



West London Waste Authority

Hugh Peart
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29 November 2018

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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 7 December 2018 at 10.00 am

MEMBERSHIP

Councillor Graham Henson, London Borough of Harrow (Chair)
Councillor Keith Burrows, London Borough of Hillingdon
Councillor Martin Elengorn, London Borough of Richmond
Councillor Guy Lambert, London Borough of Hounslow
Councillor Mik Sabiers, London Borough of Ealing
Councillor Krupa Sheth, 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 21 September 2018 **(Pages 3 - 6)**
4. Appointment of Chair of the Audit Committee
5. Budget Monitoring Report Period 7 (October) **(Pages 7 - 12)**
6. 2019/20 Budget **(Pages 13 - 26)**
7. Medium and Long Term Financial Plan **(Pages 27 - 36)**

8. Operations Update *(Pages 37 - 42)*
9. Contracts Update *(Pages 43 - 46)*
10. Waste Minimisation Update *(Pages 47 - 52)*
11. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
12.	Transfer Stations Purchase	Information under paragraph 3 (contains information relating financial or business affairs of any particular person(including the authority holding that information)).

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

12. Transfer Stations Purchase *(Pages 53 - 56)*

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 21 September 2018 at 10.00 am at the Committee Room 5, Harrow Civic Centre.

Present:

Councillor Graham Henson (Chair)

Councillor Martin Elengorn and Councillor Guy Lambert

Apologies for Absence

Councillor Keith Burrows, Councillor Mik Sabiers and Councillor Krupa Sheth

23. Apologies for absence

Apologies for absence were received from Councillors Keith Burrows, Mik Sabiers and Krupa Sheth.

24. Declarations of interest

RESOLVED: There were no declarations of interest.

25. Minutes of the meeting held on 29 June 2018

RESOLVED: That the minutes of the meeting held on 29 June 2018 be taken as read and signed as a correct record.

26. Contracts Update

The Authority received a report which provided an update on the various waste treatment arrangements and procurements.

Ken Lawson, Contracts Manager, outlined the content of the report and officers responded to questions and comments from Members as follows:-

- An campaign would be considered for summer 2019 in relation to the fire implications of disposable barbecues and batteries being placed in household bins and at HRRCs;
- Historically boroughs had a collection contract for mattresses but the market was quite small and therefore options were limited. Government was being lobbied, mainly through NAWDO, with a view to producers taking responsibility for disposal. There was, however, currently a greater focus on plastics and packaging;
- Boroughs were being consulted on the collection and disposal of abandoned vehicles. The Authority would be re-procuring a solution.

RESOLVED: That (1) the report be noted; and
(2) Emma Beal, Managing Director, be requested to write to the relevant Minister outlining the disposal cost implications of non-packaging items needing extended producer responsibility and to circulate the letter to Authority Members so that they could raise this issue with their MPs.

27. Operations Update

The Authority received a report which provided an update on operations.

Sarah Ellis, Operations Manager, outlined the content of the report and provided an update on the health and safety plan. She advised that Councillor Mik Sabiers, Authority Member for the London Borough of Ealing, had submitted some questions in relation to fire prevention and that she could confirm work was underway. She added that Members were welcome to visit the sites and to also view the emergency plan.

RESOLVED: That the report be noted.

28. Waste Minimisation Update

Members received an update report on the Authority's waste minimisation activities.

Mildred Jeakins, Waste Minimisation Manager, outlined the content of the report drawing Members attention to the current activities/ campaigns being carried out by her team. In terms of food waste recycling, Emma Beal, Managing Director, advised that whilst it was generally reported by residents that vermin and smells were a barrier, lack of a food caddy was more likely to be the reason.

A Member suggested that further work could be done in terms of textiles and the re-use and repair of clothes/garments. Members were advised that officers were currently looking to work with Arcadia and other large corporations on this issue and were also giving consideration to extending manufacturer responsibility to the disposal of textiles. Further, it was intended that an analysis of the location and number of textile recycling banks be undertaken which was particularly relevant for occupants of flats/ apartments. A Member stated his concern in relation to unauthorised textile banks, details of which he would forward to officers.

Emma Beal advised that there was approximately £2 million risk in terms of textile waste disposal. The Authority was looking to increase choice in terms of how textiles could be recycled.

RESOLVED: That the report be noted.

29. Budget Monitoring Report Period 4 (July)

Jay Patel, Head of Finance, introduced the report, which also had a confidential element, and provided an update on financial and operational matters.

Jay Patel reported that in terms of the surplus, a view would be taken on the level of reserves (and disbursement to the boroughs) at the end of the financial year and a recommendation made in June – the usual annual process.

Members were informed that the Key Performance Indicator in relation to training days (KPI 16) was below target but that other KPIs were broadly on track.

RESOLVED: That (1) the current financial position in 2018/19 and Key Performance Indicators be noted;
(2) the financial decisions taken under the Scheme of Delegation to Officers be noted;

(3) the internal controls update be noted.

30. Treasury Management

Members received an update on the Authority's treasury management activities.

In response to the level of funds currently held by the Authority in the bank, Jay Patel, Head of Finance, advised that this was due to the impending purchase of the transfer station site but that it was usual to retain 2 months funding within the account. He added that the cash balance was held by the London Borough of Ealing.

RESOLVED: That (1) the treasury management out-turn for 2017/18 be noted; (2) the update for the current year including the treasury management and prudential indicators be noted.

31. 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 item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
9.	Purchase of Transfer Station Sites	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
10.	Joint Waste Strategy	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
11.	West London Waste Authority Branding Exploration - Presentation	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
12.	Item from 2017/18 Budget Monitoring Report Period 4	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

32. Purchase of Transfer Station Sites

Members received a confidential report which provided an update on the freehold acquisition of two sites.

RESOLVED: That (1) the position in relation to the Heads of Terms be noted; (2) the access road position, as set out in paragraph 2.2 of the report, be noted;

(3) the negotiation approach for the site, as detailed in paragraph 2.3 of the report, be noted.

33. Joint Waste Strategy

Members received a confidential presentation in relation to the West London Joint Waste Strategy.

During the course of the presentation Members made a number of comments/suggestions as follows:-

- The Authority should look to influence the design of new buildings/homes and housing estates in terms of accessing waste/ making it easier for residents to separate/sort/ dispose of waste/recycling;
- Planning needed to 'design in' reducing waste;
- Joint waste collection did not refer to commercial waste.

Keith Townsend, Chief Technical Officer, reported that the West London Alliance encouraged cross borough collaboration and that the London Environment Directors had discussed how the handling of waste and recyclables could be embedded in planning policy across all authorities.

Emma Beal, Managing Director, advised Members that she would welcome the opportunity take on responsibility for waste data flow for boroughs.

RESOLVED: That the presentation be noted.

34. WLWA Branding Exploration

Members received a confidential presentation on the branding of the Authority.

Mildred Jeakins, Waste Minimisation Manager, advised on the reasons for the branding exploration, logo ideas including colour and presented a draft logo for Members consideration. Members expressed their views on the draft and requested time for further consideration.

RESOLVED: That the presentation be noted.

35. Item from 2017/18 Budget Monitoring Report Period 4

Members received a confidential report in relation to an item from the period 4 budget monitoring report.

RESOLVED: That the report be noted.

The meeting finished at 12.15 pm.

The minute taker at this meeting was Alison Atherton.

Budget Monitoring Report Period 7 (October)

SUMMARY

This report provides an update on financial and operational matters

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the current financial position in 2018/19 and Key Performance Indicators
- 2) Note the financial decisions taken under the Scheme of Delegation to Officers
- 3) Note the HRRC data verification exercise

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

	P7	P7	P7	Year	Year	Year
	Budget	Actual	Variance	Budget	Forecast	Variance
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Expenditure						
Employees	1,122	1,081	-41	1,923	1,945	22
Premises	1,500	2,421	921	2,571	3,769	1,198
Waste Transport & Disposal	26,496	25,909	-587	45,422	43,724	-1,698
Other supplies	570	323	-247	977	921	-56
Depreciation	5,017	4,869	-148	8,600	8,346	-254
Financing and Other	3,646	2,874	-772	6,250	5,398	-852
Concession Adjustment	-2,371	-2,414	-43	-4,065	-4,139	-74
	35,979	35,063	-916	61,678	59,964	-1,714
Income						
Levies	-34,913	-35,079	-166	-59,850	-59,638	212
Trade and other	-1,066	-1,262	-196	-1,828	-1,997	-169
	-35,979	-36,341	-362	-61,678	-61,635	43
(Surplus) / Deficit	0	-1,278	-1,278	0	-1,671	-1,671

The summary shows how financial performance compares to the budget for both the period in question and the forecast for the year. The overall performance for the period and forecast for the year are both showing favourable variances (i.e. overall underspends) – £1.2 million for the period and £1.7 million for the year's forecast.

The most notable cause of variances in budgets results from the purchase of transfer station sites. The budget was set on the assumption that the transfer station sites would have been purchased before the commencement of 2018/19. The forecast now assumes the purchase will take place at the end of December. Therefore, the related budgets will see variances forecast for the year i.e. we will continue paying rents for 9 months resulting in an overspend (£1.2 million) in the premises budget and we'll have no financing costs for 9 months resulting in an underspend in the financing budget (£0.9 million).

Another notable forecast variance is for waste transport and disposal (£1.7 million). The forecast anticipates savings resulting from the food and green waste procurement (£0.9 million) where prices have been achieved which are significantly lower than both budget and the current price. Residual waste volumes are also lower than budgeted contributing to the underspend, however it is important to note that waste volumes can change significantly from month to month and these savings could be easily eroded by higher than budgeted volumes of waste in subsequent months. The forecast will therefore be continually updated over the course of 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 and provides commentary on the variances.

2. KPIs for 2018/19

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities.

Most indicators are on target however as previously reported there is one significant exception – KPI16 the number of training days. The exceptionally busy year to date and priority of business plan projects means that it is unlikely that the target will be achieved this year. This is a challenge which is more pertinent to small organisations with limited numbers of employees where many are involved in projects. Importantly, it should be noted that key areas of compliance related training, such as health and safety, have been undertaken as identified in the Operations Report elsewhere in today's agenda.

The other KPIs worth noting are:

KPI3 and KPI4 – reuse and recycling rates at HRRCs where residual waste growth has been higher than expected across all boroughs therefore the amount of waste recycled proportionately, is not as high.

KPI10 – RIDDOR incidents at contractor run sites. The incident recorded related to a third party HGV driver at Transport Avenue falling from height after he had finished sheeting his trailer resulting in the driver injuring his ankle. All hauliers have been reminded that their drivers must adhere working at procedure.

KPI12 – EA reported incidents at contractor run sites. This relates to the fire at Transport Avenue which was reported to the last Authority meeting.

KPI13 – EA reported incidents at Twyford. In addition to the fire reported at the September Authority meeting we have also had a small mattress fire at the site and more details are provided in the Operations report elsewhere in the agenda.

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 are no delegated decisions to report:

4. HRRC wasteflows

In order to ensure boroughs are charged fairly for HRRC waste through the FCL an exercise to verify tonnages will be undertaken over the coming year. In particular, it is important that any PAYT waste which flows through HRRCs is identified and charged through the PAYT.

This exercise will provide useful operational information for both the Authority and boroughs and will help inform the business plan's HRRC project and also facilitate future budget setting, where collaboration with boroughs using data will make waste tonnage forecasting more accurate.

5. Financial Implications – These are detailed in the report.

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

7. 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.

Contact Officers	Jay Patel, Head of Finance	01895 54 55 11
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Appendix 1

Pay As You Throw	Period 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	14,181	13,298	-884		24,311	23,489	-822	lower tonnages and prices
Waste - Residual: EfW Bulked	4,272	3,552	-721		7,324	6,396	-929	more waste direct delivered reducing bulking cost
Waste - Residual: EfW Delivered	2,335	3,489	1,155		4,002	4,829	827	
Waste - Food	393	166	-227		674	284	-390	lower procured contract price
Waste - Mixed Organic	425	554	129		729	689	-40	
Waste - Green	652	641	-10		1,117	899	-218	lower procured contract price
Waste - Other	161	270	109		276	551	275	large amounts of trade wood
Financing Costs	2,501	2,241	-261		4,288	4,335	47	
Depreciation - SERC	4,057	3,942	-115		6,955	6,757	-198	reduced indexed asset value per audit 18-19
Premises - SERC	754	744	-10		1,292	1,275	-17	
Concession Accounting Adjustment	-2,043	-2,080	-37		-3,502	-3,566	-64	
PAYT Levy income	-27,788	-27,954	-166		-47,636	-47,424	212	
PAYT Net Expenditure	-99	-1,138	-1,039		-170	-1,487	-1,317	

Fixed Cost Levy	Period 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,122	1,081	-41		1,923	1,945	22	
Premises	746	1,677	931		1,279	2,494	1,215	unbudgeted rent - transfer stations
Waste - Residual	2,540	2,750	209		4,355	4,598	243	
Waste - Green	365	224	-141		625	334	-291	lower procured contract price
Waste - Wood	566	478	-88		970	819	-151	lower procured contract price
Waste - Other	606	489	-118		1,039	837	-202	lower transport cost
Other Supplies	570	323	-247		977	921	-56	
Depreciation	960	927	-33		1,645	1,589	-56	
Financing	746	633	-113		1,278	842	-436	less borrowing interest than expected - transfer stations
Revenue Funding of Debt	399	0	-399		684	221	-463	three quarters effect - transfer stations
Concession Accounting Adjustment	-328	-334	-6		-563	-573	-10	
Trade Waste and Other Income	-1,066	-1,262	-196		-1,828	-1,997	-169	expected higher recyclables and trade waste income
FCL Levy income	-7,125	-7,125	0		-12,214	-12,214	0	
Fixed Cost Levy Net Expenditure	99	-140	-239		170	-184	-354	

Appendix 2

KPI No	Measure	2018/19 Target	Forecast	Apr	May	Jun	Jul	Aug	Sep	Oct	Comments
Efficiency											
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 511,929 to 565,816 tonnes	536,097	42,809	50,036	47,957	44,605	44,509	40,969	41,838	
KPI2	Total kgs WCA waste per dwelling	853	848	813	882	891	880	873	857	848	
KPI3	CA household reuse, recycling, composted % (Twyford)	45%	38%	40%	42%	42%	37%	32%	34%	39%	Residual waste has growth has been higher than expected through HRRCs.
KPI4	Borough HRRC Average CA household reuse, recycling, composted %	45%	31%	29%	35%	33%	30%	30%	30%	30%	Residual waste has growth has been higher than expected through HRRCs.
KPI5	Trade debt as proportion of non levy income	Max of 8% (1 month)	2.7%	1.5%	2.2%	4.1%	4.7%	2.9%	0.6%	2.7%	
KPI6	Average days to pay creditors	Max of 30 days	23	30	21	21	21	22	23	24	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	
Service Delivery											
KPI8	Residual waste landfill diversion rate	96%	96%	100%	100%	99%	86%	99%	100%	100%	In July SERC was offline for two weeks to rectify stack issues.
KPI9	Recycling rate for residual waste (Suez contract only)	2.00%	3%	3.31%	3.62%	4.06%	1.66%	3.40%	3.07%	3.59%	
Safety											
KPI10	RIDDOR incidents at rail transfer stations	0	1	0	1	0	0	0	0	0	A BioCollector driver jumped from height and injured his ankle whilst sheeting trailer.
KPI11	RIDDOR incidents at Twyford	0	0	0	0	0	0	0	0	0	
Environment											
KPI12	EA reported incidents at rail transfer stations	0	1	0	0	1	0	0	0	0	The fire at Transport Avenue in July required the Environment Agency to be notified.
KPI13	EA reported incidents at Twyford	0	2	0	0	0	0	0	1	1	Per verbal report to Sept Auth and a small mattress fire
Education											
KPI14	Number of people engaged at events	6,000	6,000	734	551	630	656	140	1930	269	Events for q4 still to be booked but on track YTD (green)
KPI15	Engagement on social media	8,000	8,000	253	444	812	611	338	372	949	Biggest engagement usually over xmas period (amber)
KPI16	Number of Training days per WLWA employee	128 days over the year across all employees	61.0	2.0	5.0	5.5	1.0	0.0	17.0	0.0	A busy year has resulted in limited training.
KPI17	Number of visitors to our website	60,000	60,000	7,193	7,780	6,204	6,133	5,882	6,509	5,774	On track for over 60K - min 3K visits per month to hit target (green)

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2019/20 Budget

SUMMARY

This report sets out the 2019/20 budget proposal for consultation with boroughs

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the 2019/20 budget for consultation with boroughs
- 2) Note the indicative Pay As You Throw (PAYT) rates in section 13 and resulting PAYT levy of £48.2 million
- 3) Note the Fixed Cost Levy (FCL) of £13.0 million in section 14
- 4) Note the recommended trade waste prices in section 15 and delegated authority to the Treasurer to change these in year should the need arise
- 5) Note the new proposed capital budgets in section 16
- 6) Note the target level of reserves of £5.9 million to act as a buffer for managing risks and avoiding supplementary levies, in section 17

1. Introduction

1.1 The Authority is required to set an annual budget including levies and charges. It is also required to issue a demand to constituent boroughs by 15 February each year. This report sets out the 2019/20 draft budget which will be subject to consultation with constituent boroughs. Following consultation, the final budget will be reported to the January meeting for approval. The PAYT and FCL charges will then be levied.

1.2 The 2019/20 budget incorporates tonnage forecasts received from boroughs and the spending plans received from Authority managers. The managers' spending plans have been scrutinised and adjusted following a budget challenge session held with the Chair and Chief Officers on 15 November.

2. Executive Summary

2.1 The key message is that the costs and total levies (£61.2 million) proposed for 2019/20 are 2.3% higher than 2018/19 and reflect a growth in boroughs residual waste tonnage forecasts partly offset by savings in procurements for green and organic waste earlier in 2018.

2.2 The table below sets out the 2019/20 budget and the movement from the 2018/19 budget. The latest 2019/20 forecast is also included to provide context and illustrate the current level of activity.

	2018-19 budget £ 000's	2018-19 forecast £ 000's	2019-20 budget £ 000's	Changes in budgets £ 000's
Costs				
Waste Transport and Disposal	45,422	43,724	46,614	1,192
Depreciation	8,600	8,346	8,485	(115)
Financing Cost	5,566	5,177	5,659	93
Premises	2,571	3,769	2,686	115
Employees	1,923	1,945	2,031	108
Supplies and Services	977	921	992	15
Revenue Funding of Debt	684	221	862	178
Concession Accounting Adjustments	(4,065)	(4,139)	(4,215)	(150)
Total costs	61,678	59,964	63,114	1,436

Income				
PAYT Levy	47,636	47,424	48,190	(554)
FCL Charge	12,214	12,214	13,036	(822)
Total Levies	59,850	59,638	61,226	(1,376)
Other Income	1,828	1,997	1,888	(60)
Total income	61,678	61,635	63,114	(1,436)

Total (surplus)/deficit	0	(1,671)	0	0
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2.3 The table shows that Waste Transport and Disposal is by far the biggest cost within the Authority's budget and also the key element driving the growth in the budget. This also emphasises the business plan focus and message about the importance of waste minimisation.

2.4 The budget headings are per our usual format for regular budget monitoring reports. The most notable movement in spending is for Waste Transfer and Disposal which is mirrored by corresponding increases in the PAYT Levy and FCL Charge.

3. Waste Transport & Disposal (WTD)

3.1 The WTD budget accounts for the majority of the Authority's budgeted costs. Boroughs own tonnage forecasts together with contract pricing information form the basis for the calculation of the 2019/20 budget, with residual waste flows being the principal driver of the movement in budgets between years.

3.2 The boroughs 2019/20 residual tonnage forecasts show an increase averaging 2.3% compared to the 2018/19 budget. On more detailed analysis of this growth and comparison to the Authority's latest current year's forecast, the boroughs budgeted growth in PAYT tonnage seems a little pessimistic and the FCL tonnage seems optimistic

3.3 On this basis some boroughs tonnages have been queried, however we are continuing to use their forecasts in the budget setting and are managing the financial risks (as we do each year) by maintaining a sufficient level of reserves as a buffer.

3.4 The 2019/20 WTD budget is £46.6 million, an increase of £1.2 million or 2.6% resulting primarily from the higher budgeted volumes of residual waste.

3.5 The movement in pricing comprises of cost pressures and savings. Contract inflation of 3% has been used in budget setting based on the governments Office for Budget Responsibility's forecast for RPIX for next year and this has been largely offset by savings from this year's procurements for green and organics waste.

3.6 The 2019/20 budgeted tonnage is made up of the following materials:

Material	2018/19 Total Tonnes	2019/20 Total Tonnes	Change
Residual	409,006	418,499	9,493
Mixed organic	16,200	16,300	100
Green	49,038	45,562	(3,476)
Wood	19,850	20,646	796
Kitchen	32,527	31,646	(881)
Other	12,252	16,320	4,068
Budget 2018/19	538,873	548,973	10,100

4. Depreciation

4.1 The budget for 2019/20 of £8.5 million is £0.1 million lower than in 2018/19. This reflects property and asset valuations agreed with auditors for the latest audited accounts.

4.2 The largest element of depreciation relates to the SERC and totals £7.9 million. It should be noted that for depreciation calculations, the SERC has to be separated out into its main components and each key component has to be depreciated over its own expected life.

4.3 Depreciation for the remaining assets have been calculated using the latest audited accounts and subsequent change in the asset registers (i.e. additions and disposals).

5. Financing

5.1 The financing costs have increased from £5.6 million in 2018/19 to £5.7 million for 2019/20 primarily as a result of the increase in the final price of acquisition of transfer station sites.

5.2 The largest component of financing costs relates to borrowing for the construction of the SERC and totals £4.9 million. The loans are at arm's length and from a borrowing perspective the boroughs are like any other lender with the loan agreements specifying the relationship with the Authority and including a rate of interest of 7.604%.

5.3 The budget assumes the transfer station sites will be purchased before the commencement of 2019/20 partly from borrowing and partly from utilising cash balances. The interest on this loan is budgeted at £0.8 million.

6. Premises

6.1 The budget for 2019/20 of £2.7 million is £0.1 million more than the £2.6 million in 2018/19. The majority of this is due to identified maintenance costs at sites including the new office premises.

6.2 The largest component of the premises costs are business rates which account for £2.4 million of this budget.

6.3 It should be noted that the savings from the purchase of transfer station sites (removal of rental costs which are more than the new financing costs of the purchase) are already budgeted in the 2018/19 budget and are therefore embedded within the 2019/20 budgets. The 2019/20 budget shows a £87,000 saving resulting from the purchase.

7. Employees

7.1 The 2019/20 budget of £2.0 million is £0.1 million higher than the 2018/19 level. This is principally growth for inflation and increments.

7.2 The establishment is planned to fall marginally by 0.1 full time equivalent (FTE) posts from 36.5 in 2018/19 to 36.4 FTEs in 2019/20. However underlying this small reduction there is a re-alignment of staffing to focus on projects aimed at delivering improvements across the West London area.

7.3 One example of this is the work agreed with boroughs on joint collections to maximise the collection efficiency and disposal savings for all boroughs. Another example is the work undertaken with boroughs to identify savings from separating food waste from school waste streams to secure for them lower disposal costs. These are projects that aim to avoid costs or deliver savings across a wider waste stream than just the Authority's own wasteflows and are part of the partnership approach identified in the business plan.

7.4 The realignment of staffing will see reduction of some team sizes and increase in others.

7.5 It should be noted that following consultation with boroughs the staffing establishment was increased by 2 posts at the June 2018 Authority meeting to bring us to the current 36.5 FTE.

7.6 Putting this into context the Authority employed 88 FTE in 2012/13, 42 FTE in 2014/15 and over the last few years FTE numbers have been in the lower/mid 30's. The size of staffing establishment remains fairly small.

8. Supplies & Services

8.1 The 2019/20 budget for Supplies & Services is £1.0 million and remains unchanged from the 2018/19 level.

8.2 A wide variety of spends make up this total, the most notable being insurances, waste minimisation projects, borough services (e.g. committee services, treasury etc.) and business plan projects.

8.3 Pricing inflation has been offset by stripping out/reducing unused 2018/19 budgets

9. Revenue Funding of Debt

9.1 The loan to finance the purchase of the transfer station sites is a typical repayment loan. It is made up of two components – an element for the interest on the loan (see Financing Costs) and an element to actually repay the loan.

9.2 The Revenue Funding of Debt is the element to actually repay the loan and totals £0.9 million for 2019/20. This is £0.2 million more than in 2018/19 reflecting the higher than originally budgeted price to acquire the sites.

9.3 The actual value of both the financing and revenue funding of debt will be finalised when the price is agreed and will depend on the interest rate applicable at the time borrowing takes place.

10. Concession Accounting Adjustments

10.1 Essentially under a PPP arrangement a contractor pays for the construction of an asset and then recovers its investment over a long period through its operational charges to the local authority (i.e. its price per tonne).

10.2 There are very specific and detailed accounting requirements that govern this type of arrangement. This is because the underlying nature of this transaction is that the local authority *essentially* owns the asset and the contractor is *essentially* a lender financing the construction of the asset.

10.3 The key feature of the accounting is the calculation of a concession accounting adjustment to separate out the disposal and financing costs.

10.4 The concession accounting adjustments over the term of the contract were agreed with the auditors during the approval of the latest accounts. For 2019/20 they total £4.2 million, compared to £4.1 million in 2018/19. This accounting adjustment reduces overall costs and levies by £0.1 million.

11. Growth and Savings

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

11.2 However, as part of the budget setting process at an operational level, a variety of measures have ensured a focus on savings across areas where managers are able to exercise some control. This included budget managers reporting their 2019/20 plans and proposed savings to a budget challenge session with the Chair and Chief Officers.

11.3 Significant savings have been delivered from procurements and the tables below identify the growth and savings which are included within the 2019/20 draft budget. The tables separate out real growth and savings from other movements between 2018/19 and 2019/20 budgets.

11.4 Summary table:

	£ 000's
Budgeted levies 2018/19	59,850
Growth	2,830
Savings	(1,460)
Other movements	6
Budgeted levies 2019/20	61,226

11.5 Growth table:

Area	Explanation	Growth £ 000's
Waste Transport and Disposal	Increased residual tonnages (£1,749k), rubble tonnages (£54k), increase in price and number of mattresses (£330k), increase in price of mixed organics (£78k), range of other minor price and tonnage movements (£236k)	2,447
Employees	Salary inflation per NJC award (£26k), job evaluations (£22k) and team realignments (£60k)	108
Premises	Increase in site and office maintenance costs (£78k), Increase in business rates (£38k), other minor movements (£14k)	130
Supplies and Services	Increase in project costs e.g. joint collections, waste minimisation (£89k), rise in insurance premiums (£40k), and other minor items (£16k)	145
		2,830

11.6 Savings table:

Area	Explanation	Saving £ 000's
Waste Transport and Disposal	Savings from green and food procurements (£999k), savings from transport arrangements (£213k), other minor movements (£43k)	(1,255)
Premises	Stripping out of rental budgets (£15k)	(15)
Supplies and Services	Review of site machinery leading to reduced lease and fuel costs (£120k) and other minor movements (£10k)	(130)
Other Income	Growth in trade waste and sale of recyclables income (£60k)	(60)
		(1,460)

11.7 Other movements table:

Area	Explanation	Increase / (Decrease) £ 000's
Depreciation	Reflecting review of property valuations agreed with auditors for the last accounts and new office premises (£115k)	(115)

Financing Costs	Reflecting additional borrowing for the purchase of transfer station sites (£192k) offset by lower SERC debt and financing cost (£99k)	93
Revenue Funding of Debt	Reflects the final repayment of borrowing to finance the acquisition of transfer station sites (£178k)	178
Concession Accounting Adjustment	Reflecting adjustments agreed with auditors for the last set of accounts (£150k)	(150)
		6

12. PAYT / FCL split

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

12.2 Where directly attributable, costs are allocated to the PAYT or FCL as appropriate. Where costs are applicable across both PAYT and FCL (e.g. SERC depreciation relates to both HRRC residual waste and borough collected residual waste) these are apportioned based on the relative WTD tonnages in PAYT and FCL. The breakdown of the budget between PAYT and FCL activities is as follows:

PAYT	2018/19 £000's	2019/20 £000's	Change £000's
Waste Transport and Disposal	38,433	39,509	1,076
Depreciation (SERC)	6,955	6,818	(137)
Financing Costs (SERC/WLRWS)	4,288	4,200	(88)
Premises (SERC)	1,292	1,292	0
Concession Accounting Adjustment	(3,502)	(3,629)	(127)
PAYT Levy	(47,636)	(48,190)	(554)
Total	(170)	0	

FCL	2018/19 £000's	2019/20 £000's	Change £000's
Waste Transport and Disposal	6,989	7,105	116
Employees	1,923	2,031	108
Premises	1,279	1,394	115
Supplies and Services	977	992	15

Depreciation	1,645	1,667	22
Financing	1,278	1,459	181
Revenue funding of Debt	684	862	178
Concession Accounting Adjustment	(563)	(586)	(23)
Non Levy Income	(1,828)	(1,888)	(60)
FCL Levy	(12,214)	(13,036)	(822)
Total	170	0	

12.3 Note that the £170,000 balancing differences in 2018/19 reflects the virement of project budgets from PAYT to FCL at the June 2018 Authority meeting.

13. PAYT Levy Income

13.1 The PAYT charge to boroughs relates primarily to the waste that boroughs deliver to transfer stations and is to cover the cost to the Authority for disposing of that waste.

13.2 The PAYT charge for 2019/20 is £48.2 million an increase of £0.6 million or 1.2% from 2018/19.

13.3 The table below shows the proposed PAYT rates for 2019/20 for disposal.

Material (Disposal)	2018/19 £ per tonne	2019/20 £ per tonne
Residual waste (delivered)	121.81	122.34
Food	25.95	10.04
Green	35.53	27.87
Mixed food and green	45.00	49.50
Wood	43.00	41.38
Rubble	30.00	24.91
Soil	30.00	25.00
Gypsum	97.00	94.76
Carpets	100.00	103.00
Mattresses (per mattress)	4.33	6.91

13.4 In addition to this, the Authority manages non-household waste from HRRC sites and incurs transport costs. On a similar basis the average transport charges for 2019/20 are provided below.

Material (Transport)	2018/19 £ per tonne	2019/20 £ per tonne
Residual (collected)	11.00	8.00
Other recyclables (collected)*	14.68	9.21

13.5 These rates represent the average cost to the Authority for the disposal and transport of materials. They reflect the blended price paid to a number of contractors and for residual waste also the fixed costs of the SERC such as financing and depreciation.

13.6 These rates will be applied to the 2019/20 tonnage forecasts from boroughs and result in a monthly charge to them. Each quarter end a reconciliation exercise will take place to adjust for the actual amount of waste that each borough delivers, so boroughs only pay for waste actually disposed.

13.7 Using tonnage forecasts from boroughs, the PAYT charges for 2019/20 are as follows:

Borough	2018/19 PAYT charge £000's	2019/20 PAYT charge £000's	Growth £000's	% Growth
Brent	8,882	8,738	(144)	(1.6%)
Ealing	10,084	10,030	(54)	(0.5%)
Harrow	6,383	6,389	6	0.1%
Hillingdon	8,557	9,072	515	6.0%
Hounslow	7,744	7,789	45	0.6%
Richmond	5,986	6,172	186	3.1%
Total	47,636	48,190	554	1.2%

13.8 It is worth noting that the above levies use borough forecasts for the volumes of waste, including any implications from service changes. The borough's PAYT tonnage forecasts are provided below together with our own internal forecast for the 2018/19 tonnages

Borough	2018/19 forecast tonnage	2019/20 budgeted tonnage	Growth £000's
Brent	68,215	69,457	1,242
Ealing	78,390	80,148	1,758
Harrow	47,505	49,200	1,695
Hillingdon	63,453	64,510	1,057
Hounslow	60,050	61,044	994
Richmond	43,215	48,493	5,278
Total	360,828	372,852	12,024

13.9 The above table illustrates that in overall terms there is a pessimistic view about residual waste growth – budgeted waste flows are significantly bigger than this year's forecast suggests. However, it is worth repeating that should borough waste volumes be lower than they've forecast, then each quarter they will be refunded a sum to ensure they pay only for what is actually delivered. If their volumes are higher (current waste flows suggest this is unlikely) they will be charged for the extra waste.

13.10 It is also important to note that because the PAYT rate per tonne includes an element to pay for the Authority's fixed costs, that if tonnages are lower than budgeted there will be an under-recovery - we won't generate enough to pay the fixed costs. These tonnage risks are something we manage every year through the reserves, along with other key risks as detailed later in this report.

14. FCL Income

14.1 The FCL charge primarily relates to the cost of managing the treatment and disposal of household waste delivered to HRRC sites. It also includes the Authority's administration, nets off other income and includes a portion of SERC costs. The charge is set to recover all FCL costs and will be apportioned using the Council Tax base per the CTB (October 2018) returns provided by the boroughs.

14.2 The FCL charge for 2019/20 is £13.0 million which is £0.8 million higher than the 2018/19 level.

14.3 Using the 2019/20 Council Tax base, the FCL charge is as follows:

Borough	2018/19 FCL charge £000's	2019/20 Council Tax base	2019/20 FCL charge £000's	Change £000's	% Change
Brent	2,001	94,139	2,134	133	6.6%
Ealing	2,473	116,826	2,649	176	7.0%
Harrow	1,849	87,468	1,983	134	7.2%
Hillingdon	2,113	99,919	2,264	151	7.2%
Hounslow	1,847	86,747	1,966	119	6.5%
Richmond	1,931	90,026	2,040	109	5.7%
Total	12,214	575,125	13,036	822	6.7%

14.4 Overall levies (taking both PAYT and FCL together) are 2.3% higher than in 2018/19.

15. Other Income

15.1 The 2019/20 budget is £1.9 million, slightly higher (£0.1 million) than 2018/19. Increase in trade and recycling income is offset by reduced costs / savings in running Twyford which are passed on in the agency fee.

15.2 The majority of the income is from trade waste (£1.3 million). We are conscious that the market trade waste prices, particularly for residual waste, are more competitive so the prices have been maintained at 2018/19 levels.

15.3 The proposed main trade/DIY charges per tonne are provided below:

Type of waste	2018/19 £	2019/20 £
Trade waste residual and wood	160.00 for account customers and £165.00 for others	160.00 for account customers and £165.00 for others
Trade waste recycling	80.00	80.00
Asbestos (Households only)	272.00	272.00
Mattresses (per mattress)	10.00	10.00
Bulky items	218.00	218.00

15.4 Given the competitive market these prices will be kept under review over 2019/20. Given the low value of trade income in context of the overall budget it is proposed that the

Treasurer has delegated authority to take corrective action (i.e. change the above rates) should the reviews identify any risks or opportunities.

15.5 Other income includes an agency fee which passes on the costs of running the Twyford HRRC to the local borough. This year in discussion with the local borough we are budgeting to reduce the sites running costs and this will deliver savings for both the Authority and the borough.

16. Capital

16.1 The new capital budget requirements for 2019/20 are listed below.

- Resurface of access roads at Transport Avenue (£80,000) and Victoria Road (£150,000)
- New vehicle (£24,000) for waste minimisation projects replacing the current ad-hoc short term vehicle hire costs

16.2 It is worth noting the following capital budgets. These are balances on capital works still in progress which were previously approved by the Authority and will be rolled forward until completion or not required.

- Construction of a bulking facility at Victoria Road (£1.0 million)
- Twyford improvements (£711,000)
- Replacement Vehicles e.g. Loading Shovel (£153,000)
- Contract Management Software (£30,000)

16.3 Underspends on the new office (£1.4 million) and IT (£155,000) budgets have been stripped out as these assets are now in use.

17 Reserves

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

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

17.3 Identifying known risks facing an Authority provides a useful basis for determining a suitable level of reserves for managing risk. The specific risks and potential costs and likelihood that could be associated with them are as follows:

Risk Description	Likelihood	Financial Risk (£000’s)
From time to time, a new market will emerge for recycling of specific waste streams (as opposed to landfill) e.g. carpets. The Authority tests and uses these markets cautiously, however these new markets carry a risk of both market and supplier failure. Should this arise	High	£300 (based previous experience with mattresses)

there will be additional costs in making new arrangements to redirect and dispose of waste.		
Collapse of recycling markets leading to materials entering the residual waste stream	Medium	£600 (notional)
Whilst the contractor bears most of the risk in the event of the loss/closure of a transfer station, in major events like this there is a possibility of unforeseen additional costs in implementing and operating alternative arrangements. Therefore it would be prudent to set aside something for these uncertainties.	Medium	£700 (representing 1 week of residual waste diversion)
The budget is based on assumptions of indexation/ inflation, particularly in relation to contracts. There is a risk of higher costs due to higher than anticipated indexation/inflation particularly given uncertainties of Brexit	Medium	£1,000 (representing approx. 2% higher indexation)
With a large number of competitors ready to receive trade waste, there is a risk that price competition could lead to a reduction in planned trade and DIY income despite more competitive pricing	Medium	£300 (representing 25% of trade income)
Purchase of transfer station sites doesn't happen in 19/20 meaning we'll still need to pay rent	Medium	£300 (representing the lost savings)
Risks / costs will arise from the complex PPP contract as a result of terms that are unclear or ambiguous in relation to the day to day operation and running of services.	Medium	£600 (based on contingent liability in previous year's accounts)
Borough PAYT tonnages are less than budgeted resulting in an under-recovery of fixed costs through the PAYT levy - because the PAYT rate includes an element to cover fixed costs which don't decrease even if tonnages and the levy may	High	£600 (based on residual PAYT tonnages at current year's levels)
Borough FCL tonnages are higher than budgeted resulted in an under-recovery of HRRC disposal costs through the FCL charge which is fixed	High	£900 (based on residual FCL tonnages at current year's levels)
The Environment Agency are looking to role out a programme requiring the upgrading of fire systems and control measures on transfer stations and it is expected that a Fire Protection Plan may be required for Twyford HRRC/TS within the next three years. Infrastructure, drainage and plant costs.	Medium	£600 (based on previous experience and worst case drainage report)
Target level for reserves		£5,900

17.4 The target level of reserves for 2019/20 of £5.9 million compares to £4.2 million in 2018/19 and £5.6 million in 2017/18 and reflects an emphasis on risks relating to recycling markets and the economic climate (inflation, Brexit).

17.5 Ultimately, the level of reserves is a judgment based on the nature of risk facing an organisation and its risk appetite. On the basis of the risks identified above and appreciating that there are unknown risks which could materialise, £5.9 million represents a prudent and not overly cautious target level for reserves.

17.6 The forecast reserve position for the year ending 31 March 2019 is:

	£000s
Reserves available to manage risks 31 March 2018 per approved accounts	6,452
Less accumulated revenue funding of debt which artificially increases surpluses/reserves	(862)
Forecast surplus for 2018/19 per period 7 budget monitoring report	1,671
Forecast position for 31 March 2019	7,261

17.7 Provided that no risks materialise and something close to the £7.2 million forecast position is achieved for 2018/19, the Authority will have £1.3 million of reserves in excess of the target level (£7.2 million - £5.9 million).

17.8 Therefore after the 2018/19 out-turn position is known and the accounts have been audited a recommendation will be made to the June 2019 Authority to disburse excess reserves back to boroughs.

17.9 The disbursement will be apportioned as in previous years in the same way as the FCL charge. The intention is to make payments to boroughs by the end of July 2019.

18 Financial Implications

18.1 The financial position and performance are provided in the report.

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

19 Legal Implications

19.1 There are no legal implications of this report

20 Impact on Joint Waste Management Strategy

20.1 The proposed Annual Budget has been set out in this report to demonstrate that the Authority is supporting the boroughs to deliver improved value for money to its residents in line with Policy 7

20.2 Policy 7: The West London Waste Authority and constituent Boroughs will seek to provide waste management services that offer good value, that provide customer satisfaction and that meet and exceed legislative requirements.

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Medium and Long Term Financial Plan (MLTFP)

SUMMARY

This report provides the medium and long term financial plan for the Authority.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the medium and long term financial position
- 2) Note the sensitivity analysis and impact of waste growth and inflation

1. Background

As part of work on the 2019/20 budget the longer term picture is also considered, including the medium term financial outlook.

The purpose of this work is to demonstrate that the Authority is a going concern and to identify the key risks effecting its financial plans.

It is also demonstrates the Authority's compliance with the fundamental requirements of CIPFA's Prudential Code.

2. Financial Model and Base Position

The basis of this report is a financial model that projects the financial performance (overall expenditure / levies) and financial position (balance sheet) over the term of the PPP contract, 22 years. The model also looks at the debt position and cash balances over the same period.

The model is predicated on delivering annual balanced budgets per regulatory requirements. The model uses the 2019/20 budget as the starting point and applies a range of 32 assumptions to different activities. For example, a salary inflation assumption is applied to payroll costs which increase by that inflationary amount each year.

The base position represents a set of assumptions which are reasonable and prudent (slightly pessimistic). These are applied to the 2019/20 staring position to produce a long term financial picture. An extract of the key assumptions is provided in the table below. The assumption for RPIX is 3.0% which is 1% lower than the assumption last year to reflect the current levels of inflation. The other key assumptions are unchanged.

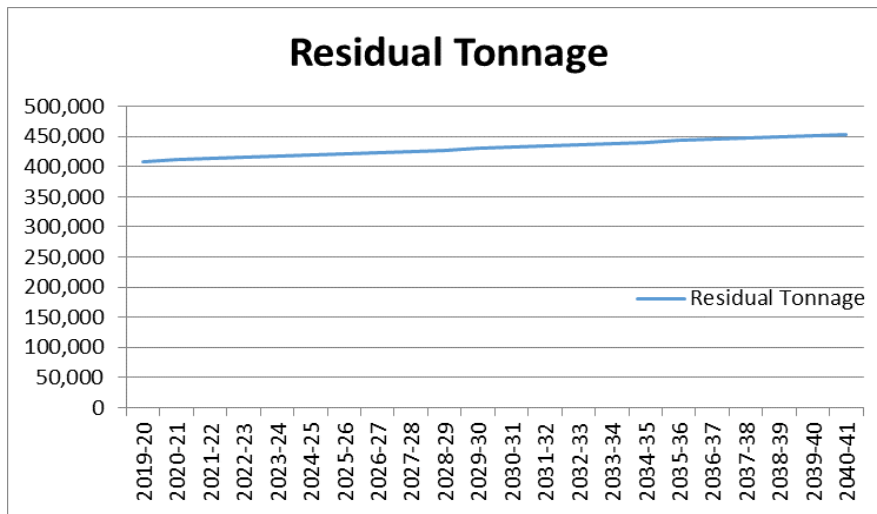
Activity Level Assumptions	
Annual increase in residual tonnage	0.5%
Price Change Assumptions	
Annual general contract inflation (RPIX)	3.0%

Note: the Bank of England's long term monetary policy inflation target is 2.0%.

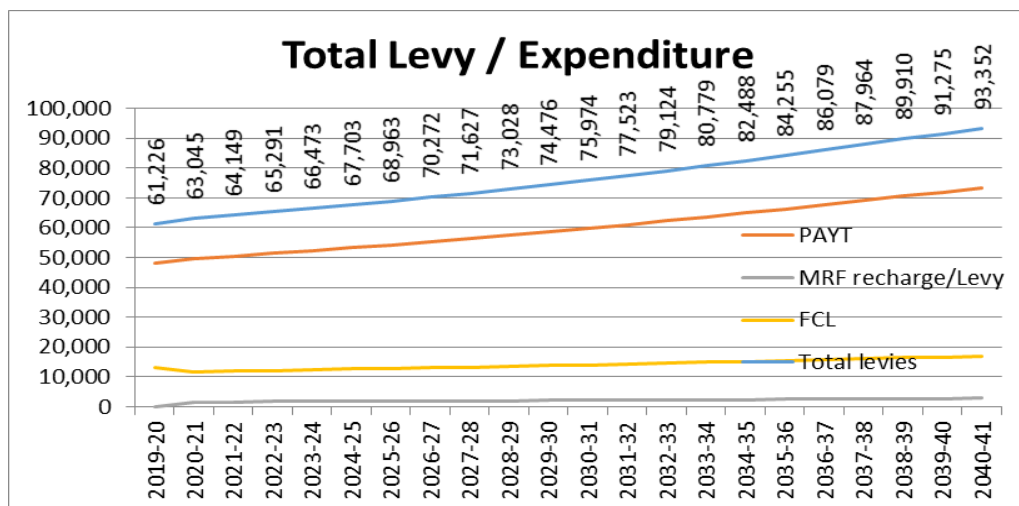
3. Outputs

Using the base assumptions, the model then gives us some outputs, for example how our costs (and consequently levies to boroughs) changes over time, or how our loan balance changes over time. The key outputs are illustrated below and illustrate that waste tonnages are the key driver of finances and therefore the importance of waste minimisation.

Tonnage – The chart below illustrates the impact of the base assumption of 0.5% annual growth in residual tonnage. Over the life of the plan the residual tonnage rises from 418,499 to 454,168 tonnes, although the impact of this growth could be mitigated by all boroughs achieving or exceeding the national 50% recycling target.



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

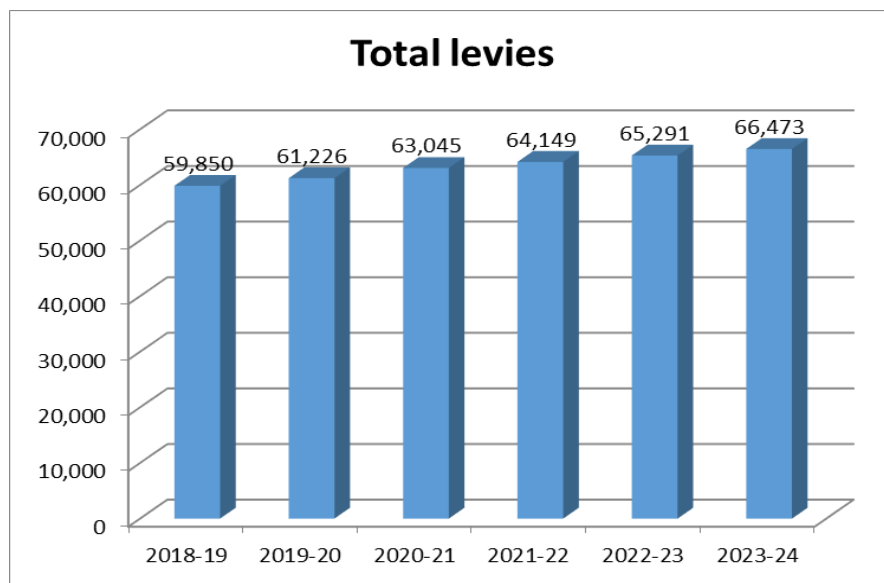


This chart above illustrates an average annual growth of 2.0% over the long term which is significantly lower than the 3.5% underlying growth from general contract inflation RPIX (3.0%) and annual growth in tonnages (0.5%).

This is a result of the way the PPP contract is structured. The contract is for up to 300,000 tonnes of waste with the first 235,000 tonnes having pricing uplifts essentially capped at up to 1.5%. This significantly dampens the effect of inflation over the whole life of the contract. The chart above also incorporates a high level allowance for MRF services from 2020/21 and its magnitude (£1.6 million costs and MRF recharge/Levy) has limited impact on the overall long term picture of the Authority – average growth would be 1.9% (compared to 2.0%) if the MRF project was not progressed.

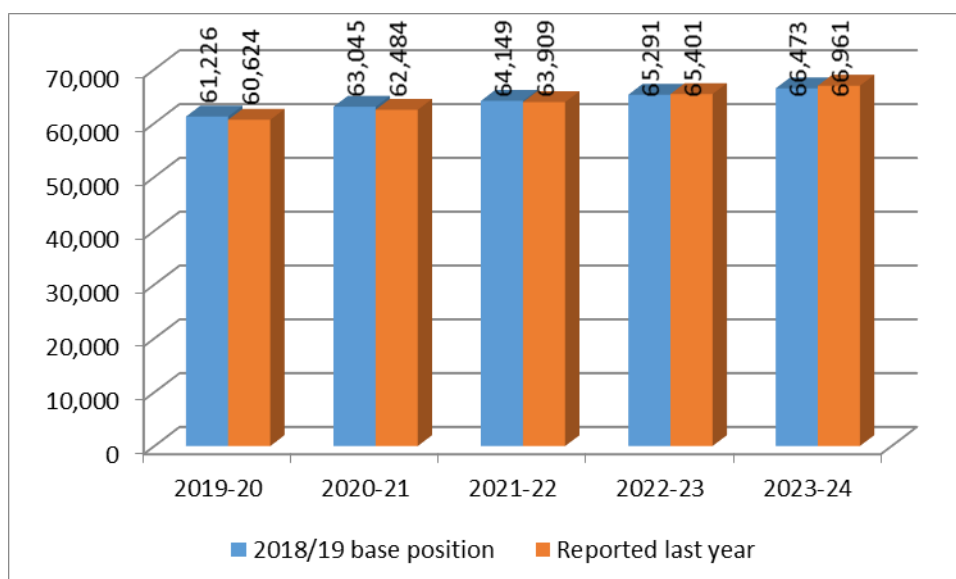
It should be noted that for boroughs the MRF recharge/Levy will replace (and be less than) the costs they are currently incurring directly and it would be the borough accounts that would see savings from the project.

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

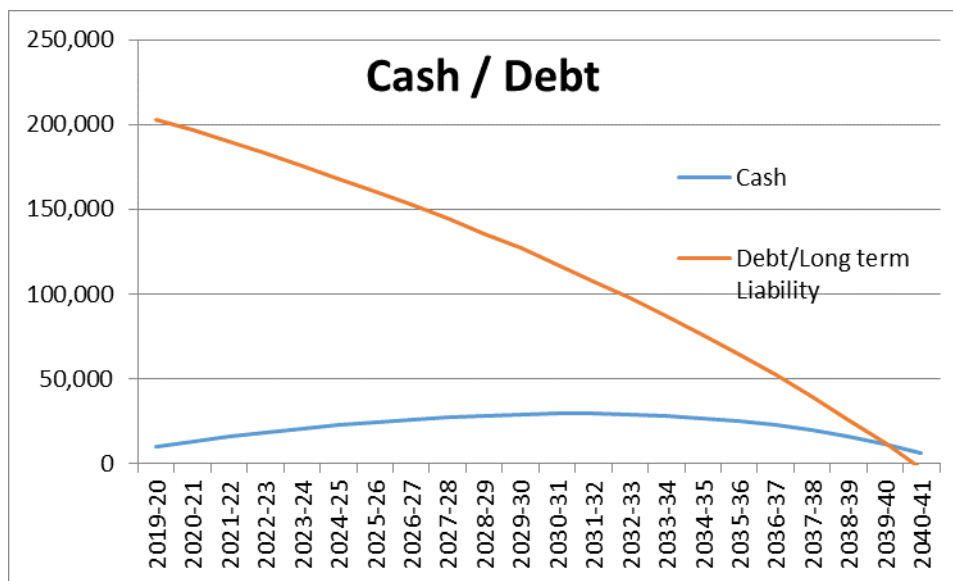


The table above shows an average growth in levies of 2.1% per year over the next 5 years. Boroughs may want to consider using this as an estimate of the increase in the WLWA levies within their medium term financial plans.

The chart below shows how the current medium term plan compares to the plan reported last year and this shows a consistent picture.



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



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

Details of the income and expenditure, balance sheet and cashflow over the life of the plan, which are used to produce these charts can be found in Appendix 1.

4. Sensitivity Analysis

Changing the assumptions (sensitivity analysis) within the model allows us to see how the costs (and so levies) change and in doing so, understand the relative impact of key assumptions. This is an important element of long term financial planning and provides an understanding of long term risks and an appreciation of the business's financial capacity to take on strategic opportunities should they arise.

The table below shows the impact of changing tonnage assumptions and highlights that if residual waste can be reduced, this would have significant benefits in terms of overall costs and the levy.

Residual tonnage growth assumption with underlying price inflation static at 3%	Average annual growth in overall costs / levy
Reducing residual tonnage to a 2% fall	-0.5%
Reducing residual tonnage to a 1% fall	0.5%
Reducing residual tonnage to a 0.5% fall	1.0%
No change in residual tonnage	1.5%
Base position residual tonnage growth of 0.5%	2.0%
Increasing residual tonnage growth to 1.0% pa	2.5%
Increasing residual tonnage growth to 2.0% pa	3.6%
Increasing residual tonnage growth to 3.0% pa	4.6%
Increasing residual tonnage growth to 5.0% pa	6.7%

Pricing and cost inflation also have an impact on overall costs / levies and the following table illustrates how the key output, total levies/costs, will change as the pricing inflation assumption is changed.

Pricing inflation assumption with underlying tonnage growth static at 0.5%	Average annual growth in levies/costs
Reducing long term RPIX to 1.0%	0.7%
Reducing long term RPIX to 2.0%	1.3%
Reducing long term RPIX to 3.0%	2.0%
Base position of RPIX at 4.0%	2.8%
Increasing long term RPIX to 5.0%	3.6%
Increasing long term RPIX to 6.0%	4.4%

This sensitivity analysis indicates that even with the very pessimistic 6.0% RPIX scenario above for pricing inflation the annual growth in overall costs and levy would be dampened to 4.4% per year. Similarly if the Bank of England's long term inflation target of 2.0% is assumed then growth in costs / levies would be dampened to 1.3% per year.

From the sensitivity analysis above the assumption that has the largest impact on the overall financial picture is the change in residual waste tonnage over time. The Authority is also effected by pricing inflation but is well protected because of the dampening effect of the PPP contract.

This emphasises the importance of boroughs managing tonnage volumes as the key driver of future cost and levy growth.

5. Summary

Managing the growth of residual waste tonnages will be the driving factor for long term costs and levies. However, under current plans and building on the 2019/20 budget, the medium term financial position is strong.

- The effects of pricing inflation are significantly dampened as a result of the PPP contract
- over the long term overall costs/levies rise by an average of 2.0% pa despite an underlying growth of 3.5% used in base assumptions
- The Authority will be debt free at the end of the plan and healthy cash balances are maintained throughout the term of the financial plan to mitigate any liquidity risk

6. Financial Implications – These are detailed in the report.

7. 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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Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
BUDGET MONITORING FORMAT													
PAYT													
WTD	39,509	41,123	42,128	43,173	44,260	45,391	46,567	47,790	49,062	50,386	51,763	53,197	54,688
MRF - WTD	0	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957	2,016	2,076	2,138	2,203
Premises costs	1,292	1,331	1,371	1,412	1,454	1,498	1,543	1,589	1,637	1,686	1,736	1,788	1,842
Depreciation	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,818
Financing	4,200	4,049	3,946	3,837	3,722	3,599	3,468	3,330	3,182	3,024	2,856	2,677	2,486
Concession accounting adjustment	-3,629	-3,699	-3,772	-3,851	-3,934	-4,017	-4,117	-4,216	-4,322	-4,435	-4,555	-4,682	-4,817
MRF recharge/Levy	0	-1,591	-1,639	-1,688	-1,739	-1,791	-1,845	-1,900	-1,957	-2,016	-2,076	-2,138	-2,203
PAYT Levy	-48,190	-49,622	-50,491	-51,390	-52,320	-53,288	-54,279	-55,310	-56,376	-57,479	-58,619	-59,798	-61,017
Surplus/Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0
FCL													
WTD	7,106	5,805	5,938	6,077	6,222	6,373	6,531	6,695	6,867	7,047	7,234	7,429	7,633
Employee costs	2,031	2,092	2,155	2,219	2,286	2,354	2,425	2,498	2,573	2,650	2,729	2,811	2,896
Premises costs	1,394	1,436	1,479	1,523	1,569	1,616	1,665	1,714	1,766	1,819	1,873	1,930	1,988
Supplies & services costs	992	1,022	1,052	1,084	1,117	1,150	1,184	1,220	1,257	1,294	1,333	1,373	1,414
Depreciation	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
Financing	1,459	1,468	1,431	1,392	1,353	1,312	1,269	1,225	1,179	1,131	1,081	1,028	974
Concession accounting adjustment	-586	-597	-609	-622	-635	-649	-665	-681	-698	-716	-736	-756	-778
Statutory provision for debt repayment	862	886	911	937	963	990	1,018	1,047	1,076	1,107	1,138	1,170	1,203
Trade & Other income	-1,516	-1,561	-1,608	-1,657	-1,706	-1,757	-1,810	-1,864	-1,920	-1,978	-2,037	-2,098	-2,161
Agency Income	-373	-384	-396	-408	-420	-432	-445	-459	-473	-487	-501	-516	-532
FCL Levy	-13,036	-11,832	-12,019	-12,213	-12,415	-12,624	-12,839	-13,062	-13,293	-13,533	-13,781	-14,038	-14,303
Surplus/Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Surplus/Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0

I&E STATUTORY FORMAT													
Employee costs	2,031	2,092	2,155	2,219	2,286	2,354	2,425	2,498	2,573	2,650	2,729	2,811	2,896
Premises costs	2,686	2,767	2,850	2,935	3,023	3,114	3,207	3,303	3,403	3,505	3,610	3,718	3,830
WTD	38,565	40,364	41,442	42,566	43,737	44,963	46,228	47,552	48,933	50,371	51,871	53,433	55,062
Supplies & services costs	992	1,022	1,052	1,084	1,117	1,150	1,184	1,220	1,257	1,294	1,333	1,373	1,414
Depreciation cost	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485	8,485
Financing cost	9,494	9,376	9,258	9,129	8,989	8,836	8,670	8,490	8,293	8,080	7,849	7,598	7,327
Trade & Other income	-1,516	-1,561	-1,608	-1,657	-1,706	-1,757	-1,810	-1,864	-1,920	-1,978	-2,037	-2,098	-2,161
Agency Income	-373	-384	-396	-408	-420	-432	-445	-459	-473	-487	-501	-516	-532
Levy Total	-61,226	-63,045	-64,149	-65,291	-66,473	-67,703	-68,963	-70,272	-71,627	-73,028	-74,476	-75,974	-77,523
Surplus/Deficit	-862	-886	-911	-937	-963	-990	-1,018	-1,047	-1,076	-1,107	-1,138	-1,170	-1,203

2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s

56,240	57,856	59,538	61,289	63,113	65,011	66,989	69,049	71,194
2,269	2,337	2,407	2,479	2,553	2,630	2,709	2,790	2,874
1,897	1,954	2,013	2,073	2,135	2,200	2,266	2,333	2,404
6,818	6,818	6,818	6,818	6,818	6,818	6,818	6,301	6,301
2,282	2,064	1,831	1,583	1,316	1,032	727	412	65
-4,960	-5,113	-5,275	-5,448	-5,631	-5,826	-6,033	-6,253	-6,488
-2,269	-2,337	-2,407	-2,479	-2,553	-2,630	-2,709	-2,790	-2,874
-62,277	-63,580	-64,925	-66,316	-67,752	-69,235	-70,766	-71,841	-73,476

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7,847	8,069	8,302	8,544	8,798	9,063	9,340	9,629	9,931
2,983	3,072	3,164	3,259	3,357	3,458	3,561	3,668	3,778
2,047	2,109	2,172	2,237	2,304	2,373	2,444	2,518	2,593
1,457	1,500	1,546	1,592	1,640	1,689	1,739	1,792	1,845
1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,541	1,541
916	857	794	728	658	585	508	416	331
-801	-826	-852	-880	-910	-941	-974	-1,010	-1,048
1,237	1,272	1,307	1,344	1,382	1,421	1,461	1,503	1,545
-2,226	-2,293	-2,362	-2,433	-2,506	-2,581	-2,658	-2,738	-2,820
-548	-564	-581	-599	-617	-635	-654	-674	-694
-14,578	-14,862	-15,156	-15,460	-15,774	-16,099	-16,434	-16,644	-17,002

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2,983	3,072	3,164	3,259	3,357	3,458	3,561	3,668	3,778
3,944	4,063	4,185	4,310	4,440	4,573	4,710	4,851	4,997
56,760	58,531	60,376	62,301	64,308	66,400	68,583	70,860	73,235
1,457	1,500	1,546	1,592	1,640	1,689	1,739	1,792	1,845
8,485	8,485	8,485	8,485	8,485	8,485	8,485	7,842	7,842
7,032	6,713	6,368	5,995	5,591	5,154	4,682	4,172	3,624
-2,226	-2,293	-2,362	-2,433	-2,506	-2,581	-2,658	-2,738	-2,820
-548	-564	-581	-599	-617	-635	-654	-674	-694
-79,124	-80,779	-82,488	-84,255	-86,079	-87,964	-89,910	-91,275	-93,352
-1,237	-1,272	-1,307	-1,344	-1,382	-1,421	-1,461	-1,503	-1,545

Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
BALANCE SHEET													
Fixed Assets	226,659	218,174	209,689	201,204	192,719	184,234	175,749	167,264	158,779	150,293	141,808	133,323	124,838
Cash	10,071	12,968	15,680	18,192	20,491	22,569	24,396	25,962	27,248	28,235	28,901	29,223	29,177
Debtors	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744
Creditors	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227
Long term borrowing	-90,513	-88,336	-86,033	-83,596	-81,017	-78,286	-75,392	-72,323	-69,069	-65,615	-61,948	-58,053	-53,915
Other long term liabilities	-112,373	-108,077	-103,695	-99,222	-94,652	-89,986	-85,205	-80,307	-75,287	-70,135	-64,845	-59,407	-53,812
Pension fund liability	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853
Net assets	22,508	23,394	24,305	25,241	26,204	27,194	28,212	29,259	30,335	31,442	32,580	33,749	34,952
Usable reserves	19,656	20,542	21,453	22,389	23,352	24,342	25,360	26,407	27,483	28,590	29,728	30,897	32,100
Unusable reserves	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852
Total reserves	22,508	23,394	24,305	25,241	26,204	27,194	28,212	29,259	30,335	31,442	32,580	33,749	34,952

CASHFLOW													
Cash inflows													
Loan drawdowns	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade & Other income	-1,516	-1,561	-1,608	-1,657	-1,706	-1,757	-1,810	-1,864	-1,920	-1,978	-2,037	-2,098	-2,161
Agency Income	-373	-384	-396	-408	-420	-432	-445	-459	-473	-487	-501	-516	-532
Levy Total	-61,226	-61,454	-62,510	-63,603	-64,735	-65,912	-67,118	-68,372	-69,670	-71,012	-72,400	-73,836	-75,321
Inflow	-63,115	-63,400	-64,514	-65,667	-66,861	-68,102	-69,373	-70,695	-72,063	-73,477	-74,939	-76,451	-78,014
Cash outflows													
Employee costs	2,031	2,092	2,155	2,219	2,286	2,354	2,425	2,498	2,573	2,650	2,729	2,811	2,896
Premises costs	2,686	2,767	2,850	2,935	3,023	3,114	3,207	3,303	3,403	3,505	3,610	3,718	3,830
WTD - PAYT costs	46,615	46,928	48,066	49,250	50,482	51,764	53,097	54,485	55,929	57,433	58,997	60,626	62,322
Supplies & services costs	992	1,022	1,052	1,084	1,117	1,150	1,184	1,220	1,257	1,294	1,333	1,373	1,414
Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing cost	5,659	5,517	5,377	5,230	5,075	4,911	4,738	4,554	4,360	4,155	3,937	3,705	3,460
Loan repayments	2,061	2,178	2,303	2,436	2,579	2,731	2,894	3,068	3,255	3,454	3,667	3,895	4,139
Outflow	60,044	60,503	61,803	63,155	64,561	66,024	67,546	69,129	70,776	72,490	74,273	76,129	78,060
Net cash (inflow)/outflow	-3,071	-2,897	-2,711	-2,512	-2,299	-2,078	-1,827	-1,566	-1,286	-987	-666	-322	46
Cash b/f	7,000	10,071	12,968	15,680	18,192	20,491	22,569	24,396	25,962	27,248	28,235	28,901	29,223
Cash c/f	10,071	12,968	15,680	18,192	20,491	22,569	24,396	25,962	27,248	28,235	28,901	29,223	29,177

2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s

116,353	107,868	99,383	90,898	82,413	73,928	65,443	57,601	49,760
28,737	27,874	26,559	24,759	22,440	19,563	16,090	11,335	5,894
5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744	5,744
-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227	-9,227
-49,514	-44,834	-39,854	-34,552	-28,906	-22,890	-16,478	-9,642	-2,350
-48,051	-42,112	-35,984	-29,657	-23,116	-16,349	-9,342	-2,078	5,457
-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853	-7,853
36,189	37,461	38,768	40,113	41,495	42,916	44,377	45,880	47,425
33,337	34,609	35,916	37,261	38,643	40,064	41,525	43,028	44,573
2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852	2,852
36,189	37,461	38,768	40,113	41,495	42,916	44,377	45,880	47,425

0	0	0	0	0	0	0	0	0
-2,226	-2,293	-2,362	-2,433	-2,506	-2,581	-2,658	-2,738	-2,820
-548	-564	-581	-599	-617	-635	-654	-674	-694
-76,855	-78,442	-80,081	-81,776	-83,526	-85,334	-87,201	-88,485	-90,478
-79,629	-81,299	-83,024	-84,807	-86,648	-88,550	-90,513	-91,897	-93,992
2,983	3,072	3,164	3,259	3,357	3,458	3,561	3,668	3,778
3,944	4,063	4,185	4,310	4,440	4,573	4,710	4,851	4,997
64,087	65,925	67,840	69,834	71,911	74,074	76,328	78,677	81,125
1,457	1,500	1,546	1,592	1,640	1,689	1,739	1,792	1,845
0	0	0	0	0	0	0	0	0
3,199	2,921	2,625	2,310	1,975	1,617	1,235	828	396
4,400	4,680	4,980	5,302	5,646	6,016	6,412	6,837	7,292
80,070	82,162	84,340	86,607	88,968	91,426	93,986	96,653	99,434
440	863	1,315	1,800	2,319	2,876	3,473	4,756	5,441
29,177	28,737	27,874	26,559	24,759	22,440	19,563	16,090	11,335
28,737	27,874	26,559	24,759	22,440	19,563	16,090	11,335	5,894

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 (HRRC) in Brent in line with the Authority's values of leadership, efficiency, partnership and good communications.
- 2. Food waste and green waste** – The contracts operated by BioCollectors, West London Composting and CountryStyle continue to deliver the level of service expected.
- 3. Transport** – The service provided by J Shorten & Sons to transport general waste from the HRRC's to the waste transfer stations (WTS) continues to be excellent. It was reported at the last meeting that the contract for transporting waste and recycling in roll on roll off vehicles was being delivered by a sub-contractor on Suez's behalf, since October Suez have been delivering this service themselves.
- 4. Out of Hours services** – The amount of waste being delivered between 16.30 and 21.00 at the WTS has increased significantly over the past couple of years. The volumes had been impacting on daily operations so the Authority has negotiated a change and at the beginning of October these wastes began to be delivered to a new location in Hayes. At the same time weekend opening of the WTS moved from Transport Avenue to Victoria Road. These changes back to the original weekend opening have resulted in lower bulky waste levels at Transport Avenue and shorter waits for articulated vehicles tipping HRRC waste.
- 5. Twyford WTS and HRRC** – The recycling rate (in accordance with the National Indicator 192 definition) for the HRRC for the year to date (October 2018) is 38%. This is 1% less than the same period in 2017/18. The HRRC has a recovery rate of 62%, in 2017/18 the recovery rate was 64%. However, residual waste has reduced by 8%.
- 6.** A review of the trade waste income for the first 6 months of 2017/18 and 2018/19 has shown that the trade waste price reduction that was approved for this financial year has been successful. There has been an increase in ad-hoc trade waste customers resulting in a 55% increase in tonnage and 32% increase in income. There has also been a 61% increase in clean separated cardboard delivered to site.
- 7.** The best practice procedures for duty of care have been in place since 1st October with all deliveries of waste accompanied by a waste transfer note and more regular checks of waste carriers licenses in place. This change has also been made at the HRRC's in Ealing and Richmond-upon-Thames.

8. Customers at the site will also have noticed a number of other changes to the site including new footpaths running from the site gate to the trade waste area, the meet and greet cabin is now in a more convenient location and there are 2 lanes of entry to help non-paying HRRC customers access the site more quickly and not queue behind vehicles needing to be weighed on entry.
9. A small fire occurred on site on Saturday 27 October. The staff on site dealt with the 6 mattresses on fire quickly and efficiently using the knowledge gained on their fire awareness and fire warden training without the need to call the fire brigade. The fire was reported to the Environment Agency as per permit rules and there was no disruption to the site users.
10. **West London HRRC's** – Further research is being undertaken for models of service delivery that will deliver savings across west London. All boroughs have been encouraged to put forward ideas.
11. Officers will also be looking at the data for waste sent for disposal, recycling and re-use at all the HRRC's to produce comparative recycling and disposal rates for all sites in west London to help ensure best value and identify potential efficiencies.
12. **Health and Safety** – On 12 November 2018 the quarterly Health and Safety meeting was held at the Abbey Road WTS with WLWA H&S adviser from Hounslow, the Site Manager currently seconded from Suez, WLWA Operations Manager and 2 staff representatives. Appendix 1 shows the progress made against the actions agreed in WLWA's annual health and safety action plan. Good progress is being made.
13. **Risk** – There are no risks associated with this report.
14. **Financial Implications** – There are no risks associated with this report.
15. **Staffing implications** – There are no staffing implications associated with this report.
16. **Health and Safety Implications** – There are no health and safety implications associated with this report.
17. **Legal implications** - There are no legal issues arising from this report.
18. **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 sarahellis@westlondonwaste.gov.uk	01895 545517

	Emma Beal, Managing Director	01895 545515
	emmabeal@westlondonwaste.gov.uk	

Appendix 1 - Health and Safety Action Plan 2018/19 quarter 2 update

Ref	Action	Responsible person(s)	Target timescale	Status	Update
1	Review all H&S policies including the main policy statement and intent document.	Senior Contracts Manager	March 2019	Green	On schedule.
2	Develop a procedure for ensuring all staff are aware of current policies, consulted on policy changes and made aware of any agreed and implemented changes.	Senior Contracts Manager	March 2019	Green	On schedule.
3	Introduce H&S checks to the procedure vetting new suppliers, where appropriate	Head of Finance and Performance	March 2019	Green	On schedule.
4	Development of detailed H&S systems for the new office location	Head of Finance and Performance	March 2019	Green	Certificates have been received following the refurbishment to confirm there is no asbestos on site and the electrical periodic testing is up to date. A contractor has been engaged, and a fire risk assessment has been completed, workstation risk assessment is planned and PAT is current.
5	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	On schedule.
6	Complete the works to repair the fire damage at the Abbey Road waste transfer station and implement all fire risk assessment recommendations.	Site Manager	March 2019	Green	Schedules of works have been received and officers are currently seeking quotes for the work.
7	Develop a new emergency plan for the Abbey Road site	Site Manager	July 2018	Green	The emergency plan includes actions for fire, medical emergencies and environmental incidences. A new filing system is in place and these link in with the new risk assessments and safe working procedures.
8	Encourage shared best practice between all the HRRC and WTS	Operations Manager	March 2019	Green	Work is ongoing.

On-going/regular items

Ref	Item	Responsible person(s)	Status	Update
A	Deliver training as per the training matrix	Line Managers	Green	WTS - Two staff have completed first aid courses with another due to complete a refresher in September. Fire awareness, IOSH Managing Safely, reversing safety and manual handling training were all completed within the last 12 months.
B	Risk assessment reviews	All Supervisors and Managers	Green	Almost 40 risk assessments have been updated in 2018 and are now in use on the site. These are working documents and will be updated as often as necessary.
C	Health surveillance	Head of Finance and Performance	Green	Scheduled for quarter 4.
D	Drug and alcohol testing	Head of Finance and Performance	Green	Random date within the year to be chosen.
E	Driving licence testing	Head of Finance and Performance	Green	Scheduled for quarter 4.
43	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	Site Manager	Green	A number of items have been addressed so far this year: <ul style="list-style-type: none"> ▪ New footpaths have been created from the site gate to the third weighbridge area ▪ A new fuel bowser is in use ▪ A new fire hose has been installed
H	Routine testing This includes: <ul style="list-style-type: none"> ▪ Legionella testing every 3 months ▪ Dust monitoring as appropriate ▪ Vibration testing as appropriate ▪ Lifting Operations Lifting Equipment Regulation (LOLER) testing ▪ Fire equipment 	Site Manager	Green	Testing is following the schedule as planned.
I	Site inspections	Site Manager	Green	A new site inspection sheet is now in place with daily, weekly and monthly checks.

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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; and*
- 2) *Approve the direction of travel for Twyford HRRC and waste transfer station.*

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 Energy Recovery Ltd contract** - SUEZ has started the process of ordering and installing £3m worth of onsite fire suppression and fighting systems for both Transport Avenue and Victoria Road and is exploring improved fire detection technologies. Since the Authority meeting on the 21st September, SUEZ has successfully re-opened the bulky waste building as planned on 24th September following the fire on the 26th June. Following the annual maintenance shutdown in July when the stacks were refurbished SERC has continued to see the operational efficiency of the plant improve and is now regularly operating at 98% efficiency. This is also combined with SERC operating uninterrupted for a record 93 days without any downtime due to blockages.
3. **Procurement Plan** - In accordance with the 2018/19 procurement plan the Authority will be going to market to investigate the best options for mattress recycling, abandoned vehicle disposal and a joint MRF contract. Further updates will be provided at the January 2019 Authority meeting.
4. **Mattress Treatment and Recycling** - The Authority last procured mattresses in the autumn of 2014, with the existing four-year contract with Matt UK due to expire on the 31st March 2019. Over the length of this contract the number of mattresses collected by boroughs has increased from 80,000 to 120,000 mattresses per annum, the upward trend is set to continue. The last mattress treatment and recycling procurement highlighted that market was still in its infancy and that technologies and suppliers were limited. As a result, the cost per tonne for treating and recycling mattresses is higher than residual waste landfill and treatment. Both Borough Officers and Members were asked if they wanted to pay the additional costs of recycling mattresses. There was a unanimous vote of support for the contract. Officers have started soft market testing, early indications show that market has not improved.
5. **Abandoned Vehicle Collection Storage and Disposal** - Since November 2015 abandoned vehicles have been collected, stored and disposed of by the Authority. It is now time to re-tender this service and the Authority will be procuring the service on behalf of all the boroughs. Procurement will commence in quarter 4.
6. **MRF Procurement Update** – Officers have identified a lack of MRF capacity in West London which results in constituent Boroughs paying additional haulage costs to existing MRFs. Additionally, government consultation is expected which will change the commercial arrangements for packaging materials collected by Boroughs. The Authority and its constituent Boroughs have an

opportunity to create a joint procurement to create new MRF capacity over the longer term and to create a strong negotiating position in the market. Soft market testing and visits to the joint procurements by the Cambridgeshire & Peterborough Recycling Partnership and the Suffolk Waste Partnership have taken place. The information needed for a joint procurement has been collated, land searches have started and procurement documents are being prepared; subject to approval within the individual Boroughs participating in the project.

7. Officers sent formal notification of procurement (108 days) on the 28th September 2018 as required under Section 358 of the Greater London Authority Act 1999 as amended by Section 39 of the Greater London Authority Act 2007. Officers are aiming to issue the OJEU notice before the end of March 2019.

8. **Twyford HRRC and WTS** - As Members are aware, over the last two years Officers have been modernising, updating and improving the operations at Authority's Twyford Waste Transfer Station and Household Reuse and Recycling Centre Abbey Road, Brent. This has involved two on site management restructures, implementing improved Health and Safety and Environmental management and improving the waste diversion and recycling performance of the HRRC and waste transfer station. These work streams have resulted in an overall improvement in the site, improved environmental performance and improved health and safety standards. Since July 2018 a Site Manager has been seconded from SUEZ, bringing additional support in management, compliance and health and safety. This Site Manager secondment has benefited the staff and customers through sharing knowledge and experience of existing SUEZ policies and procedures and lessons learned operating more than 100 similar sites across the UK. It is also more in line with the wider management structure which, since the signing of the Residual Waste Service contract in November 2013, is a contracting Authority.

9. Officers are negotiating with Suez to formalise these arrangements to further modernise the working practices on site, generate greater revenue returns and increase efficiency. In the longer term Officers are working towards a harmonised HRRC service across west London. A further update will be provided at the January 2019 Authority meeting.

10. Risk

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

11. Financial Implications

There are no financial issues arising from this report

12. Staffing Implications

There are no direct staffing issues arising from this report.

13. Health and Safety Implications

None

14. Legal Implications

None

15. Joint Waste Management Strategy Implication

The contracts mentioned in this report meet the Authority's Joint Waste Management Strategy polices 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.

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Waste Minimisation Update

SUMMARY

This report provides an update on the Authority's Waste Minimisation activities.

RECOMMENDATION(S)

The Authority is asked to:

Note the information within this report.

1. **Introduction** – The Waste Minimisation Team delivers the campaigns which focus on minimising the seven key waste streams of food, textiles, waste electrical and electronic equipment, nappies, bulky household waste, plastics and dry mixed recycling. The team is also responsible for the Authority's website, intranet, social media, and media communications.

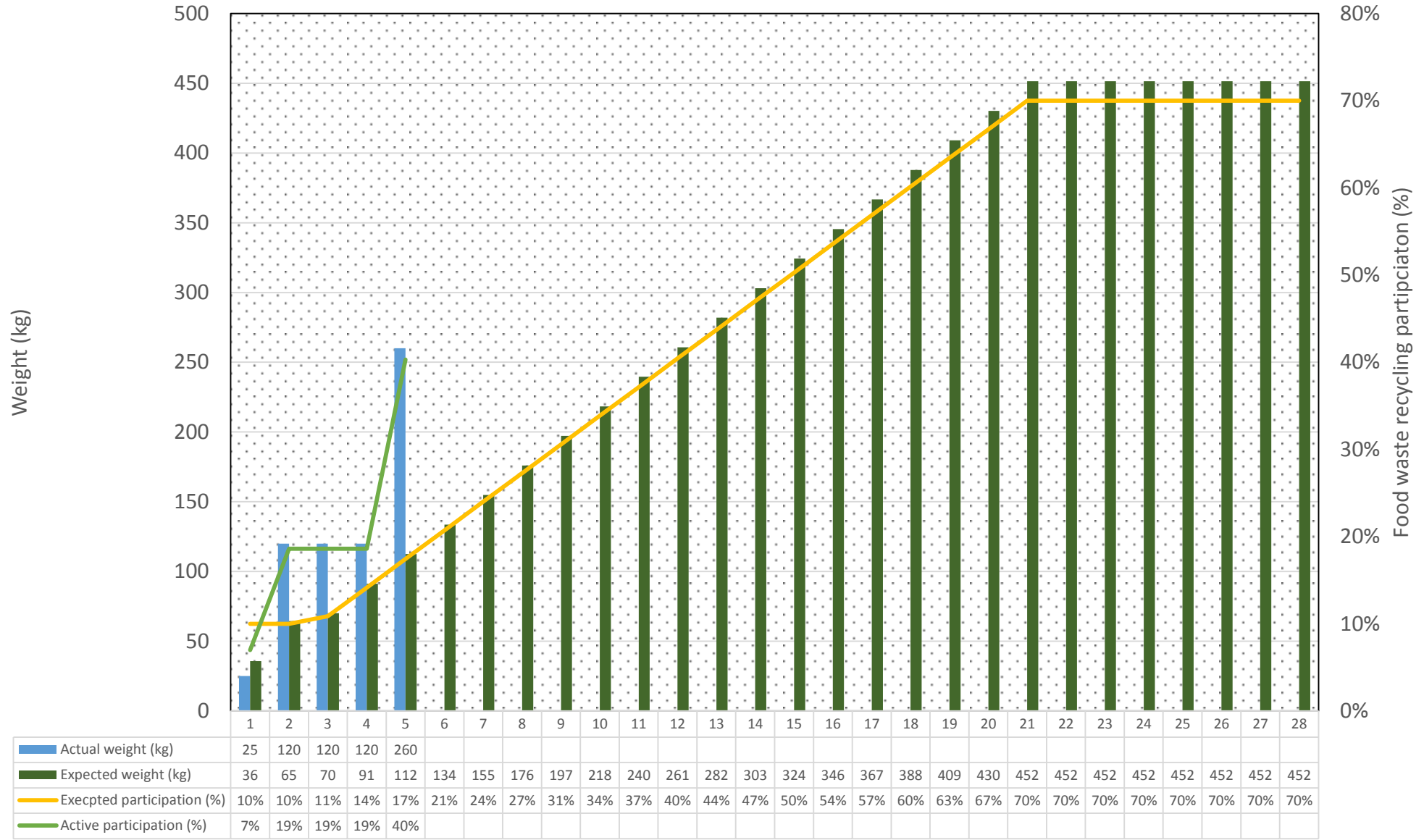
2. **Key waste streams**

2.1. **Food Waste**

2.1.1. 516 flats across seven sites in Richmond began a trial for food waste recycling collection for flats on the 20th of October. Working with managing agents of the sites, the Waste Minimisation team delivered letters, leaflets, caddy liners, indoor caddies and communal bins to residents around the Twickenham, Mortlake and Kew areas of the borough.

Collections have totalled 645kg during the first five collection weeks with minimal to no contamination. Excluding first week's collection due to partial receipt of food waste recycling bins, average weekly tonnage to date currently stands at 155kg or approximately 24% participation rate based upon the expected yield of 1.25kg of food waste per (flatted) household per week. To boost the participation, the team will carry out further doorstepping, leafleting, distribution of liners, and various engagement activities in January 2019.

Food waste collected from pilot project for 516 flats in Richmond



48

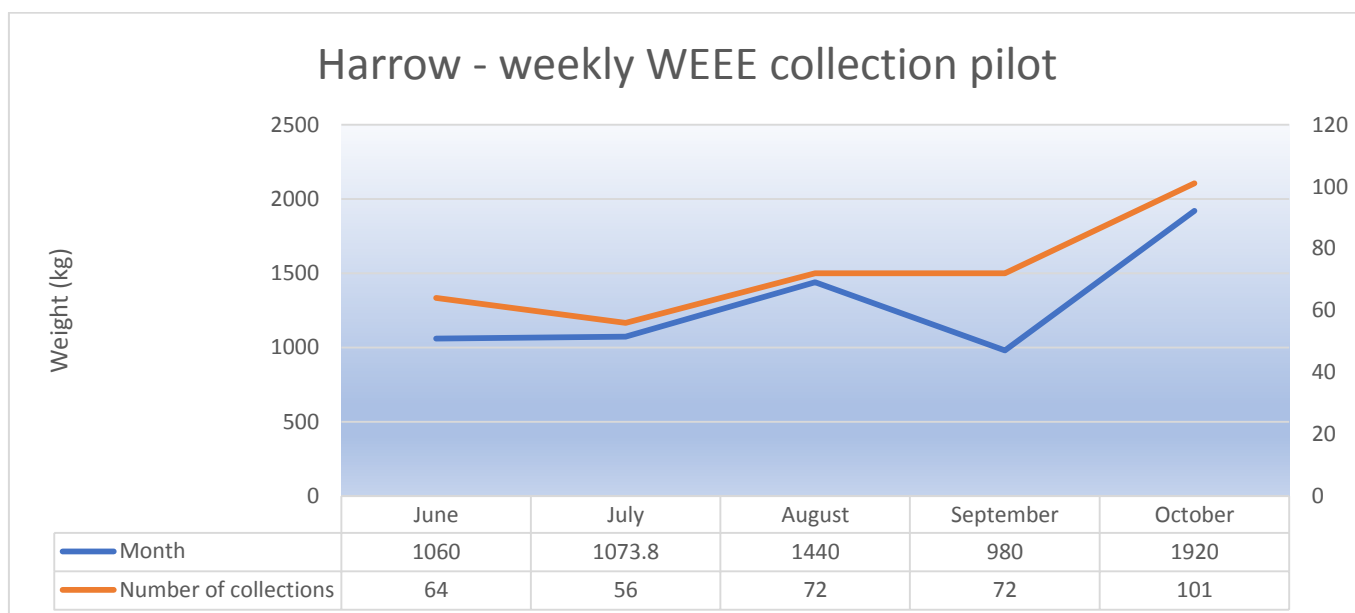
Collection week (from 20/10/2018 to 27/04/2019)

**Note that expected weight is set to 1.25kg per participating flat. For kerbside properties, it is 3-5kg of food waste anticipated for each property on high performing rounds, 2kg for properties on moderate performing rounds.*

2.1.2. The business case for recycling food waste at schools is being developed. The team connected with each borough's recycling team and scoped out approximately 541 schools across constituent boroughs which can benefit from the introduction of the food waste recycling service. Lessons learned have been captured from commercial food waste collectors and the Islington and Park Royal projects. Should 60% of the schools actively participate, this could divert approximately 6,551 tonnes of food waste from the residual stream over five years.

2.2. WEEE

2.2.1. A new kerbside WEEE collection trial covering 11,000 properties in Harrow, funded by DEFRA commenced in June 2018. The pilot will run for six months, till the end of November 2018 to encourage capture of hoarded electrical items which could end up in the general residual stream. Each property was provided with a branded reusable bag for collection with eligibility of one free collection across the whole duration of the project. Currently the project is achieving 4% of anticipated participation and tonnage, which may be caused by people waiting until the end of the trial period. To mitigate this, further intervention including leafleting during the week of the 27th of August, application of bin stickers and door-stepping (commencing during the week of 9th of September) and weekly paid social media promotion resulted in a doubling in monthly collected tonnage in October. 73% of residents contacted stated they intend on using the service.

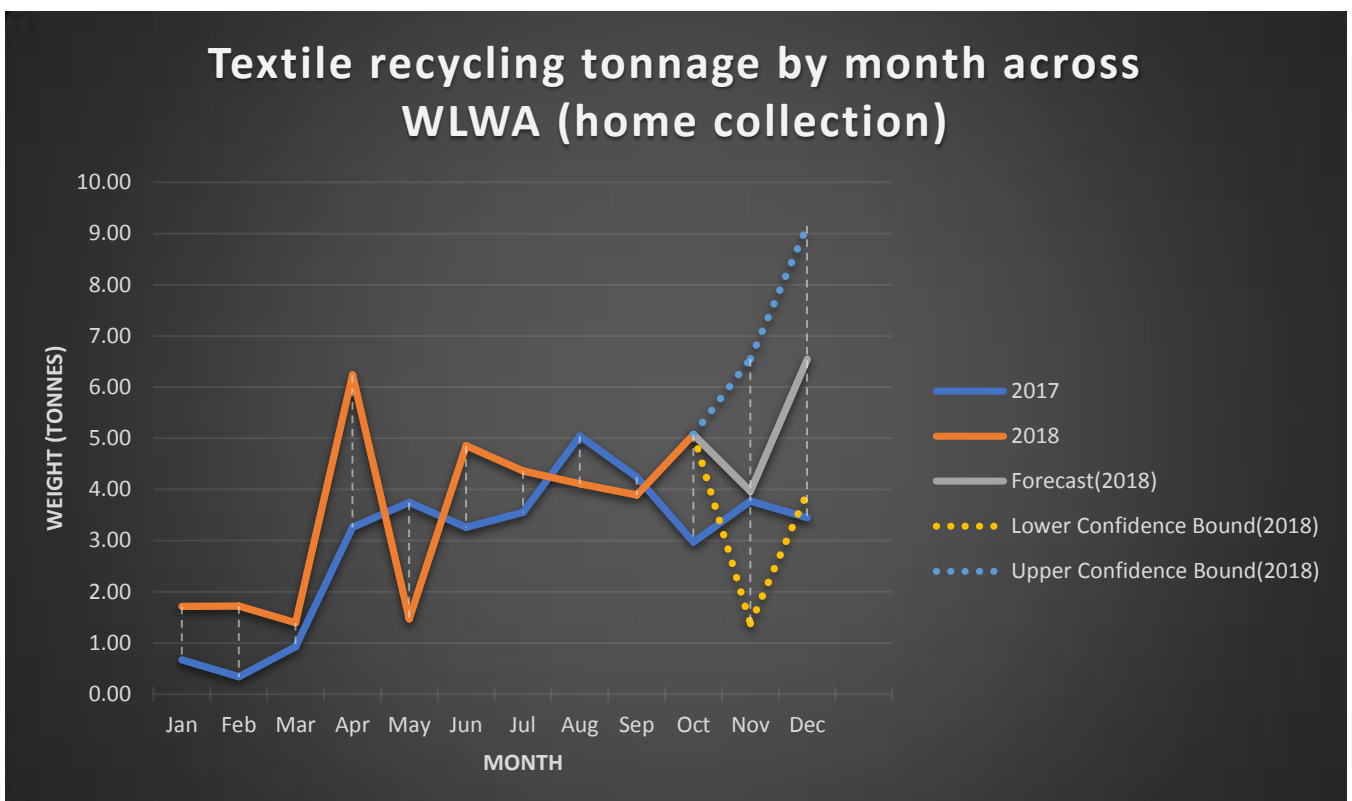
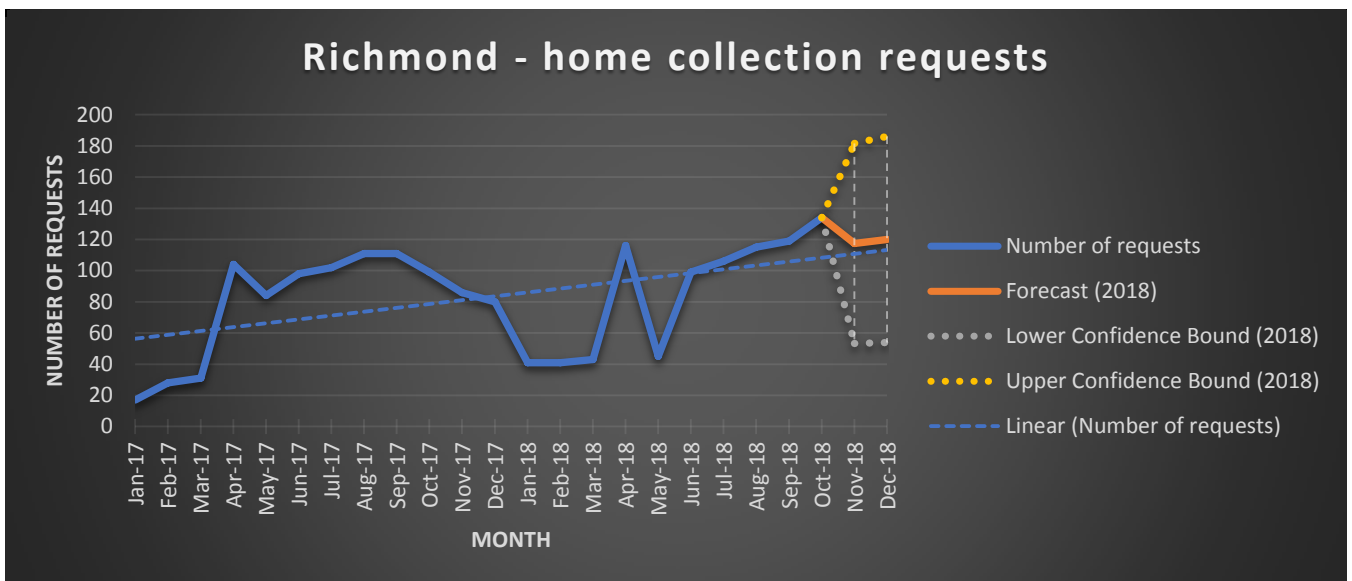


2.2.2. The new year WEEE collections are planned for core venues including Tricycle Theatre, Richmond Civic Centre, Gayton Library and Chiswick Library confirmed. The collections will consist of an information stand and a WEEE drop-off/recycling point.

2.3. Textiles

2.3.1. In November 2017, WLWA and constituent Boroughs agreed WLWA should take a lead role on the relationship with textile recyclers in West London to turn around the reducing the amount of textiles diverted from residual waste. Textile banks were being removed across the area and the cheap, fast fashion movement was resulting in increased disposal.

2.3.1.1. Since July 2018 we have been promoting and Traid has been delivering an on request, door-to-door textile collection service in Richmond. The home-collection arrangement is proving a steady growth at approximately one tonne per month boosted through local events.



2.3.1.2. New projects are being discussed with LMB and Salvation Army. A trial for door to door kerbside collection and smaller textile banks in Brent is planned for early summer 2019. A pilot is also planned to install five textile collection points in Hounslow to maximise local textile tonnage and to test anti-social prevention measures. An average bank collects approximately 3-5 tonnes per annum, therefore the anticipated the pilot will yield approximately 15 tonnes per annum.

- 2.3.1.3. We are providing community groups with equipment, training and the opportunity to lead and run their own textile events. We lent swishing equipment to Collis Primary School and a local church which had 500 attendees with approximately 870kg of textiles diverted. The team will also be assisting and lending equipment to a charity based in Kensal, Brent in November to run their own event.
- 2.3.1.4. To date, two textile repair events and three swishes (Uxbridge and West Ealing) have been delivered in Brent and Richmond. Local organisations partnered on this event include Cycle Confident, Richmond MakerLab and Transition Town Kensal to Kilburn/Kilburn Restarters.
- 2.3.1.5. A video promoting home collections for Brent and Richmond is being developed. Another video to promote the working partnership between WLWA, LMB and Arcadia and a competition for winning an upcycled wedding will commence filming in December 2018. The upcycled wedding dress campaign hopes to increase awareness of the free textile collection service and to boost the initial textile tonnage by 1.5 tonnes with two additional tonnes per year after that.
- 2.3.1.6. Arcadia and WLWA will work together up to deliver large-scale clothes swapping events in 2019 instead of running numerous small events. Swaps for next year are proposed to take place in June, September and February. Stakeholders currently arranged up for the swaps would yield approximately 11 million reach through various platforms.

2.4. Reusable Nappies

- 2.4.1. The reusable nappies scheme is seeing an average of 15 incoming requests per month in the last three months as opposed to six in previous months. The growth in requests mainly stem from increased public promotions which includes attending to nappuccino workshops and partnering up with NCT groups across Richmond, Hillingdon and Brent. We purchased nine additional kits to make the scheme more widely available to new parents. Instead of making individual drop-offs and pickups, the team is centralising all requests by making the kit available to two boroughs each month with pickups and drop-offs at pre-determined locations and dates.

2.5. General

- 2.5.1. The 2018 events season wrapped up with a series of fourteen library tours in October. The Waste Minimisation team hosted 45 events in 2018/2019 and engaged with 4,428 individuals at various events including swishes, library tours, school assemblies and repair cafes. Across the events, 1,141 recipe cards, 468 spaghetti measurers, 704 bag clips, 960 rolls of bin liners and 889 leaflets were distributed.

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