

Members were informed that the majority of the work undertaken to date had been around networking. There had been three consultations to date and Appendix 2 of the report set out the response. Emma Beal stated that, in her view, there was no known link between HRRCs charging for waste disposal and fly tipping. The Authority was focussing on viewing fly tipping and littering as a crime.

**RESOLVED:** That (1) the Communications Strategy be approved;  
(2) the communications activities to date, which supported the Business Plan, be noted.

### **64. Operations Update**

Sarah Ellis, Operations Manager, outlined the content of the report, which provided an update on the Authority's operations.

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

### **65. Draft Statement of Accounts for the year ending 31 March 2017**

Members received the report which provided provisional out-turn figures for 2016/17 and presented the draft Statement of Accounts for the year.

In introducing the report, Jay Patel, Head of Finance, highlighted that the Authority had had a good financial performance, the audit had been completed and gone well and advised that whilst the accounts on their own were not that meaningful the charts included in the report showed that they were fairly stable. He drew Members' attention to a correction of the 2016/17 budget figure on page 32 in that should state £57,782.

A Member expressed concern in relation to the property valuation. Ian O'Donnell, Treasurer, advised that in terms of inflation the actual figure had been compared over several years and that if the cost were compared the Authority had beaten inflation in terms of costs.

In response to a question in relation to the distribution of reserves, Members agreed an additional recommendation for the Treasurer to determine the distribution of reserves in accordance with the Fixed Cost Levy.

**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 2016/17 provisional out-turn figures and detail included in Appendix 1 of the report

be noted;

(3) the Draft Statement of Accounts and Annual Governance Statement attached at Appendix 2 of the report be noted;

(4) authority be delegated to the Treasurer, following consultation with the Chair of the Authority, to agree with the boroughs the basis for distribution of the rebate (as referred to in paragraphs 15 and 16 of the report) and make the disbursements.

#### **66. Health and Safety: Review 2016-2017 and Plan 2017-2018**

Members received a report which reviewed the Authority's Health and Safety arrangements for the year 2016-17 and presented the Authority's Health and Safety Plan for 2017-18.

**RESOLVED:** That (1) it be noted that the Health and Safety policy statement (attached at Appendix 1 to the report) had been updated with changes to the responsible persons for the Authority following recent staff changes;

(2) the actions taken in the Health and Safety action plan for 2016-17 (attached at Appendix 2 to the report) be noted;

(3) the outcomes from the annual Health and Safety Review meeting held in June 2017 be noted;

(4) the Authority's Health and Safety Plan for 2017-18 (attached at Appendix 3 to the report) be agreed.

#### **67. Waste Prevention - Update on the Waste Prevention Action Plan for 2016/17**

Members received a report which presented the results of the Waste Prevention Action Plan for 2016/17.

In discussing the report, Members made the following comments:-

- The more that the Authority was seen at fayre's/ road shows the more interest was generated.;
- The compost bags distributed at a recent event in Richmond had been well received but questions had been raised as to whether the bags themselves were compostable;
- Consideration should be given to approaching supermarkets to see if they would be willing to sponsor bags given their responsibility for packaging;
- There was demand from schools in terms of engagement as children were receptive to the recycling message.

In response to the comment, Emma Beal, Managing Director, advised that compostable bags could not be used for distributing compost and that bags and plastic were difficult to recycle. In terms of engagement with schools, she advised that the Waste Minimisation Plan included more work in this area.

**RESOLVED:** That the results of activities in 2016/17, attached at Appendix 1 to the report, be noted.

#### **68. Budget Monitoring Report Period 2 (May)**

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

Jay Patel, Head of Finance, reported that whilst waste tonnage had been slightly lower in

the first couple of months the forecast was to be on target at year end. He added that KPIs were currently on track.

**RESOLVED:** That (1) the current financial position in 2017/18 to period 2 and Key Performance Indicators be noted;

(2) the financial decisions taken under the Scheme of Delegation to Officers.

#### **69. ITEMS FOR CONSIDERATION AFTER THE EXCLUSION OF THE PRESS AND PUBLIC**

**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>
17.	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)).
18.	Contracts Update Report	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

#### **70. Budget Monitoring Report Period 2 (May)**

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

#### **71. Contracts Update Report**

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

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

**The meeting finished at 11.16 am.**

The minute taker at this meeting was Alison Atherton.

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**Statement of Accounts for the year ending 31 March 2017**

**SUMMARY**

This report presents recommendations arising from a meeting of the Audit Committee earlier on 22 September 2017.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Agree the Audit Committee's recommendation to approve the Statement of Accounts for 2016/17 (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 2017. Therefore, the Audit Committee are recommending that the Authority approve the statement of accounts.

There is only one notable change to the accounts first reported and considered in detail at the July Authority meeting relates to the valuation of properties which reduced the valuation gain. These are artificial gains as highlighted at the June Authority meeting and following audit of the independent valuation, the overall gains were reduced from £21.5 million to £11.9 million. They're big artificial gains, but not as big as our independent valuer originally thought.

Other than the valuation, the final out turn figure is similar to that reported to the July Authority meeting with the accounts continuing to show strong operational performance and a healthy reserve position. The out turn position is provided below:

<b>Financial Performance 2016/17</b>	<b>2016/17 Budget £000s</b>	<b>2016/17 Actual £000s</b>	<b>Variance £000s</b>
<b>Expenditure</b>			
Employees	1,581	1,837	256
Premises	3,890	3,258	-632
Waste, Transport and Disposal	40,285	44,601	4,316
Other supplies	732	791	59
Depreciation	5,327	2,539	-2,788
Financing	5,967	2,770	-3,197
	<b>61,973</b>	<b>55,796</b>	<b>-1,986</b>
<b>Income</b>			
Levies	-56,099	-55,277	822
Trade and other	-1,257	-2,095	-838
Agency	-426	-437	-11
	<b>-57,782</b>	<b>-57,809</b>	<b>-27</b>
<b>Surplus</b>	<b>0</b>	<b>-2,013</b>	<b>-2,013</b>
Actuarial loss on pension liability	0	474	474
Property valuation gains	0	-11,947	-11,947
<b>Contribution to reserves</b>	<b>0</b>	<b>13,486</b>	<b>-13,846</b>

**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.

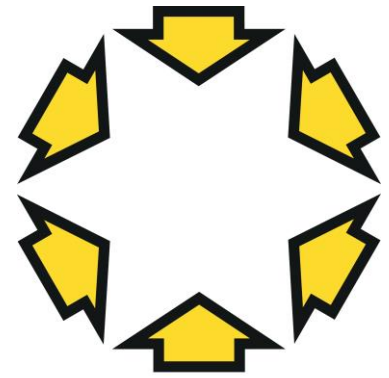
**5. Impact on Joint Waste Management Strategy** – The draft Statement of Accounts set out in this report demonstrates that the Authority is supporting the boroughs to deliver improved value for money to its residents in line with Policy 7 and demonstrates partnership working as set out in policy 8.

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.

Contact Officers	Jay Patel, Head of Finance <a href="mailto:jaypatel@westlondonwaste.gov.uk">jaypatel@westlondonwaste.gov.uk</a> Ian O'Donnell, Treasurer <a href="mailto:Odonnelli@ealing.gov.uk">Odonnelli@ealing.gov.uk</a>	020 8825 9524  020 8825 5269
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**West  
Waste**

**West London Waste Authority  
Statement of Accounts  
For the year ended 31 March 2017**

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

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## Narrative Report

### 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 36 staff (previous year: 33). WLWA is headed by the Managing Director (appointed September 2016) 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 – human resources, health and safety and occupational health advice
- London Borough of Ealing – treasury, payroll, ICT, finance systems;
- London Borough of Harrow – legal, insurance, procurement and committee services
- 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. A key part of this was entering into a long term Public Private Partnership arrangement and constructing a new energy from waste recovery centre which commenced full service during the year in December 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.

This delivers one of the key objectives of the Joint Waste Management Strategy and 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 is provided in the table below. This shows a 3.0% rise in volume of borough collected waste being received by the Authority to 576,000 tonnes for the year. During the year, 84.7% of waste was recycled, reused, composted or converted to energy. The table below provides a breakdown of the waste tonnages.

	<b>2016-17</b>	<b>2015-16</b>
	<b>Tonnes</b>	<b>Tonnes</b>
Recycling and reuse	86,000	66,000
Composting	85,000	84,000
Energy recovery	317,000	134,000
Landfill	88,000	275,000
<b>Total waste</b>	<b>576,000</b>	<b>559,000</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.



For the year residual waste sent for disposal from these centres totalled 73,000 tonnes. Of this householders deposited 40,000 tonnes; 21,000 tonnes was trade waste and 12,000 tonnes was borough collected waste. A breakdown is provided below.

	<b>2016-17</b>	<b>2015-16</b>
	<b>Tonnes</b>	<b>Tonnes</b>
Household residual waste	40,000	42,000
Household recycle and re-used waste	39,000	26,000
Household composted waste	16,000	14,000
Trade residual waste	21,000	22,000
Borough residual street cleansing waste	12,000	13,000
<b>Total Household Re-use and Recycling Centre waste</b>	<b>128,000</b>	<b>117,000</b>

## Financial Performance

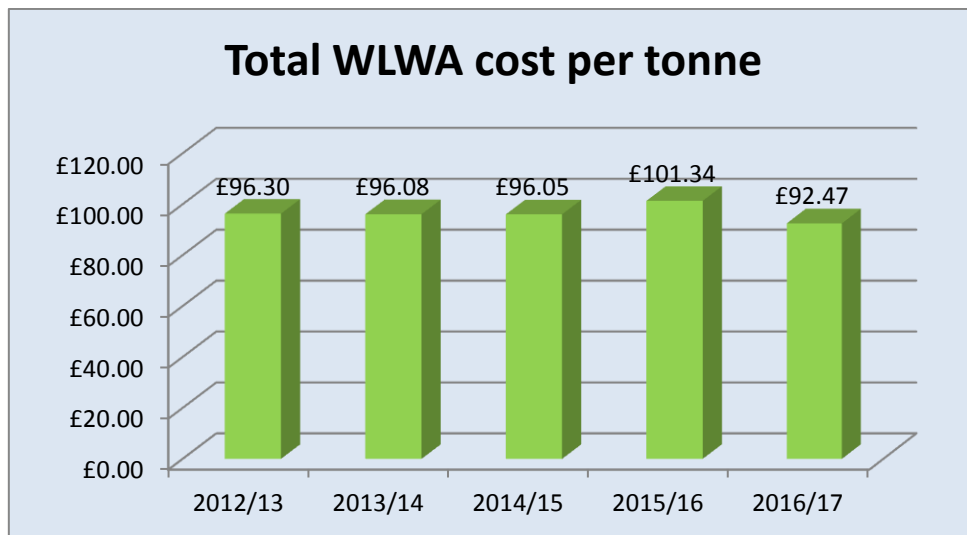
WLWA is primarily financed by an annual levy on the constituent boroughs. Other income is generated from sources such as charges paid by the boroughs and businesses for the disposal of non-household waste. For the levy, boroughs' tonnages are the basis for the majority of the apportionment with some 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.

During the year, the Authority raised an annual levy on the constituent boroughs of £55.3 million, a reduction from £59.1 million in 2015-16. The net cost of services for the year was £54.3 million, a reduction of £2.2 million from the previous year's £56.5 million, resulting largely from the move away from landfill to converting waste into energy at the new recovery centre. The overall result showed a deficit on provision of services of £1.8 million comparable with £2.5 million in the previous year with the change resulting from revaluation losses.

An actuarial loss on the pension liability valuation of £0.5 million (compared to an actuarial gain of £1.2 million in the previous year) and the property revaluation gains of £15.8 million (nil last year) has resulted in total comprehensive income and expenditure for the year of £13.5 million (2015-16: £3.7 million).

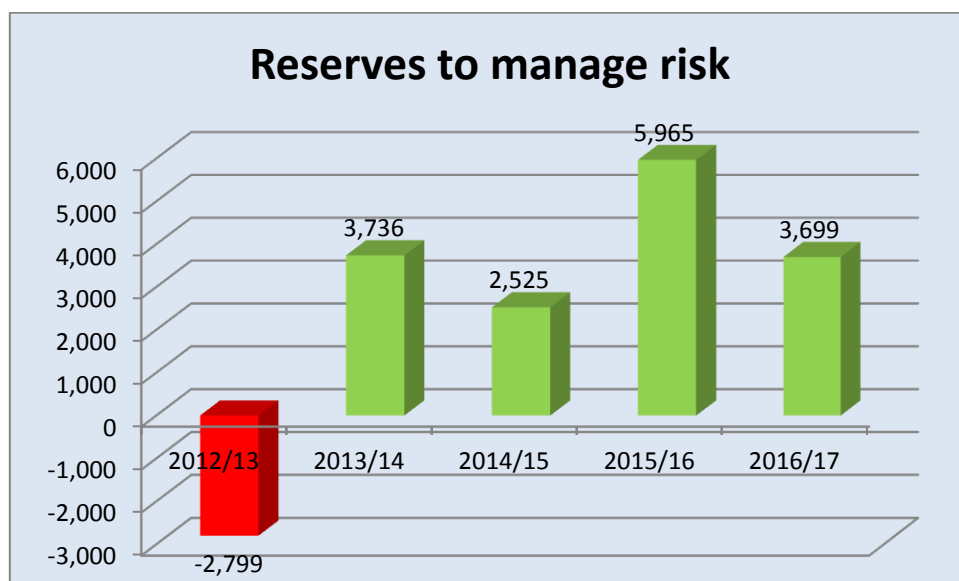
The Authority's aim for 2016-17 was to break even and maintain reserves as a buffer against unexpected budget pressures – so reducing the risk of having to request additional in-year funding from Boroughs. The Authority has achieved this target.

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. The total cost of delivering services (Net Cost of Services plus Financing less Revaluation Losses) 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 five year period in the chart that follows.



The key feature illustrated by this chart is that the Authority’s cost per tonne has reduced over the last five years. This reflects the effective control of costs and spending over the period and improving efficiency.

Once again, by considering a longer timeframe, the level of reserves available to manage risk provides better perspective about the Authority’s financial health. So the chart below considers the Authority’s reserves excluding the notional property revaluation 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 has improved this position by building a stable level of reserves as a financial buffer to better manage unexpected risks.



The construction of a new energy recovery centre is a major milestone for the Authority, delivering a key aim of the Joint Waste management Strategy to move waste away from landfill and use waste to generate energy instead.

The construction was completed in 2016, and the Severnside Energy Recovery Centre came into full service in December of that year. Since then waste has been transported to the new energy recovery facility and through modern processes the waste has been 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 offset some of the cost of the operations.

The Authority's capital contribution towards the overall construction project totals £59.1million and was funded by loans from 4 of the constituent Boroughs. The Suez consortium also made capital contributions of £123.4 million. Together with capitalised interest of £7.6 million the costs were recognised at start of full service as part of the Authority's long term assets.

Subsequent independent end of year property valuations assessed the value to be higher resulting in notional gains reflected in the revaluation reserve. Together with notional gains for other properties the revaluation reserve balance at year end stands at £16.9 million.

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 well placed to continue delivering 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 asset 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 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 2017). 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.

No events have been identified to the date of signing these accounts.

## **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 – interest and other financing charges 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 including deferred revenue balance – 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 Wilks Head and Eve Chartered Surveyors in March 2017. The specialist nature of waste disposal properties and consequently absence of



comparative market price requires valuations to be undertaken using depreciated replacement cost with an instant build approach in accordance with CIPFA's Code of Practice. 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 2017 and the Authority's financial position as at 31 March 2017.

\_\_\_\_\_  
Ilan O'Donnell  
Treasurer  
22 September 2017

### Audit Committee

I can confirm that these Accounts were considered by the Audit Committee at their meeting on Friday, 22 September 2017 and recommended for Approval by the Authority. The accounts were approved by the Authority on 22 September 2017.

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Signed on behalf of West London Waste Authority  
Councillor Bassam Mahfouz (Chair)  
22 September 2017

## 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	2016-17 £'000	2015-16 £'000
<b>Gross expenditure</b>			
Employees		(1,837)	(1,852)
Premises		(3,258)	(2,242)
Waste transport and disposal		(44,601)	(53,378)
Other supplies and payments		(791)	(1,174)
Impairments and revaluation losses		(3,805)	(27)
Depreciation	7	(2,539)	(68)
<b>Total</b>		<b>(56,831)</b>	<b>(58,741)</b>
<b>Gross income</b>			
Trade waste		1,330	1,308
Agency		437	431
Miscellaneous income		765	548
<b>Total</b>		<b>2,532</b>	<b>2,287</b>
<b>Net cost of services</b>		<b>(54,299)</b>	<b>(56,454)</b>
Financing and investment income and expenditure	6	(2,770)	(194)
Levies on constituent councils	17	55,277	59,125
<b>Total</b>		<b>52,507</b>	<b>58,931</b>
<b>(Deficit)/Surplus on provision of services</b>		<b>(1,792)</b>	<b>2,477</b>
Revaluation gains on properties		15,752	0
Actuarial (loss)/gain on pension liability	20	(474)	1,193
<b>Other comprehensive income and expenditure</b>		<b>15,278</b>	<b>1,193</b>
<b>Total comprehensive income and expenditure</b>		<b>13,486</b>	<b>3,670</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 5 June 2017 and the audited accounts were authorised for issue on 22 September 2017.

		<b>2016-17</b>	<b>2015-16</b>
		£'000	£'000
Property, plant and equipment	7	204,796	5,166
Capital work in progress	8	69	152,149
<b>Long Term Assets</b>		<b>204,865</b>	<b>157,315</b>
Cash and cash equivalents	10	18,798	12,458
Short term debtors	11	3,809	3,295
<b>Current Assets</b>		<b>22,607</b>	<b>15,753</b>
<b>Total Assets</b>		<b>227,472</b>	<b>173,068</b>
Short term creditors	12	(9,227)	(6,081)
<b>Current Liabilities</b>		<b>(9,227)</b>	<b>(6,081)</b>
Long term borrowing	13	(66,650)	(52,495)
Other long term liabilities	19	(122,316)	(99,619)
Pension fund liability	20	(8,643)	(7,723)
<b>Long Term Liabilities</b>		<b>(197,609)</b>	<b>(159,837)</b>
<b>Net Assets</b>		<b>20,636</b>	<b>7,150</b>
Usable Reserves		16,832	12,091
Unusable reserves	14	3,804	(4,941)
<b>Total Reserves</b>		<b>20,636</b>	<b>7,150</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.

	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	£'000	£'000	£'000
<b>Balance at 1 April 2016</b>	<b>12,091</b>	<b>(4,941)</b>	<b>7,150</b>
Deficit on provision of services (accounting basis)	(1,792)		(1,792)
Other comprehensive expenditure		15,278	15,278
Total comprehensive expenditure	(1,792)	15,278	13,486
Adjustments between accounting basis and funding basis under regulations (Note 5)	6,533	(6,533)	0
<b>Increase/(decrease) in year</b>	<b>4,741</b>	<b>8,745</b>	<b>13,486</b>
<b>Balance at 31 March 2017</b>	<b>16,832</b>	<b>3,804</b>	<b>20,636</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>2016-17</b> £'000	<b>2015-16</b> £'000
<b>Net deficit on the provision of services</b>	(1,792)	2,477
Adjustments to net surplus	10,403	1,644
<b>Net cash generated from/(used in) operating activities</b>	<b>8,611</b>	<b>4,121</b>
<i>Investment activities</i>		
Payments for capital work in progress	(11,427)	(15,773)
Payments for plant and equipment	(162)	(45)
Proceeds from disposal of plant and equipment	0	5
Interest received	60	61
<b>Net cash used in investment activities</b>	<b>(11,529)</b>	<b>(15,752)</b>
<i>Financing activities</i>		
Interest paid	(2,135)	0
Loans raised	11,393	15,772
Loans repaid	0	0
Other	0	0
<b>Net cash generated from financing activities</b>	<b>9,258</b>	<b>15,772</b>
<b>Net movement in cash and cash equivalents</b>	<b>6,340</b>	<b>4,141</b>
Opening balance	12,458	8,317
<b>Cash and cash equivalents at end of year</b>	<b>18,798</b>	<b>12,458</b>

## Cash Flow Statement

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
<b>Adjustments to net surplus for non-cash movements</b>		
Depreciation and impairments	6,344	95
IAS 19 non-cash pension entries	447	406
Decrease/(increase) in short term debtors	529	179
Increase/(decrease) in short term creditors	3,146	1,025
Other adjustments	(1,094)	0
Sub Total	9,372	1,705
<b>Adjustments for items included in financing/investing activities</b>		
Interest received	(60)	(61)
Interest paid	1,091	0
Total Adjustments	<b>10,403</b>	<b>1,644</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. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the authority for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is used as a whole for decision making purposes in a single service authority with no directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015-16					2016-17			
Net Expenditure chargeable to General Fund	Other adjustments	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement		Net Expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	
(56,437)	232	(249)	(56,454)	Net Cost of Services	(47,777)	(6,522)	(54,299)	
59,028		(97)	58,931	Other income and expenditure	52,518	(11)	52,507	
2,591	232	(346)	2,477	Surplus or (deficit)	4,741	(6,533)	(1,792)	
				9,500	Opening General Fund Balance	12,091		
				2,591	Surplus or (deficit)	4,741		
				<b>12,091</b>	<b>Closing General Fund Balance</b>	<b>16,832</b>		



## 2. 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

## 3. 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 2017 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 actual results will only become apparent on crystallisation of the pension liability. However the effects on the net pension's liability of changes in individual assumptions can be measured and are illustrated in note 20.
<b>Property Valuation</b>	Independent professional property valuations take place every 5 years by surveyors appointed by the Authority. The valuations are undertaken in accordance with RICS and CIPFA rules and require the use of a variety of information and the judgement of surveyors in relation to market conditions, components and lifecycles.	The actual results will only become apparent on the disposal of property. However, the balance on the revaluation reserve in note 14 provides an indication of the level of notional gain resulting from valuation. For prudence where there are notional losses, these are immediately recognised in the income and expenditure statement.

#### 4. Events after the Balance Sheet Date

The Statement of Accounts is authorised for issue by the Treasurer of the Authority on 22 September 2017. 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 2017 they have been taken into account.

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

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
<b>Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:</b>		
Depreciation* (note 7)	2,539	68
Impairments and revaluation losses*	3,805	27
Reversal of items relating to IAS19 Retirement Benefits	446	407
	<b>6,790</b>	<b>502</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 14)	(95)	(110)
Revenue financing to Capital (note 14)	(161)	(48)
	<b>(256)</b>	<b>(158)</b>
<b>Transfer (from)/to general reserves</b>		
Accumulated Absences Account (note 14)	(1)	2
	<b>(1)</b>	<b>2</b>
Net additional amount to be credited to general balances for the year	<b>6,533</b>	<b>346</b>

\* Adjustments impact capital adjustment account (unusable reserve)

## 6. Financing and Investment Income and Expenditure

	2016-17	2015-16
	£'000	£'000
Interest payable and similar charges	1,471	0
Pensions interest and expected return on pensions assets	268	255
PPP financing interest	1,091	0
Interest receivable and similar income	(60)	(61)
	<b>2,770</b>	<b>194</b>

## 7. Property, Plant and Equipment

	Land and Buildings Freehold	Land and Buildings Leasehold	Fixed Plant and Vehicles	TOTAL
	£'000	£'000	£'000	£'000
Gross book value at 1 April 2016	<b>5,125</b>	<b>0</b>	<b>733</b>	<b>5,858</b>
Additions	181,769	8,302	150	<b>190,221</b>
Disposals			(131)	<b>(131)</b>
Revaluation increases/(decreases) recognised in Revaluation Reserve	11,218	1,952		<b>13,170</b>
Revaluation increases (decreases) recognised in income and expenditure	(2,259)	(1,546)		<b>(3,805)</b>
Gross book value at 1 April 2017	<b>195,853</b>	<b>8,708</b>	<b>752</b>	<b>205,313</b>
Accumulated depreciation brought forward	<b>(100)</b>	<b>0</b>	<b>(592)</b>	<b>(692)</b>
Disposals			131	<b>131</b>
Depreciation charge for the year	(2,156)	(327)	(56)	<b>(2,539)</b>
Depreciation written out to Revaluation Reserve	2,256	327		<b>2,583</b>
Accumulated depreciation carried forward	<b>0</b>	<b>0</b>	<b>(517)</b>	<b>(517)</b>
Net book Value at 31 March 2017	<b>195,853</b>	<b>8,708</b>	<b>235</b>	<b>204,796</b>
Net book Value at 31 March 2016	<b>5,025</b>	<b>0</b>	<b>141</b>	<b>5,166</b>

Leasehold land and buildings represent assets under PPP arrangement (as outlined in the Narrative Report and Accounting Policies). Land and buildings are valued regularly and in March 2017 an independent valuation was undertaken by Wilks Head and Eve Chartered Surveyors in accordance with RICS rules. The results are reflected in the accounts and detailed above.

## 8. Capital Work in Progress

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Opening balance	152,149	100,156
Expenditure in year	26,352	48,745
Interest capitalised in year	2,762	3,248
Recognised in long term assets	(181,194)	0
	<hr/>	<hr/>
Closing balance	<b>69</b>	<b>152,149</b>

The new energy from waste facility constructed under a PPP contract with the Suez consortium commenced full service in December 2016, resulting in major expenditure on capital works being transferred to long term assets (reflected in Note 7).

## 9. 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.

	<b>Long term</b>		<b>Current</b>	
	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Cash and bank balances	0	0	18,798	12,458
Loans and receivables	0	0	0	0
<b>Financial Liabilities</b>				
Long Term Borrowing	(65,708)	(52,495)	(942)	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 2017 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

	2016-17		2015-16	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Borough Loans (note 17)	66,650	69,879	52,495	55,059

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 a service level agreement, 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 11.

### *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 13. All trade and other payables are due to be paid in less than one year.

### *Market Risk*

As at the 31 March 2017 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.

## **10. Cash and Cash Equivalents**

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

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Bank balance (HSBC)	4,798	3,458
Deposit placed with the London Borough of Ealing	14,000	9,000
<b>Total</b>	<b>18,798</b>	<b>12,458</b>

## 11. Short Term Debtors

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Other Local Authorities	177	83
Central Government Bodies	1,853	2,654
Other Entities and Individuals	295	117
Prepayments and Accrued Income	1,484	441
	<hr/>	<hr/>
<b>Total</b>	<b>3,809</b>	<b>3,295</b>
	<hr/> <hr/>	<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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
< 90 days	103	200
90 – 180 days	0	0
> 180 days	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>103</b>	<b>200</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. Short Term Creditors

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Other Entities and Individuals	(6,888)	(4,871)
Other Local Authorities	(2,339)	(1,210)
	<hr/>	<hr/>
<b>Total</b>	<b>(9,227)</b>	<b>(6,081)</b>
	<hr/> <hr/>	<hr/> <hr/>

### 13. 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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Opening balance	(52,495)	(33,474)
Loans in year	(11,393)	(15,773)
Interest accrued	(2,762)	(3,248)
	<b>(66,650)</b>	<b>(52,495)</b>
Analysis by maturity	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
5 years or less	(5,516)	(4,348)
Between 5 and 10 years	(8,015)	(6,315)
10 years or more	(53,119)	(41,832)
	<b>(66,650)</b>	<b>(52,495)</b>
Long term liability	<b>(66,650)</b>	<b>(52,495)</b>

### 14. Unusable Reserves

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Revaluation reserve	(16,937)	(1,185)
Capital adjustment account	4,479	(1,609)
Pensions reserve	8,643	7,723
Accumulated absences account	11	12
	<b>(3,804)</b>	<b>4,941</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.



	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Balance as at 1 April	(1,185)	(1,185)
Revaluation gains	(16,937)	0
Revaluation losses not taken through CIES	1,185	0
	<hr/>	<hr/>
Balance at 31 March	<b>(16,937)</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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Balance as at 1 April	(1,609)	(1,544)
Depreciation	2,539	68
Statutory provision for repayment of debt	(95)	(110)
Impairment and revaluation	3,805	27
Net written out amount of the cost of non-current assets consumed in the year	4,640	(1,559)
Other adjustments	0	(2)
Revenue financing to capital	(161)	(48)
	<hr/>	<hr/>
Balance at 31 March	<b>4,479</b>	<b>(1,609)</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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Balance as at 1 April	7,723	8,510
Actuarial gains or losses on pension assets and liabilities	474	(1,193)
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	940	725
Employer's pensions contributions and direct payments to pensioners payable in the year	(494)	(319)
	<hr/>	<hr/>
Balance at 31 March	<b>8,643</b>	<b>7,723</b>

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

The Accumulated Absences Reserve reflects untaken leave balances outstanding as at the 31 March 2017. 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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Balance as at 1 April	12	10
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	(1)	2
	<hr/>	<hr/>
Balance at 31 March	<b>11</b>	<b>12</b>

## 15. Officers' Remuneration

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

	Salary and Termination Benefits (£)		Pension Contributions (£)		Total (£)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Director (commencing 19/09/2016)	53,299		9,594		62,893	
Director (ending 31/3/2016)		89,847		12,174		102,021
Clerk (commencing 10/4/2015)	10,000	9,750	1,800	1,755	11,800	11,505
Clerk (ending 9/4/2015)		276		50		326
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:

	2016-17	2015-16
Remuneration Band including exit packages	No of employees	No of employees
£50,000 to £54,999		1
£65,000 to £69,999		1
£75,000 to £79,999	1	
£80,000 to £84,999		
£175,000 to £179,999	1	1

During the year, following a restructure and compulsory redundancies to deliver long term savings one employee received redundancy payments within the £60,000 to £80,000 band.

## Members Allowances

No member allowances have been paid in year.

## 16. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2016-17	2015-16
	£'000	£'000
Audit of the Authority	20	20
Other services	20	0
<b>Total Fees</b>	<b>40</b>	<b>20</b>

## 17. 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 each of 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 2016-17. No related party transactions were declared. During 2016-17 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.

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>							
Pay as you Throw	8,342	9,868	5,693	7,947	7,545	5,501	44,896
Fixed Cost Levy	1,695	2,118	1,566	1,780	1,557	1,665	10,381
Total Levies	10,037	11,986	7,259	9,727	9,102	7,166	55,277
Agency and other income	437	65	0	0	0	0	502
<b>Total 2016-17</b>	<b>10,474</b>	<b>12,051</b>	<b>7,259</b>	<b>9,727</b>	<b>9,102</b>	<b>7,166</b>	<b>55,779</b>
Total 2015-16	10,883	13,557	7,950	10,564	9,811	7,582	60,347
<b>Expenditure</b>							
Waste Transport and Disposal Costs	0	0	0	141	30	0	171
Rent and Rates	78	0	0	333	0	0	411
Support Services	0	64	29	12	7	0	112
Other	111	144	107	122	106	115	705
<b>Total 2016-17</b>	<b>189</b>	<b>208</b>	<b>136</b>	<b>608</b>	<b>143</b>	<b>115</b>	<b>1,399</b>
	232	226	117	535	194	117	1,421

Total 2015-16							Total
	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Debtors 2016-17</b>	<b>276</b>	<b>321</b>	<b>261</b>	<b>0</b>	<b>112</b>	<b>261</b>	<b>1,231</b>
Debtors 2015-16	0	83	0	0	0	0	83
<b>Creditors 2016-17</b>	<b>963</b>	<b>275</b>	<b>82</b>	<b>308</b>	<b>28</b>	<b>683</b>	<b>2,339</b>
Creditors 2015-16	149	252	329	288	147	45	1,210
<b>Loans 2016-17</b>	<b>16,663</b>	<b>16,663</b>	<b>16,663</b>	<b>0</b>	<b>0</b>	<b>16,661</b>	<b>66,650</b>
Loans 2015-16	13,124	13,124	13,124	0	0	13,123	52,495
<b>Investments 2016-17</b>	<b>0</b>	<b>14,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,000</b>
Investments 2015-16	0	9,000	0	0	0	0	9,000

## 18. Leases

### Finance Leases

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:

	2016-17	2015-16
	£'000	£'000
Within 1 year	63	147
Between 2 and 5 years	0	59
<b>Total</b>	<b>63</b>	<b>206</b>

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

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Victoria Road (until March 2098)	540	540
Transport Avenue (until September 2020, with rights to extend to 2098)	700	700
<b>Total</b>	<b>1,240</b>	<b>1,240</b>

## 19. Other Long Term Liabilities

The project to build an energy from waste plant (as outlined in the Narrative Report) 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>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Energy from waste facility:		
Opening balance	99,619	66,683
Developer's contribution	23,791	32,936
Reduced through unitary payments	(1,094)	0
<b>Closing balance</b>	<b>122,316</b>	<b>99,619</b>

<b>PPP liability repayments</b>	Finance liability	Deferred income	Total repayments
	£'000	£'000	£'000
Within one year	1,017	2,699	3,716
Two to five years	4,772	10,797	15,569
Six to ten years	7,924	13,496	21,420
Eleven to fifteen years	10,847	13,496	24,343
Sixteen to twenty years	14,847	13,496	28,343
Twenty to twenty five years	17,219	11,706	28,925
<b>Total repayments</b>	<b>56,626</b>	<b>65,690</b>	<b>122,316</b>

The twenty seven year, £900 million Public Private Partnership 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.

## **20. 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:

<b>Balance sheet disclosure</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Present value of funded obligation	(26,592)	(22,445)
Fair value of Scheme Assets (bid value)	18,172	14,926

<b>Net Liability</b>	<b>(8,420)</b>	<b>(7,519)</b>
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Present value of unfunded obligations	(223)	(204)
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<b>Net Liability in Balance Sheet</b>	<b>(8,643)</b>	<b>(7,723)</b>
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**Comprehensive Income and Expenditure Statement**

	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Service costs	653	447
Net interest on defined liability	268	255
Administrative expenses	19	23
	<b>940</b>	<b>725</b>

<b>Reconciliation of the present value of the scheme liabilities:</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Opening balance as at 1 April	22,649	23,694
Current service cost	368	447
Interest cost	789	724
Change in financial assumptions	4,455	(1,778)
Change in demographic assumptions	(271)	0
Experience (gain)/loss on liabilities	(876)	0
Liabilities assumed/extinguished on settlements	0	0
Estimated benefits paid net of transfers in	(944)	(808)
Past service costs including curtailments	285	0
Contributions by scheme participants and other employers	373	383
Unfunded pension payments	(13)	(13)
Closing balance as at 31 March	<b>26,815</b>	<b>22,649</b>

<b>Reconciliation of fair value of the scheme (plan) assets:</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Opening balance as at 1 April	14,926	15,185
Interest on assets	521	469
Return on assets less interest	2,537	(585)
Other actuarial gains	297	0



Administration expenses	(19)	(23)
Employer contributions	494	318
Contributions by scheme participants and other employers	373	383
Benefits paid	(957)	(821)
Settlement prices received/(paid)	0	0
Closing balance as at 31 March	<b>18,172</b>	<b>14,926</b>

### Assumptions

As at	31 March 2017		31 March 2016		31 March 2015	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI increases	3.5%	-	3.1%	-	3.1%	-
CPI increases	2.6%	-	2.2%	-0.9%	2.3%	-0.8%
Salary increases	4.1%	-	4.0%	0.9%	4.1%	1.0%
Pension increases	2.6%	-	2.2%	-0.9%	2.3%	-0.8%
Discount rate	2.6%	-	3.5%	0.4%	3.1%	0.0%

### Life expectancy from age 65 (years)

		31 March 2017	31 March 2016
Retiring today	Males	21.4	21.8
	Females	23.9	24.4
Retiring in 20 years	Males	23.8	24.2
	Females	26.2	26.7

### Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	26,392	26,815	27,246
▪ Projected service cost	743	758	773
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	26,866	26,815	26,764
▪ Projected service cost	758	758	758
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	27,194	26,815	26,442
▪ Projected service cost	773	758	743
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
▪ Present value of total obligation	27,857	26,815	25,814
▪ Projected service cost	782	758	734

<b>Re-measurements in other comprehensive income</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Return on plan assets in excess of interest	2,537	(585)
Other actuarial gains/(losses) on assets	297	0
Change in financial assumptions	(4,455)	1,778
Change in demographic assumptions	271	0
Experience gain/(loss) on defined benefit obligation	876	0
<b>Total</b>	<b>(474)</b>	<b>1,193</b>

<b>Projected pension expense for next year</b>	<b>2017-18</b>
	£'000
Service cost	758
Net interest on the defined liability/(asset)	221
Administration expenses	24
<b>Total</b>	<b>1,003</b>

**Employer contributions** **305**

<b>Assets by Class</b>	<b>2016-17</b>	<b>2015-16</b>
	£'000	£'000
Equities	10,768	6,933
LDI/Cashflow matching	0	1,513
Target Return Portfolio	3,840	3,175
Infrastructure	957	818
Commodities	0	67
Property	926	533
Cash	1,681	1,887
<b>Total</b>	<b>18,172</b>	<b>14,926</b>

<b>Analysis of 2016-17 Assets</b>	<b>% Quoted</b>	<b>% Unquoted</b>
<b>Equities</b>		
Real Estate	0.7%	0.0%
Consumer Discretionary	4.0%	0.0%
Consumer Staples	7.0%	0.0%
Financials	4.1%	0.0%
Health Care	5.1%	0.0%
Industrials	6.2%	0.0%
Information Technology	5.5%	0.0%
Materials	0.7%	0.0%
Telecommunication Services	0.6%	0.0%
Utilities	1.0%	0.0%
Investment funds and unit trusts	6.3%	0.0%
Trade Cash/Pending	0.6%	0.0%
Synthetic Equity (Futures)	7.2%	0.0%

<b>BlackRock DDG</b>		
Equities	0.5%	0.0%
Bonds	1.1%	0.0%
Cash	0.3%	0.0%
Investment/Hedge funds and unit trusts	0.8%	0.2%
<b>Private Equity</b>	0.0%	10.4%
<b>Total Return</b>		
Investment/Hedge funds and unit trusts	10.4%	4.3%
<b>Credit</b>	0.0%	3.6%
<b>Infrastructure</b>		
Commodity funds	0.2%	0.4%
Infrastructure	0.3%	4.3%
<b>Real Estate</b>	0.0%	5.1%
<b>Cash</b>		
Cash	2.5%	0.0%
LDI	19.2%	(7.2%)
Synthesized cash	2.3%	0.0%
Synthetic Equity (Futures)	(7.2%)	0.0%
Currency Hedge (Forward Contracts)	0.0%	(0.4%)
<b>Total</b>	<b>79%</b>	<b>21%</b>

## 21. Contingent Liabilities

At 31 March 2017 there was one contingent liability (2015/16: nil). This related to a disputed contract claim amounting to £600,000 which has been refuted. It is not possible to predict the outcome of the claim or the financial impact. The outcome will be dependent on whether the claim is pursued and the result of subsequent legal processes.

## Annual Governance Statement 2016-17

### 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, aims 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 business plans 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:

- Creditors
- Governance
- Risk
- Waste Minimisation

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. No material risks or issues have been identified and no action plan is necessary.

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.

## 5. Significant Governance Issues

There are no significant governance issues and no significant issues were identified from internal audit, management reporting or other assurance processes. Therefore no action plan is required.

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Councillor Bassam Mahfouz,  
Chair to the Authority  
22 September 2017

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Hugh Peart,  
Clerk  
22 September 2017

## **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 2017 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 21.

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 14, 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 2017 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 2017 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 2017 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 2017.

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 2017.

**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

22 September 2017

## Contracts Update

### SUMMARY

This report provides an update on the Authority's various waste treatment arrangements and procurements.

### RECOMMENDATION(S)

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

## 1. Introduction

The waste treatment contracts managed by WLWA deliver Policy 6 of the Authority's Joint Municipal Waste Management Strategy - "West London Waste Authority and constituent boroughs will seek a residual waste management solution in accordance with the waste hierarchy that presents value for money and offers reliability in the long term".

## 2. West London Residual Waste Services Contract

Since the June contract meeting the Full Services have continued to bed down and the service continues to improve. The following are highlights of the contract:

- a) Street sweeping – The London Boroughs of Brent and Hounslow have successfully started delivering street sweeping to Transport Avenue and Victoria Road. The service will be rolled out to the remaining boroughs over the coming months;
- b) Waste wood variation – This service has been running smoothly and has generated a saving compared to the previous contract with Stobarts Biomass Limited. The commissioning of the UK biomass power stations have been delayed due to technical issues and SUEZ has insulated the Authority from this turbulent situation. The Environment Agency is also toughening its stance on the classification of local authority collected wood. As with the Stobart Biomass Limited contract, the variation with West London Energy Recovery Limited is a biomass solution and therefore the Authority and boroughs are potentially protected from possible EA changes. Recycling cannot be guaranteed, although may sometimes be generated, and it is recommended that Boroughs should not rely on potential recycling performance for NI192 reporting;
- c) Oscillating stacks at SERC – The interim mitigation measures a SERC to prevent further oscillations of the stacks has been successful to date. The longer term solution to prevent the oscillations is likely to be installed when the SERC is down for interim maintenance which (at present) is expected in May 2018. The downtime at SERC caused by the stacks oscillation could result in the Authority missing its KPI target for landfill diversion for 2017/18;
- d) Oversized items causing blockages at SERC – Since the last Authority report there has been a significant improvement in the management of large items and as a result SERC has seen a sustained period of uninterrupted operation. An education campaign has been implemented with SUEZ and the boroughs working well together to ensure oversized items are identified and segregated;

- e) Fires at Transport Avenue – There have been two fires further at Transport Avenue since the last Authority meeting, in both incidences the sites were evacuated successfully with no one hurt and minimal disruptions to borough collections rounds.
- a. The first was caused by a disposable barbeque being deposited in general waste at a Household Reuse and Recycling Centre (HRRC). The waste containing the barbeque was loaded into an artic and as this emptied the waste at Transport Avenue the exposure to oxygen caused the waste to ignite. The fire caused £50,000 of damage to bulky shed which SUEZ has had repaired. As a result all boroughs have been asked to provide barbeque bins at HRRCs to prevent this from happening again.
  - b. The second fire was the result of third party dry mixed recycling catching a light due to what is believed to be a battery being crushed by a loading shovel. WLWA are awaiting the final outcome of the fire investigation report from SUEZ.
- f) Diversion rate - For the period of Full Service from 14<sup>th</sup> December 2016 to the 31<sup>st</sup> March 2017 the contract performance was 99.11% diversion from landfill which exceeded the 96.1% contract target. This is primarily because Suez is recycling 100% of the Air Pollution Control Residues (APCR) produced by SERC. This material is hazardous in nature but is neutralised then recycled into material suitable for concrete blocks. The contract encourages this over performance with a bonus payment.

### **3. Organics procurements**

The Authority will be re-procuring all its organics contracts this Autumn as the existing ones terminate on the 31<sup>st</sup> March 2018, these are for:

- Green waste contracts for up to 60,000 tonnes of capacity;
- Mixed organics for up to 20,000 tonnes of capacity;
- Food waste for up 40-50,000 tonnes of capacity.

Contracts for the green waste and mixed organics will be on same basis as the existing contracts two year contract with two year extension option. Officers are exploring options to procure a longer term contract for food waste to take full advantage of the market situation. A verbal update will be provided at the meeting.

### **4. Haulage contracts**

The Authority will be re-procuring all its haulage contracts this Autumn as the current ones terminate on the 31<sup>st</sup> March 2018. Officers are considering how the services offered to the HRRCs could be improved and link with the HRRC harmonisation strategy.

### **5. Risk**

Any risks associated with a contract are recorded on the Authority's risk register. This is reviewed monthly by the WLWA Officers and reported to the Audit Committee.

### **6. Financial Implications**

The approved 2017/18 budget includes rate increases.

### **7. Staffing Implications**

There are no direct staffing issues arising from this report.

### **8. Health and Safety Implications**

None

### **9. Legal Implications**

None

### **10. Joint Waste Management Strategy Implication**

The contracts mentioned in this report meet the Authority's Joint Waste Management Strategy policies listed below:

Policy 5: West London Waste Authority and its constituent Boroughs will reduce biodegradable municipal waste landfilled with regard to the Landfill Allowance Trading Scheme.

Policy 6: West London Waste Authority and constituent Boroughs will seek a residual waste management solution in accordance with the waste hierarchy, that presents value for money and that offers reliability in the long term.

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

Contact Officers	Ken Lawson, Senior Contract Manager	020 8825 9433
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**Operations Update****SUMMARY**

This report provides an update on the Authority's operations.

**RECOMMENDATION(S)**

The Authority is asked to note the information within this report.

- 1. Introduction** – This report sets out day to day operations and business plan activities being undertaken by the Operations Team. The role of the team is to ensure the day to day running of WLWA's contracts and the operation of the waste transfer station and Household Re-use and Recycling Centre in Brent in line with the Authority's values of leadership, efficiency, partnership and good communications.
- 2. Twyford WTS and HRRC** – Work is on-going to increase the recycling rate at both the transfer station and HRRC and identify smarter ways of work to generate efficiencies. A consultation to change the management structure of Twyford has recently closed.
- 3. Fire at WTS** - The Fire Brigade was called to the site just before 15:00 on Saturday 26 August to extinguish a fire in the waste transfer station. The whole site including the HRRC was evacuated to help ensure safety of the staff and public. No one was injured, although there was damage to the tipping apron the whole site opened normally on Sunday morning using another area on the site to accept trade waste.
- 4. On Wednesday 30th** the HRRC was closed for approximately 20 mins, just after 2pm, due to concerns about smoldering waste on the transfer station. The fire brigade attended but confirmed it was safe to open the HRRC. For the remainder of the day the trade waste area was closed whilst the waste was thoroughly doused in water.
- 5. The Environment Agency** visited the site on 31<sup>st</sup> August and confirmed they were satisfied with the alternative arrangements put in place. A structural engineer also attended and confirmed that the majority of the working area was safe to use. A follow up report has been received setting out the next actions which are being taken forward in conjunction with WLWA's insurance company.
- 6. Other operational review and support** – Officers are reviewing the mobile plant requirements for its site at Twyford, as a number of pieces of mobile plant are due to come off lease in 2017. As part of this work looking at vehicle usage and how these are procured WLWA recently loaned a vehicle to LB Harrow to ensure delivery and transfer of wastes could continue at Forward Drive without interruption to services. The success of this has highlighted the benefit of shared vehicle leasing or ownership.
- 7. A further piece of work** is currently underway reviewing the operation of west London transfer stations (both Suez and borough run) and WLWA's haulage contracts.

8. Following the HRRC harmonisation survey to all west London boroughs, officers are also exploring the potential for working in partnership across HRRC sites to benefit from efficiencies and joint procurement or working.

**9. Health and Safety Action Plan update** – Appendix 1 shows the progress made against the actions agreed in WLWA’s annual health and safety action plan. Good progress is being made with 6 actions currently complete or close to completion and 9 actions underway and due to be completed by the end of the financial year.

**10. Risk** – Changes to processes and procedures on site will need careful management and monitoring of risks, including updates risk assessments and safe working procedures. The plan, do, check, act methodology will be implemented.

**11. Financial Implications** – Spend for the 2017/18 actions is in line with the budget provision.

**12. Staffing implications** – Changes to processes and procedures on site will need careful management and monitoring of staff capability, training requirements and competencies.

**13. Health and Safety Implications** – Changes to processes and procedures on site will need careful management and monitoring of risks, including updates risk assessments and safe working procedures management and monitoring of staff capability, training requirements and competencies.

**14. Legal implications** - There are no legal issues arising from this report.

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

Policy 5: West London Waste Authority and its constituent Boroughs will reduce biodegradable municipal waste landfilled with regard to the Landfill Allowance Trading Scheme.

Policy 6: West London Waste Authority and constituent Boroughs will seek a residual waste management solution in accordance with the waste hierarchy, that presents value for money and that offers reliability in the long term.

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	None	
Contact Officers	Sarah Ellis, Operations Manager <a href="mailto:sarahellis@westlondonwaste.gov.uk">sarahellis@westlondonwaste.gov.uk</a>	020 8825 9414
	Emma Beal, Managing Director <a href="mailto:emmabeal@westlondonwaste.gov.uk">emmabeal@westlondonwaste.gov.uk</a>	020 8825 9468

## Appendix 1 - Health and Safety Action Plan 2017/18 quarter 1 update

Ref	Action	Responsible person(s)	Target timescale	Status	Updates
1	Introduce a new schedule of quarterly review of H&S at senior management team meetings and integrate these with Authority reporting.	Senior Contracts Manager	September 2017	Green - complete	Meetings have been set until Summer 2018
2	Improve the existing document library for H&S and introduce a schedule for review and update that spreads the work throughout the year.	Operations Manager	September 2017	Green	Work on this has been started, a number of documents have been moved to a shared location.
3	Work with all contractors to build a formal schedule of H&S monitoring in to contracts and operations.	Senior Contracts Manager	February 2018	Green	Health and Safety is a standard item on the contract meetings with both Lakeside and Suez.
4	Complete an unscheduled HSE style visit and inspection at both Twyford WTS & HRRC and the corporate offices	H&S Advisor	Random date within the year	Green	This took place at the beginning of August. A report has been issued and follow up actions will be taken.
5	Complete procurement for companies to undertake: <ul style="list-style-type: none"> <li>▪ Training for site drivers to ensure continued competency</li> <li>▪ Manual handling training</li> <li>▪ Banksman training</li> <li>▪ On-going water risk assessment and legionella testing</li> <li>▪ The 5 year periodic fixed wiring testing</li> </ul>	Operations Manager	July 2017  July 2017 July 2017 July 2017  September 2017	Green	<ul style="list-style-type: none"> <li>▪ Quotes are being gathered for the driving refresher training and manual handling.</li> <li>▪ The banksman training has been scheduled for the end of September.</li> <li>▪ A new legionella testing provider has been appointed and the first testing has taken place</li> </ul>
6	In light of the new guidance regarding fires at waste sites undertake a review of arrangements at Twyford WTS and HRRC	Operations Supervisor	August 2017	Green	Learning from the investigation of fire at Twyford will feed in to the actions we need to undertake. The full review including learning and the new guidance is expected to be complete in October.
7	Undertake a full review of driving needs (including training & licensing), plant safety and maintenance at Twyford WTS and HRRC	Operations Supervisor	Begin June 2017 and complete by February 2018	Green	Work has begun reviewing the options of purchasing or leasing vehicles to replace the current vehicles coming to the end of their lease at Twyford.

## On-going/regular items

Ref	Item	Responsible person(s)	Status	Update
A	Risk assessment reviews	All Supervisors and Managers	Green	A programme of risk assessment reviews has begun with the site staff and trade union representative.
B	Health surveillance	Head of Finance and Performance	Green	Dates have been put forward
C	Drug and alcohol testing	Head of Finance and Performance	Green	To be arranged for a random date and time sampling the workforce. Staff have no warning of the taking place.
D	Driving licence testing	Head of Finance and Performance	Green	This is due to take place in the Autumn
E	Regular maintenance - Organise for small works as identified by site inspections and other monitoring/testing on site as well as changes that may be identified during risk assessment and review	Operations Supervisor	Green	A new company is currently being procured.
F	Capital works	Operations Manager	Amber	A programme of works has been identified. Work is currently underway to procure a company to oversee and deliver the work to accepted standards
G	Routine testing This includes: <ul style="list-style-type: none"> <li>▪ Legionella testing every 3 months</li> <li>▪ Dust monitoring as appropriate</li> <li>▪ Vibration testing as appropriate</li> <li>▪ Lifting Operations Lifting Equipment Regulation (LOLER) testing</li> <li>▪ Obtain portable appliance testing quotes for testing in November 2017</li> </ul>	Operations Supervisor	Green	<ul style="list-style-type: none"> <li>▪ Legionella testing – a programme has been established</li> <li>▪ LOLER testing is undertaken by WLWA's insurance company</li> </ul>
H	Site inspections	Operations Supervisor	Green	Daily visual inspection to check the site condition for safety and operational purposes

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**Waste Minimisation – Summary update on the 2017/18 Waste Minimisation Plan and proposed 2018/19 programme****SUMMARY**

This report provides an update on the delivery of projects in the 2017/18 Waste Minimisation Plan by the Waste Minimisation team.

**RECOMMENDATION(S)**

The Borough Partnership is asked to:-

- 1) *Note the progress of activities so far in 2017/18 (April – June Progress Report)*
- 2) *Note the proposed list of activities in the draft 2018/19 Waste Minimisation Plan*

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 Minimisation Plans (WMP). 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** – Each year a new WMP is developed in consultation with the constituent boroughs. The Waste Prevention Strategy, yearly action plans and the progress against actions in the plan are reported to the constituent boroughs and published on the Authority's [website](#).
3. All actions in the WPAP are focused on giving residents quick and easy options to make changes at home, school or work, showcasing inspirational ideas, and encouraging a person to think more about waste or rather how an item is not waste after all. It seeks to help individuals and families find something that they can do and that they might want to do without telling them what action to take. Many of the actions people take after speaking to the team or interacting with them on-line will reduce the amount of waste they put in their bin and can increase recycling.
4. **Progress so far in 2017/18** – The quarter 1 report summarises the progress made in April, May and June of the activities in the 2017/18 WMP. Activities for the year have started positively and are progressing in line with expectations with the majority of our actions on green status and none on red. Activities on our targeted waste streams that have been progressing well for the year so far include -
  - **Food** - Continuing on from the Food Waste Intervention project started in the 2016/17 with 3 of our constituent boroughs, planning has commenced on bespoke projects to test a range/combination of interventions to targeted rounds in designated boroughs.

The team has also spoken to over 2,500 residents specifically about food waste reduction at multiple events including summer fairs, school assemblies and library stalls. The team also gave out over 2,600 tools (*recipe cards, food waste caddies & caddy liners, bag clips and spaghetti measurers*) to help residents reduce their food waste and encourage participation in their local food waste recycling service.

- **Nappies** – Our recently launched reusable nappy trial kit has had a very positive start with over 150 people visiting our *westlondonnappies.com* website and 13 loan applications received for the kit between April and June 2017. So far, 80% of the parents who have borrowed a kit have already recommended or are planning to recommend the kit to friends and family.
- **Events** – The team have attended 25 different events, given out over 2,600 waste reduction tools and engaged with over 2,700 people across our 6 boroughs between April and June 2017.
- **Communication** – Over 20% of people accessing our website on a monthly basis are returning visitors and social media engagement across our 3 platforms (*facebook, twitter & instagram*) is growing as more and more people engage with us about our online content.

**5. Development of the 2018/19 Waste Minimisation Plan** – The list of activities in the 2018/19 WMP has been developed to focus our activities to align with the key themes of the WLWA Business Plan - Partnership, Efficiency and Leadership & Communication. In order to drive that focus, all our activities will aim to make a difference on 3 fronts

- **Reducing costs** – with ongoing reductions in funding, boroughs are under increasing pressure to reduce the costs of their services. Proposed activities will aim to implement projects that provide the most effective outcomes while reducing costs for WLWA and its borough partners
- **Driving change** – activities will aim to drive behavior change by encouraging residents to adapt their habits to reduce their waste where possible.
- **Improving quality** – by communicating the right recycling behaviours, residents can be encouraged to dispose of the right materials in the right bins. This will aid in reducing contamination and improving the quality of collected recycle materials.

**6. The 2018/19 WMP** – The detail of the proposed plan is shown in the attachment entitled 'Waste Minimisation Plan 2018/19'. Some of the main activities include more bespoke project work around food waste interventions and increased recycling; an increased focus on measuring the outcomes of engagement activities; investigating combined collection methodologies; working in partnership with children centres to promote the benefits of reusable nappies to residents and increasing the participation and quality of dry mixed recycling across our boroughs.

**7. Monitoring and evaluation** – There will be continued in year scrutiny of the activities within the WMP. Whilst there are still no nationally agreed methods to measure waste prevention results, we will continue to search for effective ways to quantify the impact these actions have.

**8. Financial Implications** – The WP budget for 2017/18 is £380,242. All activities are expected to be delivered within budget for the current financial year.

**9. Staffing implications** – A new Communications Officer position was created within the Waste Minimisation team this year. The post has since been filled at the beginning of September 2017.

**10. Health and Safety implications** – There are no significant health and safety risks arising from the WMP. The Authority has in place procedures for lone working and staff working at third party events.

**11. 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	<p>Waste Minimisation Plan 2017/18</p> <p>WLWA Business Plan 2017 – 2020</p> <p>Waste Prevention Strategy 2011 – 2015</p>
Contact Officer	<p>Roger St Paul, Senior Waste Minimisation Officer    020 8825 5677</p> <p><a href="mailto:rogerstpaul@westlondonwaste.gov.uk">rogerstpaul@westlondonwaste.gov.uk</a></p> <p>Emma Beal, Managing Director    020 8825 9468</p> <p><a href="mailto:emmabeal@westlondonwaste.gov.uk">emmabeal@westlondonwaste.gov.uk</a></p>

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# Waste Minimisation Plan 17/18

## Progress April – June 2017



**West London Waste**  
*Let's be resourceful*  
[www.westlondonwaste.gov.uk](http://www.westlondonwaste.gov.uk)

Ref	Activity and Description	Measurements	Status
Fo1	Increase food waste recycling and decrease the amount of avoidable food waste.  Develop a food waste intervention program working in partnership with 3 boroughs.	We will agree and deliver a package of measures to separately capture food waste and measure those movements.	Green
			<b>Budget and spend to date</b>
			Budget: £150,000  Spend to 30/06/16: £0
<b>Reduce Cost &amp; Drive Change</b>			

## Progress

The 2017/18 Waste Minimisation Plan aims to work with three of the constituent boroughs to increase food waste recycling. London Borough of Brent and WLWA are working in partnership to increase capture and participation in the food waste service on selected collection rounds.

This project will build on the results and lessons learnt from Wrap food waste projects and the WLWA Resource London food waste interventions project which started in 2016/17.

### Over the next few months...

WLWA is working with London Borough of Brent and Ealing to increase participation and capture of food waste on selected collection rounds. The food waste monitoring project will be delivered from September 2017 – February 2018 using a three phased approach:

1. **The pre-monitoring phase:** This will determine the number of households participating in kerbside recycling and food waste services. Results from this phase will be used to determine which intervention is required on specific trial rounds;
2. **The interventions phase:** This will involve the delivery of a combination of measures involving the delivery of food waste caddies, bin liners, leaflets, letters and stickers; and
3. **The post monitoring phase:** This will measure the impacts of the project's intervention in terms of household participation rates and collection tonnages.

WLWA has commenced discussions with LB Richmond to finalise its food waste project idea and required support for 2017.

T<sub>1</sub> E<sub>1</sub> X<sub>8</sub> T<sub>1</sub> I<sub>1</sub> L<sub>1</sub> E<sub>1</sub> S<sub>1</sub>

Ref	Activity and Description	Measurements	Status
T1	Develop a sharing and skills network for textile re-use, repair and recycling	<ul style="list-style-type: none"> <li>➤ Number of suitable champions to run skill-share events</li> <li>➤ Level of recommendation</li> <li>➤ Campaign engagement (participation and social media engagement)</li> </ul>	Green
T2	Spread awareness of the re-use options for textiles	<ul style="list-style-type: none"> <li>➤ Number of groups borrowing swishing kit</li> <li>➤ Number of 1<sup>st</sup> time attendees</li> <li>➤ Swish newsletter subscriber growth rate (30% target)</li> <li>➤ Swish newsletter open rate</li> <li>➤ Level of recommendation</li> <li>➤ Bring bank collection rates</li> </ul>	Budget: £5,500  Spend to 30/06/17: £0
<b>Aim – Reduce Cost &amp; Drive Change</b>			

## Progress

**T1** – Although no repair events were run this quarter, residents have been engaging with us via our website and social media channels. Our Get Swishing website saw a total of **664 visitors** between April and June while we had a total of **272 engagement actions** (retweets, likes, shares) across our social media platforms.

**T2** – Our Get Swishing textile campaign works to spread awareness of textile re-use options across west London. Through online engagement (website), social media (facebook & Instagram) and our regular swish events, we want all residents to be aware of the options for textiles to prevent them from ending up in rubbish bins.

- Number of groups borrowing swishing kit – **none to date**
- Number of swishes – **2 (Hounslow and West Ealing)**
- Number of 1st time attendees – **20 out of 55 total attendees (36%)**
- Swish newsletter subscriber growth rate – **177 subscribers added this quarter**
- Swish newsletter open rate – **45% open rate**
- Event recommendation – **81% (net promoter score)**
- Bring bank collection rates – **n/a**

## Over the next few months...

There are currently 3 repair workshops scheduled to take part in early July in Hillingdon (4<sup>th</sup> July), Harrow (10<sup>th</sup> July) and Hounslow (10<sup>th</sup> July) boroughs.

There is also a swish scheduled for August held in collaboration with NCS 16-17 year old volunteers (National Citizen Service).

# E L E C T R I C A L S

Ref	Activity and Description	Measurements	Status
<b>E1</b>	Divert small WEEE from waste and mixed recycling	<ul style="list-style-type: none"> <li>➤ Number of bring events</li> <li>➤ WEEE tonnage collected</li> <li>➤ Number of items collected</li> <li>➤ Campaign engagement</li> </ul>	Green
<b>E2</b>	Encourage the creation of small WEEE repair hubs in the local community	<ul style="list-style-type: none"> <li>➤ Number of repair workshops run by community groups</li> <li>➤ Number of groups borrowing repair kits for workshops</li> <li>➤ Number of items brought for repair</li> </ul>	<b>Budget and spend to date</b>  Budget: £2,000 Spend to 30/06/17: £0
<b>Aim – Drive Change</b>			

## Progress

**E1** – We want to encourage residents to send all small waste electrical items for recycling instead of throwing it in the bin by holding WEEE bring events and promoting borough recycling facilities online and face to face.

- Number of bring events - **1**
- Total WEEE tonnage collected – **280kg** (1 event in Harrow and 1 in Richmond)
- Number of items collected - **12**
- Campaign engagement – **73 leaflets given out**

**E2** – We want to encourage and increase capacity for residents to create or attend repair hubs in their community. By supporting local groups to run their own events or putting on our own, residents should explore the option to repair their items or send for recycling if unable to repair.

- Number of repair workshops run by community groups – **none to date**
- Number of groups borrowing repair kits for workshops – **none to date**
- Number of items brought for repair – **none to date**

## Over the next few months...

There is a Restart Party repair hub being held at Our Lady Lourdes & St Michael Church in Uxbridge in the first week of July.



Ref	Activity and Description	Measurements	Status
R1	Promotion of local re-use options	<ul style="list-style-type: none"> <li>➤ Number of items separated for redistribution</li> <li>➤ Types of items separated for redistribution</li> <li>➤ Weight of items separated for redistribution</li> </ul>	Amber
			<b>Budget and spend to date</b>  Budget: £1,500 Spend to 30/06/16: £0
<b>Aim – Reduce Cost &amp; Improve Quality</b>			

## Progress

In April, a trial to understand the level of items that could be diverted for reuse was started at our Brent Household Reuse and Recycling Centre (HRRCC). By separating and inspecting the bulky items brought in, their quality can be inspected which would give us a better understanding of whether or not they can be reused.

## Over the next few months...

The main task to be implemented in Q3 and Q4 2017 on re-use is local authority website update of re-use services to residents across West London. Following the relocation of the West London Re-use Centre and a revamp of Furnish's website, West London Authorities will need to update the re-use page on their website with Furnish's new address and a new list of items Furnish will collect for re-use (this will be done with input from the team at Furnish).

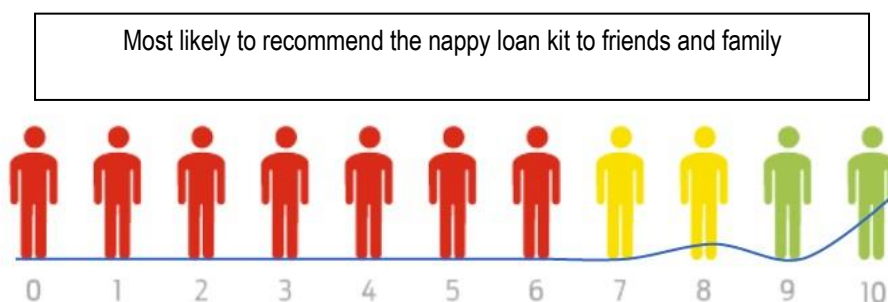
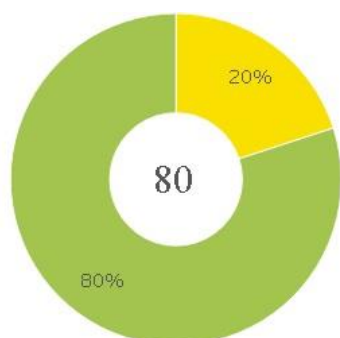
Ref	Activity and Description	Measurements	Status
N1	Raise awareness and promote the use of washable nappies to parents	<ul style="list-style-type: none"> <li>➤ Number of parents taking trial packs on loan</li> <li>➤ Campaign engagement</li> <li>➤ Trial pack recommendations</li> </ul>	Green
			<b>Budget and spend to date</b>  Budget: £0 Spend to 30/06/16: n/a
<b>Aim – Reduce Cost &amp; Drive Change</b>			

## Progress

This year we will continue to promote the benefits of using washable nappies by offering west London parents the opportunity to trial a fully stocked washable nappy kit for 3 weeks.

Between April and June we received a total of **13 loan application forms** for nappies out of the **153 people** that visited our nappies website.

- Trial packs loaned – Since the scheme launched in Jan 2017 we have had **19 full applications** for a nappy loan kit. 13 of those applications occurred between April and June with **5 full loans** (taken & returned) in that time.
- Campaign engagement – Out of the **8 events** where nappies had a focus this quarter, **70 people** took away our leaflet giving specific information about our nappy trial kit. **325 leaflets** were also delivered to children centres, churches and NCT groups who contacted us for information in Ealing, Harrow, Hounslow and Hillingdon.
- Trial pack recommendations – We have had a **100% feedback rate** for all the kits loaned this quarter. Of the 5 parents who took a nappy kit, **80%** (net promoter score) already have or are likely to recommend the pack to their friends and family.





As part of Real Nappy Week this year which ran from 24<sup>th</sup> – 29<sup>th</sup> April, we ran a free online competition.

The winner would walk away with a fully stocked nappy accessory kit and a £60 voucher towards the purchase of a set of their own reusable nappies.

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

In the coming months, we will continue promoting the nappy loan kit at children centres, library stalls and other parent and child focused groups across our 6 boroughs. We will also request feedback from those who borrowed our kit to determine whether they have purchased reusable nappies since their initial loan.

# E V E N T S

Ref	Activity and Description	Measurements	Status
Ev1	Spread waste reduction messages through direct engagement with residents	<ul style="list-style-type: none"> <li>➤ Number of events (100)</li> <li>➤ Number of people engaged with events</li> <li>➤ Waste minimisation information given out at events</li> </ul>	Green
			<b>Budget and spend to date</b>  Budget: costs included within Resource Management
<b>Aim – Drive Change</b>			

## Progress

Our team have attended a number of different events across our boroughs with our activities engaging a wide section of residents interested in reducing their waste. Events already attended between April and June this year include large outdoor fairs, our West London Library Tour, WEEE bring events, compost giveaways, reusable nappy promotion events and food waste activities with local schools.

- Number of events – **25 events**
- Number of people engaged with at events – **2,755 people**
- Tools/information given out at events – **2,678 items** (includes, spaghetti measurers, bag clips, recipe cards, borough leaflets, food waste caddy liners and food waste caddies)

## Q1- Events by Borough

Brent	3 events	97 residents
Ealing	8 events	766 residents
Harrow	1 events	144 residents
Hillingdon	3 events	60 residents
Hounslow	5 events	147 residents
Richmond	5 events	1541 residents

## Over the next few months...

The team will be continuing with our Library Tour which will be visiting more venues across the next 3 months. There will also be sewing workshops happening in early July, swishes in August and Recycle Week roadshows in September.



# C O M M U N I C A T I O N S

Ref	Activity and Description	Measurements	Status
C1	Grow our online engagement & share our Reduce Re-Use Recycle messages with our followers	<ul style="list-style-type: none"> <li>➤ Number of unique website visitors</li> <li>➤ Returning visitors to our website</li> <li>➤ Page views</li> <li>➤ Newsletter subscriptions</li> <li>➤ Social media engagement across all platforms (twitter, facebook &amp; Instagram)</li> </ul>	Amber
C2	Create, develop and share re-use guides for organisations in west London	<ul style="list-style-type: none"> <li>➤ Number of downloads or page visits</li> <li>➤ Feedback</li> </ul>	<b>Budget and spend to date</b>  Budget: £25,560  Spend to 30/06/17: £95
C3	Run a large-scale partnership event focusing on specific waste streams	<ul style="list-style-type: none"> <li>➤ Measures to be agreed with partner organisations</li> </ul>	
<b>Aim – Drive Change &amp; Improve Quality</b>			

## Progress

### C1 - Website

Months	Unique website visitors	Returning website visitors	Page views
April	8,437	1,923	16,529
May	7,417	1,658	14,514
June	7,207	1,548	15,416
<b>Total</b>	<b>23,061</b>	<b>5,129</b>	<b>46,459</b>

### Newsletters

This quarter saw a total of **313 people** subscribe to our monthly newsletters. To view or sign up to our monthly newsletters, residents can visit [westlondonwaste.gov.uk/newsletter](http://westlondonwaste.gov.uk/newsletter)

### Social Media

Over the last 4 years, social media has allowed our team to spread our waste reduction messages far and wide to local residents, businesses and community groups nationally and internationally. We have built up a loyal online following of people who love sharing our messages and are keen to support, promote and contribute to what we do.

Moving forward, we want to not only increase the quality of our social media engagement but measure how engaged our followers are with us. By counting all the actions of our followers after a message goes out on our social media platforms, we can measure the number of people that interact with us whether they retweet, share, like, favourite or comment on what we say. We will be putting out engaging content and campaigns about waste and what we can do to reduce it.

Months	Online Engagement (twitter, facebook & instagram)
April	929
May	528
June	518
<b>Total</b>	<b>1,975</b>

Campaigns over the last 3 months have included – an online competition to support the launch of our reusable nappy trial kit and to support [Real Nappy Week 2017](#) (Apr); a textile twitter chat and production of a video promoting textile repair and reuse for [Fashion Revolution Week](#) (Apr); [Compost Awareness Week](#) (May); team engagement in a [Six item Challenge](#) supporting *Labour Behind the Label's* awareness raising campaign on fast fashion's contribution to textile waste (May); the launch of Hounslow Council's [Recycling Refresh](#) rollout (Jun) and the start of our annual [West London Library Tour](#) (Jun).

### C2 – WLWA Reuse Guide

The team are looking to design a general re-use guide that could be used by organisations across our WLWA boroughs. The guide will aim to provide a cross-borough signposting service of information about which organisations provide valuable re-use options for residents

From September, the team will be looking to engage the various re-use organisations, those who could benefit (e.g. landlords, housing associations, residents) and the various departments within our borough partners (i.e. housing).

### C3 – Partnership Event

The team hope to collaborate with multiple organisations to hold a large scale 'Fashion & Food' event in February 2018. We will be working with a number of sustainable fashion organisations and food awareness-raising charities to engage the residents of our west London boroughs.

### Over the next few months...

The team will continue to monitor engagement across our digital platforms and release engaging content to encourage residents not only to reduce their waste but to also view it as a valuable resource.

More work will begin in the third quarter of this year towards the creation of our re-use guide and the organisation of our large scale partnership event.

R<sub>1</sub> E<sub>1</sub> S<sub>1</sub> O<sub>1</sub> U<sub>1</sub> R<sub>1</sub> C<sub>3</sub> E<sub>1</sub>

M<sub>3</sub> A<sub>1</sub> N<sub>1</sub> A<sub>1</sub> G<sub>2</sub> E<sub>1</sub> M<sub>3</sub> E<sub>1</sub> N<sub>1</sub> T<sub>1</sub>

Ref	Activity and Description	Measurements	Status
RM1	Using a variety of interventions to help residents and businesses to reduce, re-use and recycle more.	Includes all costs for staffing, training, travel and all fees and materials associated with events	Green

RM2	Actively seeking out potential funding opportunities and/or commercial partnerships		<b>Budget and spend to date</b>
RM3	Waste Minimisation Team staffing, training and travel.		Budget: £195,682  The whole of the budget has been allocated
<b>Aim – Reduce Cost, Improve Quality &amp; Drive Change</b>			

## Progress

Recruitment for a new part time Events Assistant position was filled in June to help us carry out the actions in the 2017/18 Waste Minimisation Plan.

No funding opportunities were available to us between April and June this year.

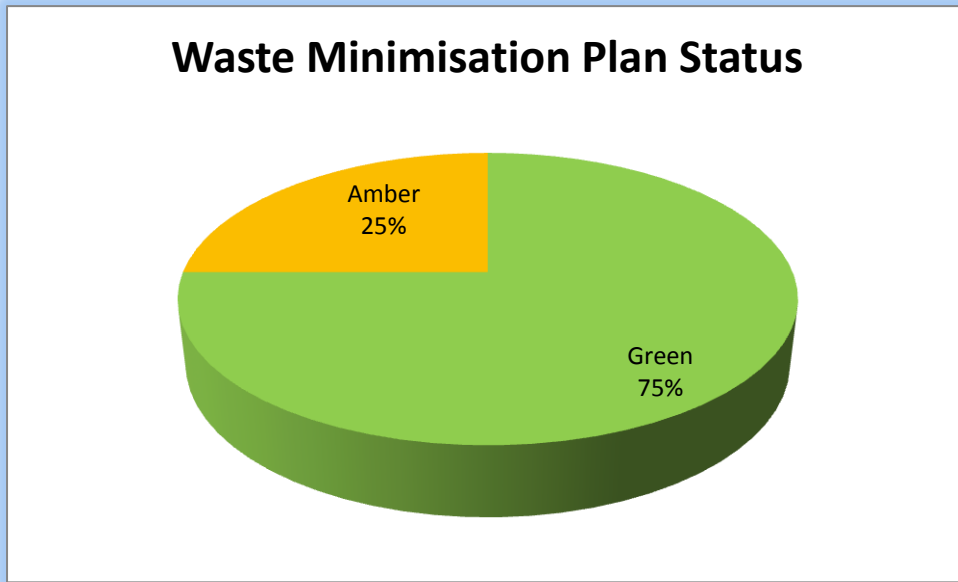
## Over the next few months...

Recruitment for a Communications Officer took place throughout July with the position due to be filled by September 2017



S<sub>1</sub> U<sub>1</sub> M<sub>3</sub> M<sub>3</sub> A<sub>1</sub> R<sub>1</sub> Y<sub>4</sub>

There are 8 sections within the Waste Prevention Action Plan relating to our priority materials and focus for the year. The overall status for the plan is indicated below:



The total budget for the activities outlined in this progress report is **£380,242**. The total spent to date is on track to be within this budget.

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WEST LONDON WASTE AUTHORITY

Report of the Director

22 September 2017

**Joint Municipal Waste Management Strategy Review**

**SUMMARY**

This report provides details of the Joint Municipal Waste Management Strategy review carried out by the Authority and the Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames for the years 2017-2020. It provides updated action plans to deliver the remaining strategy aims.

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Note the updated action plans.

**1. Background** – The Authority and Boroughs committed in 2005 to a Joint Municipal Waste Management Strategy (JMWMS) which included waste prevention, reuse and recycling.

The Authority developed a new Business Plan which was approved in March 2017 and committed to review the JMWMS. In addition a corporate governance audit recommended the need for a review.

The JMWMS has therefore now been reviewed by Management, Borough Environment Directors and Chief Officers using the Borough Partnership Meeting and updated action plans have been developed.

**2. Action Plans** – The review of the JMWMS has highlighted that a principal aim of the Joint Waste Management Strategy has been achieved – to divert waste away from landfill, through the construction of a new energy from waste facility.

The remaining key aims were to support boroughs to deliver a 50% recycling target and to ensure availability of appropriate waste treatment and recycling infrastructure to meet future needs. The review has confirmed that these aims remain valid for stakeholders as illustrated in the charts and commentary in Appendix 1:

- The recycling rate is well below the government 50% target so we need to find ways of improving this
- There is a pattern of growing waste volumes and therefore the need to consider the availability of infrastructure / capacity

To deliver these aims an action plan has been developed and can be found in Appendix 2. The plan covers a range of activities and includes data projects, consolidation of waste minimisation activities, the harmonisation of HWRCs and transfer stations and collection activities and materials including a MRF strategy. These actions are reflected in the Authority's Business Plan as some of the work to review both the JMWMS and Business Plan ran concurrently.

**3. Business Plan Activities** – Work has begun on data projects which aim to efficiently manage the Authorities’ collective data in preparation for development of JMWMS 2020-2035. The Waste Minimisation Action Plan continues to develop as a key project area to support increased recycling and cost reduction. Development of a MRF Strategy has highlighted areas of difference between the Boroughs. Refining and aligning the types of materials collected will enable WLWA to develop a best value MRF strategy for West London. Recycling projects at Twyford have informed the development of the HWRC and transfer station strategy. Developing and reviewing a commercial strategy has resulted in discussions about a new method of calculating Pay as You Throw rates to incentivise commercial waste collections. These business plan activities will support delivery of the JMWMS by 2020 and development of new action plans for JMWMS 2020-2035.

**4. JMWMS 2020 to 2035** – The Authority and Borough Partners will start to prepare for a new joint municipal waste management strategy from 2020 which will take into account growth associated with the old oak common development, Heathrow, HS2, Crossrail, planning for a circular economy and emerging government and mayoral strategies.

**5. Financial Implications** – These will be incorporated in the annual process of long term financial planning and budget setting. Individual projects will incorporate full financial evaluations.

**6. Legal Implications** – Evaluated as part of annual business planning and normal project process

**7. Impact on Joint Municipal Waste Management Strategy** – This review brings the strategy up to date

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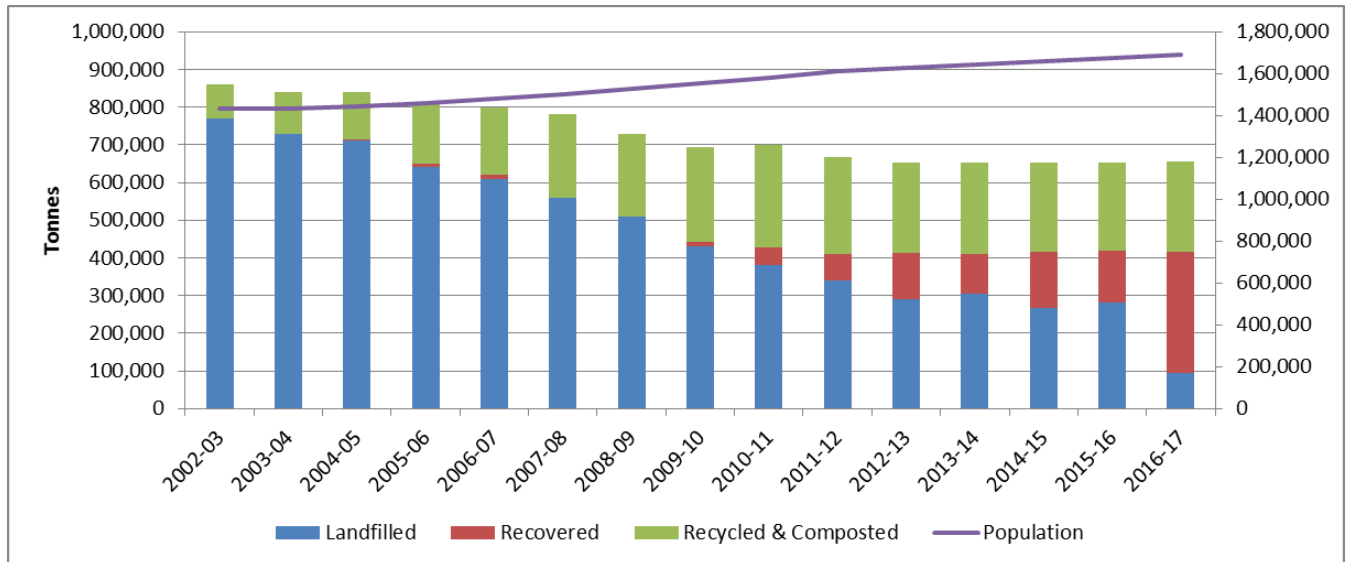


## Appendix 1

Using government Waste Data Flow statistics to update the JMWMS charts:

Population growth has been higher than total waste growth over the last 5 years. The expected trend now is waste growth and this is echoed in Borough's expectations that waste volumes will rise over the next few years.

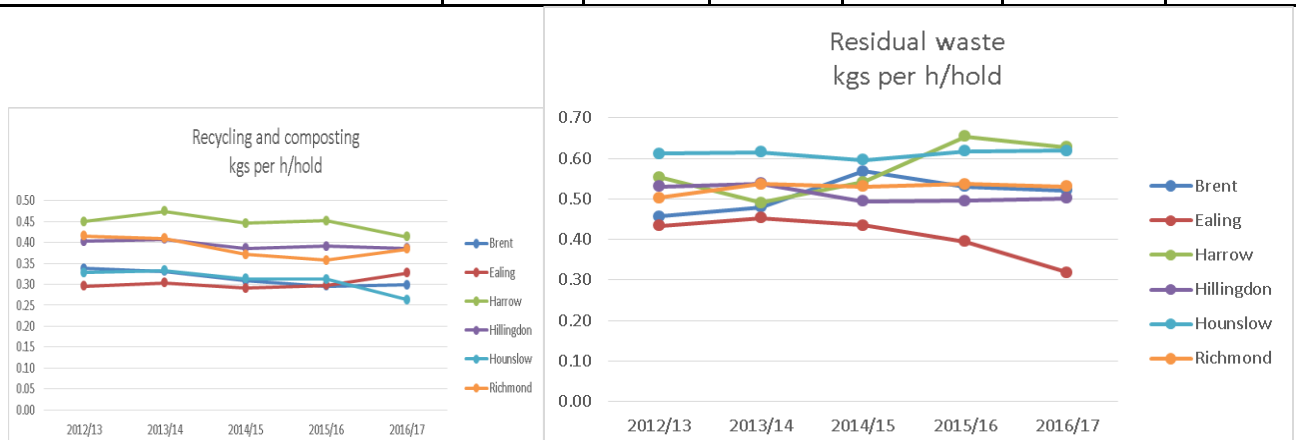
*Table 1: Total Waste Disposed, Recovered and Recycled 2002 - 2017*



Boroughs are experiencing a variety of trends in residual waste tonnes per household. Recycling tonnes per household has been falling slightly.

*Table 2: Total kgs per Household per year 2016/17*

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond
Municipal Waste (tonnes)	110,000	124,000	103,000	115,000	97,000	90,000
Household Waste (tonnes)	96,000	86,000	94,000	97,000	89,000	77,000
NI 191 Residual Waste per Household (kg)	521	319	628	502	619	531



Note: The light blue line and dark blue line are difficult to differentiate in the recycling and composting chart because of the scaling.

The recycling rate for 2016/17 shows an average West London wide rate of 39.5%. The rate has dropped slightly and remained close to 40% for a number of years.

	Dry Recycling %	Composting and Kitchen Waste %	Total
Brent	22.90	12.86	35.75
Ealing	30.83	12.06	42.89
Harrow	19.93	20.92	40.85
Hillingdon	26.09	18.02	44.11
Hounslow	21.82	11.69	33.52
Richmond	25.69	13.97	39.65
Average			39.46

## Appendix 2

### Action Plan for Data/Information Sharing

	Who?	2017/18	2018/19	2019/20
<b>Data / Information Projects</b>				
Collective Management of Waste Data Flow				
Strategic Information Project	WLWA			
Data Hub Project	WLWA			

Last updated: 8 September 2017

### Action Plan for Waste Minimisation

	Who?	2017/18	2018/19	2019/20
<b>WASTE MINIMISATION ACTION PLAN</b>				
Retain and Develop Waste Minimisation Team	WLWA			
Incorporate recycling into annual waste minimisation action plans	WLWA			
Develop projects to increase the quality of recycling collected	WLWA			
Develop projects to increase participation in foodwaste recycling	WLWA			
Implement waste minimisation action plan	WLWA			
<b>WASTE REDUCTION</b>				
Lobbying activity to focus upon extended producer responsibility	All Authorities			
Measure tonnes per household and tonnes per person	All Authorities			
Develop carbon measurement	All Authorities			
Measure behaviour change	WLWA			
<b>WASTE REUSE</b>				
Promote reuse, donation and second-hand online	All Authorities			
Build links with reuse organisations to capture information	WLWA			
<b>RECYCLING AND COMPOSTING TARGET</b>				
48% recycling & composting (MSW)	All Authorities			
49% recycling & composting (MSW)	All Authorities			
50% recycling & composting (MSW)	All Authorities			
<b>OTHER WASTES RECYCLING</b>				
Target to achieve 25% recycling from street sweepings	WLWA			
Target to achieve 50% recycling from trade waste	All Authorities			
Target to achieve 50% recycling from municipal buildings	All Authorities			
Target to achieve 30% recycling from bulky waste	WLWA			
Consider provision of kerbside collected textiles	All Authorities			

Last updated: 8 September 2017

Action Plan for HWRCs and small transfer stations

	Who?	2017/18	2018/19	2019/20
<b>HWRC AND TRANSFER STATIONS</b>				
Develop HWRC and transfer station Strategy	WLWA	█		
Develop refurbishment and investment plan for all HRRCs and transfer stations	WLWA		█	
Reach HWRC recycling rate (incl rubble) of 60%	All Authorities			█
Reach Trade waste recycling rate of 50%	All Authorities			█

Last updated: 8 September 2017

Action Plan for Collections and Materials

	Who?	2017/18	2018/19	2019/20
<b>COLLECTION AND MATERIALS</b>				
Develop a MRF Strategy	WLWA	█		
Review recycling materials collected in light of current and expected market conditions	WLWA	█	█	
Implement MRF Strategy	WLWA			█
Trial Alternative Collections Projects	All Authorities	█	█	█
Agree Collections Strategy	All Authorities			█
Develop Commercial Strategy	All Authorities	█	█	█
Implement dynamic purchasing system for recycling ad hoc capacity requirements	WLWA	█		

Last updated: 8 September 2017

Range of Materials Currently Collected by Kerbside for Recycling

RANGE OF MATERIALS	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond
The Boroughs already collect the following materials (✓) in their kerbside schemes.						
PAPER (News & Pams)	✓	✓	✓	✓	✓	✓
CARDBOARD	-	-	Organic Bin	-	✓	-
GLASS (Bottles and Jars)	✓	✓	✓	-	✓	✓
CANS	✓	✓	✓	✓	✓	✓
PLASTIC BOTTLES	-	-	✓	✓	✓	-
TEXTILES	✓	✓	✓		✓	✓
BATTERIES	✓	✓	-	-	✓	-
SMALL WEEE	-	-	✓	-	-	-

Last updated: 8 September 2017

**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 2016-17
- 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 2016-17 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 2016/17 was 0.5% returning £60,000 of investment income. The amount held with the London Borough of Ealing has ranged from £8.5 million to £15.0 million during the year. At the end of the year a total of £14.0 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 2017/18 operations have generated further net cash inflows and balances have ranged between £14.0 million and £17.0 million. These balances will earn approximately 0.5%. However, the services with LBE have been reviewed and the SLA is currently being finalised to include their placement service which will help achieve a better rate of return in the latter part 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 2016/17 the Authority commenced the year with a total of £52.5 million of loans from 4 London boroughs. During 2016/17 construction of the new plant progressed and further loan drawdowns took place monthly. At the end of 2016/17 total borrowings stood at £66.6 million.

2.7 The contractor’s contribution is approximately double that of the Authority. By the end of 2016/17 the contractor contributed £122.3 million.

2.8 So far, during 2017/18 there has been no borrowing. £0.9 of loan facility remains and will be drawn when the final invoices for the SERC are issued by the contractor later this year.

2.9 The interest on these loans accrues from the date of each drawdown at a fixed rate of 7.604% and payments commenced when the plant came into full service, in December 2016/17. The year saw £1.5 million interest paid.

**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	2015/16 Estimate £000s	2015/16 Actual £000s	2016/17 Estimate £000s	2016/17 Actual £000s	2017/18 Estimate £000s	2017/18 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%	11%	5%	15%	15%	Within threshold
Capital expenditure	47	This is a summary of the Authority's capital spending plans identified in the long term plan.	50,837	51,673	6,691	29,264	270	0	Delays to the completion of SERC shifted spend out from 2014/15 to later years, principally 2016/17. Otherwise within threshold
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	174,734	157,315	191,649	183,380	180,519	177,023	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	170,338	152,115	193,721	188,966	184,670	184,645	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	180,338	162,115	203,721	198,966	194,670	194,645	Within threshold



**Budget Monitoring Report Period 4 (July)**

**SUMMARY**

This report provides an update on the financial position of the Authority at the end of July, the key operational performance indicators (KPIs) and delegated financial decisions.

**RECOMMENDATION(S)**

Chief Officers are asked to:-

- 1) Note the current financial position in 2017/18 to Period 4 and Key Performance Indicators
- 2) Note the financial decisions taken under the Scheme of Delegation to Officers

**1. Financial position – high level summary**

A summary of the financial performance for the period and forecast to the end of the year is provided below:

**High level summary**

	P4 Budget £ 000s	P4 Actual £ 000s	P4 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
<b>Expenditure</b>						
Employees	551	548	-3	1,653	1,705	52
Premises	1,429	1,453	24	4,287	4,353	66
Waste Transport & Disposal	12,397	11,826	-572	37,193	36,026	-1,168
Other supplies	439	275	-164	1,318	1,187	-131
Depreciation	2,742	2,701	-42	8,227	8,169	-58
Financing and Other	3,011	2,941	-70	9,032	8,736	-296
	<b>20,569</b>	<b>19,743</b>	<b>-827</b>	<b>61,710</b>	<b>60,177</b>	<b>-1,534</b>
<b>Income</b>						
Levies	-19,960	-19,678	282	-59,880	-59,951	-71
Trade and other	-609	-689	-80	-1,830	-1,873	-43
	<b>-20,569</b>	<b>-20,367</b>	<b>203</b>	<b>-61,710</b>	<b>-61,824</b>	<b>-114</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>-623</b>	<b>-623</b>	<b>0</b>	<b>-1,647</b>	<b>-1,647</b>
Disbursement back to boroughs	0	0	0	0	1,800	1,800
<b>Net (Surplus) / Deficit</b>	<b>0</b>	<b>-623</b>	<b>-623</b>	<b>0</b>	<b>153</b>	<b>153</b>

The summary shows how financial performance compares to the budget for both the period in question and the forecast for the year. The budget has been profiled to reflect how expenditure will arise.

There is one notable observation to the end of period 4. The overall waste volume, primarily residual waste, is below budget resulting in an under-spend on the Waste Transport & Disposal budget of £572,000. This represents a variance of less than 5%. This is the main driver of the period 4 overall favourable variance of £623,000.

The forecast for the year shows an expected £1.6 million surplus primarily due to lower Waste Transport & Disposal costs. This is offset by the disbursement of £1.8 million back to boroughs in August leaving a small overall net overspend of £153,000 forecast for the year.

The standard breakdown can be found in Appendix 1. This separates out the main types of waste streams and distinguishes between PAYT and FCL activities.

## 2. Operational KPIs

The KPI table (Appendix 2) illustrates the performance in key activities and progress with internal audit recommendations.

There are two new KPIs (KPI3 and KPI4) where aspirational targets were set and these are at amber status. More realistic targets will be set next year based on the current year experience. Due to unplanned downtime at the SERC resulting from oscillating stacks this has significantly affected performance in April and as a result we are forecasting missing our annual targets for KPI9 and KPI10. However monthly performance is now back to expected levels.

## 3. Delegated decisions

To provide further transparency of operational arrangements, this standard section of the budget monitoring report summarises any significant financial decisions made by the Director and/or Chief Officers under the Scheme of Delegations to Officers since those reported to the last Authority meeting. There is one delegated decision to report. This includes commercially sensitive information and is detailed in Part II of the agenda.

**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

Pay As You Throw	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	7,947	7,601	-346	lower than budgeted waste tonnage	23,841	23,505	-336	assuming remaining months will be largely on budget
Waste - Residual: EfW Bulked	2,319	2,110	-210		6,958	7,032	74	
Waste - Residual: EfW Delivered	1,266	1,403	137		3,799	3,845	46	
Waste - Food	238	227	-11		714	714	0	
Waste - Mixed Organic	313	394	80	seasonal variation	940	940	0	
Waste - Green	359	401	42	seasonal variation	1,077	1,004	-73	
Waste - Other	85	115	30		254	344	90	
Waste - Concession interest	-1,148	-1,088	61		-3,445	-3,263	182	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-997	-1,154	-157		-2,991	-3,463	-472	
Financing SERC - Interest	1,148	1,088	-61		3,445	3,263	-182	
Financing SERC - Concession interest	1,477	1,466	-11		4,430	4,360	-70	
Premises - SERC	446	446	0		1,337	1,337	0	
Depreciation - SERC	2,334	2,251	-83		7,001	6,752	-249	per 2016/17 year end property valuation
PAYT Levy income	-15,787	-15,504	282	rebate resulting from lower waste tonnage	-47,360	-47,431	-71	estimated final reconciliation
<b>PAYT Net Expenditure</b>	<b>0</b>	<b>-246</b>	<b>-246</b>		<b>0</b>	<b>-1,060</b>	<b>-1,060</b>	

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Fixed Cost Levy	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	551	548	-3		1,653	1,705	52	
Premises	915	939	24		2,745	2,811	66	
Waste - Residual	1,330	1,427	97	higher than budgeted tonnage	3,990	4,176	186	
Waste - Green	284	144	-140		851	360	-491	
Waste - Wood	380	304	-76		1,140	980	-160	
Waste - Other	351	287	-63		1,052	884	-168	
Other Supplies	439	275	-164		1,318	1,187	-131	
Depreciation	51	105	54	2016/17 year end property valuation increase	154	383	229	per 2016/17 year end property valuation
Financing and Other	-17	-5	12		-50	-55	-5	
Trade Waste and Other Income	-610	-690	-80		-1,831	-1,874	-43	
Waste - Concession interest	-176	-167	9		-528	-500	28	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-153	-177	-24		-458	-531	-73	
Financing SERC - Interest	176	167	-9		528	500	-28	
Financing SERC - Concession interest	226	225	-1		679	668	-11	
Premises - SERC	68	68	0		205	205	0	
Depreciation - SERC	357	345	-12		1,072	1,034	-38	
FCL Levy income	-4,173	-4,173	0		-12,520	-10,720	1,800	1.8M dispersed to Boroughs
<b>Fixed Cost Levy Net Expenditure</b>	<b>0</b>	<b>-378</b>	<b>-378</b>		<b>0</b>	<b>1,213</b>	<b>1,213</b>	

## Appendix 2

KPI No	Measure	2017/18 Target	Forecast	Apr	May	Jun	Jul	Comments
<b>Efficiency</b>								
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 515,899 to 570,204 tonnes	528,784	40,313	46,182	47,934	41,833	
KPI2	Total kgs WCA waste per dwelling	867	844	64	74	77	67	
KPI3	HRRC reuse, recycling, composted % (Twyford)	60%	45%	39%	46%	49%	46%	The target is a aspirational target and there have been some chnges on site. Removal of wood from basedata has effected the rate.
KPI4	Borough HRRC Average reuse, recycling, composted %	60%	45%	42%	46%	47%	46%	The target is a aspirational target and it is the first time it has been collated by the Authority.
KPI5	% of HRRC residual waste recycled	TBC	-					The trials commenced in June and are progressing with two opertors following one operator withdrwing. Data is still outstanding.
KPI6	Trade debt as proportion of non levy income	Max of 8% (1 month)	3.2%	2.4%	2.3%	2.4%	5.9%	2 months trade invoices have been raised and payment allocations have not been made due to staff being on annual leave.
KPI7	Average days to pay creditors	Max of 30 days	17	14	17	18	18	
KPI8	Number of audit actions or recommendations overdue	0	0	0	0	0	0	
<b>Service Delivery</b>								
KPI9	Residual wastelandfill diversion rate	96%	89%	65%	98%	94%	99%	Due to the downtime caused by the oscilitating stacks at the SERC EfW there is a risk that this target will not be achieved by the end of the year.
KPI10	Recycling rate for residual waste	2.00%	1%	0.57%	0.86%	1.02%	1.95%	Due to the downtime caused by the oscilitating stacks at the SERC EfW there is a risk that this target will not be achieved by the end of the year.
<b>Safety</b>								
KPI11	RIDDOR reported incidents at rail transfer stations	0	0	0	0	0	0	
KPI12	RIDDOR reported incidents at Twyford	0	0	0	0	0	0	
<b>Environment</b>								
KPI13	EA reported incidents at rail transfer stations	0	0	0	0	0	0	
KPI14	EA reported incidents at Twyford	0	0	0	0	0	0	
<b>Education</b>								
KPI15	Number of people engaged at events	Min of 6,000 people	9,977	169	1,112	1404	1253	
KPI16	Engagement on social media	Provisional 8,000. Communication Officer to review in year	7,931	929	528	518	444	
KPI17	Number of Training days per WLWA employee	4	4.0	0.0	0.1	0.0	0.1	Significant training plan identified from appraisals for latter part of year
KPI18	Number of visitors to our website	Min of 60,000 hits	87,288	8,437	7,417	7,207	6,875	

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