

West London Waste Authority

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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, Station Road, Harrow, HA1 2XY on Friday 25 January 2019 at 11.00 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 7 December 2018 **(Pages 3 - 6)**
4. 2019/20 Budget **(Pages 7 - 28)**
5. 2018/19 Budget Monitoring Report Period 8 (November) **(Pages 29 - 34)**
6. Treasury Management Update including 2019/20 Plan **(Pages 35 - 38)**
7. Joint Municipal Waste Management Strategy Development **(Pages 39 - 58)**

- 8. Operations Update *(Pages 59 - 60)*
- 9. Projects Update *(Pages 61 - 62)*
- 10. Contracts Update *(Pages 63 - 66)*
- 11. Waste Minimisation Update *(Pages 67 - 70)*
- 12. Any Other Urgent Business
- 13. 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>
14.	Contracts Update	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**

- 14. Contracts Update *(Pages 71 - 72)*

**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 7 December 2018 at 10.00 am at the Committee Room 5, Harrow Civic Centre.

**Present:**

Councillor Graham Henson (Chair)

Councillor Keith Burrows, Councillor Martin Elengorn, Councillor Guy Lambert and Councillor Krupa Sheth

**Apologies for Absence**

Councillor Mik Sabiers

**36. Apologies for absence**

Apologies for absence were received from Councillor Mik Sabiers.

**37. Declarations of interest**

**RESOLVED:** There were no declarations of interests.

**38. Minutes of the meeting held on 21 September 2018**

**RESOLVED:** That the minutes of the meeting held on 21 September 2018 be taken as read and signed as a correct record.

**39. Appointment of Chair of the Audit Committee**

**RESOLVED:** That Councillor Keith Burrows be appointed as Chair of the Audit Committee for the 2018/19 Municipal Year.

**40. Budget Monitoring Report Period 7 (October)**

Jay Patel, Head of Finance, introduced the report which provided an update on financial and operational matters.

**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 HRRC data verification exercise be noted.

**41. 2019/20 Budget**

Jay Patel, Head of Finance, introduced the report which set out the 2019/20 budget proposal for consultation with constituent boroughs.

Jay Patel outlined the content of the report and advised that, following consultation, the budget would be reported to the Authority for approval in January 2019. Members noted a correction to the table in paragraph 13.8 of the report in that the heading of the final column should read 'Growth tonnes'.

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

#### **42. Medium and Long Term Financial Plan**

Jay Patel, Head of Finance, introduced the report which provided the medium and long term financial plan for the Authority. He outlined the content of the report explaining that the purpose of this work was to demonstrate that the Authority was a going concern.

**RESOLVED:** That (1) the medium and long term financial position be noted;  
(2) the sensitivity analysis and impact of waste growth and inflation be noted.

#### **43. Operations Update**

Sarah Ellis, Operations Manager, introduced the report which provided an update on the Authority's operations. She drew Members' attention to the change in the Out of Hours Service advising that there had been no negative feedback from boroughs.

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

#### **44. Contracts Update**

Ken Lawson, Senior Contract Manager, introduced the report which provided an update on the Authority's various waste treatment arrangements and procurements. He advised that approval was being sought for the direction of travel in terms of SUEZ operating at Twyford Household Reuse and Recycling Centre (HRRC) and Waste Transfer Station.

**RESOLVED:** That (1) the report be noted;  
(2) the direction of travel for Twyford HRRC and Waste Transfer Station be approved.

#### **45. Waste Minimisation Update**

Emma Beal, Managing Director, introduced the report which provided an update on the Authority's Waste Minimisation activities.

Emma Beal outlined the content of the report and advised that:-

- food waste recycling was important in reducing gross tonnage and trials in relation to flats would be rolled out to other boroughs;
- in terms of WEEE, assuring residents of the safety of their data on the objects collected was key;

- the bags for the collection of WEEE from residents were large;
- the Authority was creating opportunities for recycling textiles across the boroughs and was building on the relationship with Traid, LMB and the Salvation Army. It was intended to offer multiple methods of recycling to reduce the risk of textiles being thrown in the bin;
- commercial rents were an issue for charities in London which had resulted in an inconsistent service in terms of reuse.

In discussing the report Members commented that

- paragraph 2.2.2 required amendment in that the theatre referred to was the Kiln, not Tricycle;
- existing recycling schemes should be promoted rather than introducing new ones;
- Promotional events in libraries tended to have a small attendance and it was suggested that consideration be given to holding such events in a supermarket.

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

#### 46. 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>
12.	Transfer Stations Purchase	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

#### 47. Transfer Stations Purchase

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

**RESOLVED:** That (1) the agreed positions in the Heads of Terms be noted;  
 (2) the risk positions accepted by the Authority be noted;  
 (3) the saving of £2.0 million in the price offered for the two sites detailed in the report be noted.

**The meeting finished at 10.56 am.**

The minute taker at this meeting was Alison Atherton.

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**2019/20 Budget**

**SUMMARY**

This report sets out the 2019/20 budget

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Approve the 2019/20 budget for consultation with boroughs
- 2) Approve the indicative Pay As You Throw (PAYT) rates in section 13 and resulting PAYT levy of £47.8 million
- 3) Approve the Fixed Cost Levy (FCL) of £13.0 million in section 14
- 4) Approve the recommended trade waste prices in section 15 and delegated authority to the Treasurer to change these in year should the need arise
- 5) Approve new proposed capital budgets in section 16
- 6) Approve 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 A draft budget was reported to the Authority in December and a subsequent change has been made following updated tonnage feedback from borough teams.

1.2 The report follows and has been updated to include

- The feedback from borough Finance Directors
- The latest 2018/19 year end forecast position
- A summary of the medium and long term plan also reported in the December Authority meeting

**2. Executive Summary**

2.1 The key message is that the costs and total levies (£60.8 million) proposed for 2019/20 are 1.6% 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.

	<b>2018-19 budget £ 000's</b>	<b>2018-19 forecast £ 000's</b>	<b>2019-20 budget £ 000's</b>	<b>Changes in budgets £ 000's</b>
<b>Costs</b>				
Waste Transport and Disposal	45,422	43,525	46,198	776
Depreciation	8,600	8,347	8,485	(115)
Financing Cost	5,566	5,131	5,659	93
Premises	2,571	3,878	2,686	115
Employees	1,923	1,932	2,031	108
Supplies and Services	977	1,053	992	15
Revenue Funding of Debt	684	225	862	178
Concession Accounting Adjustments	(4,065)	(4,139)	(4,215)	(150)
<b>Total costs</b>	<b>61,678</b>	<b>59,952</b>	<b>62,698</b>	<b>1,020</b>

<b>Income</b>				
PAYT Levy	47,636	47,551	47,774	(138)
FCL Charge	12,214	12,214	13,036	(822)
<b>Total Levies</b>	<b>59,850</b>	<b>59,765</b>	<b>60,810</b>	<b>(960)</b>
Other Income	1,828	2,055	1,888	(60)
<b>Total income</b>	<b>61,678</b>	<b>61,820</b>	<b>62,698</b>	<b>(1,020)</b>

<b>Total (surplus)/deficit</b>	<b>0</b>	<b>(1,868)</b>	<b>0</b>	<b>0</b>
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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 1.5% compared to the 2018/19 budget. This is less pessimistic than the original borough forecasts reported in December.

3.3 The original boroughs' tonnages were queried and their subsequent updated tonnage forecasts have been used in the budget setting. We continue to manage the tonnage driven 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 £46.2 million, an increase of £0.8 million or 1.7% 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:

<b>Material</b>	<b>2018/19 Total Tonnes</b>	<b>2019/20 Total Tonnes</b>	<b>Change</b>
Residual	409,006	415,006	6,000
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
<b>Budget 2018/19</b>	<b>538,873</b>	<b>545,480</b>	<b>6,607</b>

#### **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 in transfer station rental costs from the purchase of transfer station sites was already budgeted in the 2018/19 budget and are therefore embedded within the 2019/20 budgets.

## **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 to work together to create new recycling processing capacity and 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	2,414
Savings	(1,460)
Other movements	6
<b>Budgeted levies 2019/20</b>	<b>60,810</b>

11.5 Growth table:

<b>Area</b>	<b>Explanation</b>	<b>Growth £ 000's</b>
Waste Transport and Disposal	Increased residual tonnages (£1,333k), 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)	2,031
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
		<b>2,414</b>

11.6 Savings table:

<b>Area</b>	<b>Explanation</b>	<b>Saving £ 000's</b>
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)
		<b>(1,460)</b>

11.7 Other movements table:

<b>Area</b>	<b>Explanation</b>	<b>Increase / (Decrease) £ 000's</b>
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)
		<b>6</b>

## 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:

<b>PAYT</b>	<b>2018/19 £000's</b>	<b>2019/20 £000's</b>	<b>Change £000's</b>
Waste Transport and Disposal	38,433	39,109	676
Depreciation (SERC)	6,955	6,806	(149)
Financing Costs (SERC/WLRWS)	4,288	4,193	(95)
Premises (SERC)	1,292	1,289	(3)
Concession Accounting Adjustment	(3,502)	(3,623)	(121)
PAYT Levy	(47,636)	(47,774)	(138)
<b>Total</b>	<b>(170)</b>	<b>0</b>	

<b>FCL</b>	<b>2018/19 £000's</b>	<b>2019/20 £000's</b>	<b>Change £000's</b>
Waste Transport and Disposal	6,989	7,089	100
Employees	1,923	2,031	108
Premises	1,279	1,397	118
Supplies and Services	977	992	15
Depreciation	1,645	1,679	34

Financing	1,278	1,466	188
Revenue funding of Debt	684	862	178
Concession Accounting Adjustment	(563)	(592)	(29)
Non Levy Income	(1,828)	(1,888)	(60)
FCL Levy	(12,214)	(13,036)	(822)
<b>Total</b>	<b>170</b>	<b>0</b>	

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 £47.8 million an increase of £0.2 million or 0.3% 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	122.37
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:

<b>Borough</b>	<b>2018/19 PAYT charge £000's</b>	<b>2019/20 PAYT charge £000's</b>	<b>Growth £000's</b>	<b>% Growth</b>
Brent	8,882	8,740	(142)	(1.6%)
Ealing	10,084	10,033	(51)	(0.5%)
Harrow	6,383	6,391	8	0.1%
Hillingdon	8,557	9,074	517	6.0%
Hounslow	7,744	7,790	46	0.6%
Richmond	5,986	5,746	(240)	(4.0%)
<b>Total</b>	<b>47,636</b>	<b>47,774</b>	<b>138</b>	<b>0.3%</b>

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

<b>Borough</b>	<b>2018/19 forecast tonnage</b>	<b>2019/20 budgeted tonnage</b>	<b>Growth tonnes</b>
Brent	68,524	69,457	933
Ealing	78,574	80,148	1,574
Harrow	47,438	49,200	1,762
Hillingdon	63,864	64,510	646
Hounslow	60,136	61,044	908
Richmond	43,151	45,000	1,849
<b>Total</b>	<b>361,687</b>	<b>369,359</b>	<b>7,672</b>

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%
<b>Total</b>	<b>12,214</b>	<b>575,125</b>	<b>13,036</b>	<b>822</b>	<b>6.7%</b>

14.4 Overall levies (taking both PAYT and FCL together) are 1.6% 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:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Financial Risk (£000’s)</b>
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)
<b>Target level for reserves</b>		<b>£5,900</b>

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:

	<b>£000s</b>
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 8 budget monitoring report	1,868
<b>Forecast position for 31 March 2019</b>	<b>7,458</b>

17.7 Provided that no risks materialise and something close to the £7.4 million forecast position is achieved for 2018/19, the Authority will have £1.5 million of reserves in excess of the target level (£7.4 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 Medium and Long Term Plan**

18.1 The plan reported to the December Authority meeting has been updated for the latest 2017/18 year end forecast.

18.2 The key messages from the plan remain unchanged and are positive:

- Volume of waste is the key driver of spend
- The effect of inflation is dampened by the PPP contract
- The Authority will be debt free at the end of the plan
- Healthy cash balances manage any liquidity risk

## **19 Borough Responses to Budget Consultation**

19.1 The borough responses to the 2019/20 budget proposals can be found in Appendix 1. 5 responses were received. There were no common themes (i.e. raised by 3 or more boroughs) this year to respond to within this report.

## **20 Financial Implications**

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

20.2 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).

## 21 Legal Implications

19.1 There are no legal implications of this report

## 22 Impact on Joint Waste Management Strategy

22.1 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

22.2 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.

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



Jay Patel  
West London Waste Authority  
Unit 6 Britannia Court  
The Green  
West Drayton  
UB7 7PN

31<sup>st</sup> December 2018

Dear Jay,

**Response on the Consultation regarding the WLWA Budget and Levy for 2019/20**

In light of the budget pressures facing Local Authorities, Brent Council is pleased to see that its PAYT Levy and Fixed Cost Levy overall charge has not increased for 2019/20 and reflects a marginal overall net reduction.

Brent's budgetary plans are on a 3 year time horizon and to repeat the request made last year, it would be useful if the levy budgets for the next 3 financial years were provided to enable Local Authorities to complete medium term financial planning.

Overall Brent is broadly supportive of the proposals.

Yours faithfully,

Conrad Hall  
Chief Finance Officer  
Brent Council

PP. Olufunke Adediran, Head of Finance

Resources Directorate, Finance Division  
Dawn Calvert, Director of Finance

Ian O'Donnell  
Treasurer  
West London Waste Authority  
c/o Ealing Council  
Perceval House  
London W5 2HL

7<sup>th</sup> January 2019

Dear Ian

Thank you for your letter of 12<sup>th</sup> December 2018, which sought the views of constituent boroughs on the 2019/20 draft budget.

I note that the budget levies for 2019/20 show an overall net increase of £1.4m despite savings made in procurements for organic waste disposal and other operational savings identified in the budget plan. Whilst price inflations are inevitable due to contractual arrangements, I'd like to see more done by the Authority so that the cost pressure arising from the projected increase in residual waste tonnage can be offset by savings or the cost increase is kept to a minimum. The Authority's medium and long term financial plan indicates an average growth in levies of 2.1% per year over the next 5 years. This equates to an annual increase of circa £1.4m per year which represents a significant growth for boroughs to meet within their already very challenging budget setting processes.

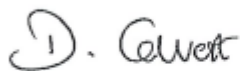
It is noted in the draft budget that there is a focus on projects with an increase in supplies & services budget and staff resource allocated in this area. It would be useful to make it clear if any of these are of one-off or fixed term nature and therefore the budget for future years is expected to be reduced to reflect this.

The employees budget is set to increase by 5.5% yet the number of FTEs remains at almost the same level as 2018/19. The report explains that the increase is due to growth for inflation and increments. As staffing is one of the largest operating costs for the Authority, I suggest that the budget includes a summary of HR establishment between 2018/19 and 19/20, with a breakdown of posts and costs for each team, in order to help boroughs better understand the increase in costs.

Harrow currently delivers its food waste to Veolia site at an extra bulking cost pending the new bulking facility being made available at Victoria Road. The delay in the construction of the facility by the Authority has resulted in additional disposal costs for us. I suggest that the Authority considers reducing or waiving the charge to Harrow in 2019/20 to minimise its cost impact.

I agree in principle that a reasonable level of reserve should be maintained to mitigate financial risks and uncertainties. Any disbursement of excess reserves back to boroughs will be welcome. Harrow has no financial capacity for any 'in-year' additional levy.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Colwell". The signature is written in a cursive style with a large initial "D".

Dawn



# HILLINGDON

LONDON

Jay Patel  
Head of Finance, West London Waste Authority

c/o [jaypatel@westlondonwaste.gov.uk](mailto:jaypatel@westlondonwaste.gov.uk)

Ref: PW/JA/359

7<sup>th</sup> January 2019

Dear Jay

**RE: West London Waste Authority (WLWA) Levy Consultation 2019/20**

Thank you for your email of 12<sup>th</sup> December 2018, which sought the views of constituent authorities on the 2019/20 draft budget and levy as outlined in the report.

Hillingdon notes the headline increase of 2.3% in the draft 2019/20 levy budget with the principal driver being the increased levels of residual waste. Hillingdon welcomes the mitigating impact of £1,460k savings outlined in paragraph 11, largely resulting from a successful procurement exercise for green and organic waste and the subsequent impact on PAYT rates.

It is very useful to have a discrete report outlining medium-term forecasts given that Hillingdon in common with other local authority's annually update and publish a five-year medium-term plan. Hillingdon are willing to support further development of this modelling as required.

Whilst accepting the principle of retaining reasonable levels of reserves an increase of 40% from, £4,200k to £5,900k is being proposed at a time when the constituent authorities remain under significant financial pressure. We would therefore request that the level of reserves are subject to an ongoing review and that this is reflected within the proposed disbursement in early 2019/20.

The separate update on waste minimisation is useful in outlining the content of this work and Hillingdon would expect these initiatives to be reviewed on an "invest to save" basis going forward and this included in future reports.

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INVESTOR IN PEOPLE



It was helpful for Hillingdon officers to have the opportunity to meet with yourself and colleagues to run through the draft report.

Yours sincerely



Paul Whaymand  
Corporate Director of Finance

- C.C. Cllr K Burrows, Cabinet Member for Planning, Transportation & Recycling and London Borough of Hillingdon's representative on the WLWA Board  
Jean Palmer – Deputy Chief Executive & Corporate Director – Residents Services  
Perry Scott – Director of Infrastructure, Procurement, Business Improvement, Communications, Waste Services & ICT  
Cathy Knubley – Head of Waste Services  
Andy Evans – Deputy Director - Corporate Finance  
Carolyn Stanton - Finance Business Partner  
Emma Beal - Director, WLWA



**Niall Bolger**  
Chief Executive

**Chief Executive's Office**  
Civic Centre, Lampton Road  
Hounslow TW3 4DN

Mr Jay Patel  
Head of Finance & Performance  
Deputy S.73 Officer  
West London Waste Authority

Your contact: Clive Palfreyman  
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Our ref:  
Your ref: WLWA 2019-20 Budget  
Date: 8<sup>th</sup> January 2019

Dear Jay

Re: West London Waste Authority 2019-20 Budget

Thank you for your email dated 27 November 2018 and its attachments, specifically WLWA's 2019/20 budget report and Medium and Long Term Financial Plan (MLTFP). We note the proposed 2019/20 expenditure budget of £63.1m, an increase of 2.3% from the 2018/19 expenditure budget of £61.7m, which is mainly attributed to pessimistic forecasts of waste tonnages owned by boroughs. Where relevant and for consistency, Hounslow Borough will endeavour to incorporate in our financial planning the assumptions made in the MLTFP.

We acknowledge WLWA's efforts to provide a value for money service, however the current financial climate demands I remind you of the budget pressures facing Hounslow and ask that WLWA continues to find new improvements and drive existing efficiencies to keep costs low and enable the maximisation of the use of resources. In its second year since launching Alternative Weekly Collection and opening the Material Handling Facility at Southall Lane Depot, Hounslow remains committed to its waste strategy in increasing recycling rates and reducing residual waste, and welcomes partnership working as part of the WLWA led Waste Minimisation programme.

We also ask for an update from the WLWA on the exercise to restructure its fixed and variable levies. This is expected to improve transparency in the management and reporting of information and enable Hounslow to better understand and control its costs as well as aid decision making, because charges will better reflect the underlying operation of WLWA.

We look forward to a collaborative year ahead working with the WLWA.

Yours sincerely

Clive Palfreyman  
Director of Finance and Corporate Services

Resources Directorate  
Mr Mark Maidment  
Director of Resources & Deputy Chief Executive  
Phone: (020) 8891 7171  
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7 January 2019

**Ian O'Donnell**  
Treasurer  
West London Waste Authority  
C/o Ealing Council  
Perceval House  
London. W5 2HL

Dear Ian,

**West London Waste Authority draft 2019/20 Budget**

Thank you for your letter of 12th December 2018 seeking written views on the draft budget and levy for the forthcoming year. My comments are as follows:

**1) Tonnages**

In relation to your comments regarding the growth in the budget and proposed levy for 2019/20 being driven by boroughs' forecasts of residual waste tonnages, I would like to point out that your report still contains the original PAYT tonnage forecast of 48,493, not the revised figure of 45,000 submitted by my colleague, Wale Adeyoyin in November 2018. I trust that the final budget report submitted to the Authority on 25th January will reflect the up to date forecasts.

**2) Reserves**

I note and welcome the planned disbursement of excess reserves subject to the final outturn position for 2018/19.

I acknowledge that the level of reserves is a judgement call based on the nature of the risks faced and unforeseen events and provides a buffer to manage risks. I note how you have identified risks and estimated potential costs associated with them which comes to the total of your recommended level of reserves, £5.9million. However, I would suggest that it is unlikely that all these risks would materialise in the same year. I do appreciate that unknown events could arise which could result in unbudgeted costs, but I would request that you take care not to be too cautious in your level of reserves. Should it become apparent that there are excessive reserves during 2019/20 we would request that boroughs are notified of this as early as possible in order that we can include this in our financial planning.

**3) Financing Costs**

I note that there are still some uncertainties in the budget, particularly surrounding the purchase of the transfer station sites. I trust that we will be updated once the purchase has been completed.

**4) Current Savings and Future Opportunities**

I am pleased to see a focus on identifying savings in the report. Given the significant ongoing funding pressures faced by local authorities I would like to see some detail of future years' savings opportunities and projects which are being explored.

**5) Council Tax base**

Our Council Tax base is not yet confirmed for 2019/20, but the latest estimate is 88,464. We will let you know when this is confirmed.

Yours sincerely



**Mark Maidment**  
**Director of Resources and Deputy Chief Executive**  
**London Borough of Richmond upon Thames**

**Budget Monitoring Report Period 8 (November)**

**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

**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**

	P8 Budget £ 000s	P8 Actual £ 000s	P8 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
<b>Expenditure</b>						
Employees	1,282	1,268	-14	1,923	1,932	9
Premises	1,714	2,751	1,037	2,571	3,878	1,307
Waste Transport & Disposal	30,281	29,339	-942	45,422	43,525	-1,897
Other supplies	651	503	-149	977	1,053	76
Depreciation	5,733	5,564	-169	8,600	8,347	-253
Financing and Other	4,167	3,321	-846	6,250	5,356	-894
Concession Adjustment	-2,710	-2,759	-49	-4,065	-4,139	-74
	<b>41,119</b>	<b>39,987</b>	<b>-1,132</b>	<b>61,678</b>	<b>59,952</b>	<b>-1,726</b>
<b>Income</b>						
Levies	-39,900	-40,085	-185	-59,850	-59,765	85
Trade and other	-1,219	-1,496	-277	-1,828	-2,055	-227
	<b>-41,119</b>	<b>-41,581</b>	<b>-462</b>	<b>-61,678</b>	<b>-61,819</b>	<b>-141</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>-1,594</b>	<b>-1,594</b>	<b>0</b>	<b>-1,868</b>	<b>-1,868</b>

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) – £1.6 million for the period and £1.8 million for the year's forecast.

The most notable forecast variance is for waste transport and disposal (£1.9 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 prices and 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 other 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 January. Therefore, the related budgets will see variances forecast for the year i.e. we will continue paying rents for 10 months resulting in an overspend (£1.3 million) in the premises budget and we'll also have no financing costs till then resulting in an underspend in the financing budget (£0.9 million).

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

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

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

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	Ian O'Donnell, Treasurer	020 8825 5269
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## Appendix 1

Pay As You Throw	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	16,207	15,512	-696		24,311	23,477	-834	lower prices and tonnes than budgeted
Waste - Residual: EfW Bulked	4,883	4,282	-601		7,324	6,396	-929	more waste direct delivered reducing bulking cost
Waste - Residual: EfW Delivered	2,668	3,489	821		4,002	4,829	827	
Waste - Food	449	192	-258		674	294	-380	lower procured contract price
Waste - Mixed Organic	486	609	123		729	731	2	
Waste - Green	745	741	-4		1,117	917	-200	lower procured contract price
Waste - Other	184	316	132		276	509	233	large amounts of trade wood
Financing Costs	2,859	2,561	-298		4,288	4,335	47	
Depreciation - SERC	4,637	4,505	-132		6,955	6,757	-198	reduced indexed asset value per audit 18-19
Premises - SERC	861	850	-11		1,292	1,275	-17	
Concession Accounting Adjustment	-2,335	-2,377	-43		-3,502	-3,566	-64	
PAYT Levy income	-31,757	-31,942	-185		-47,636	-47,551	85	
<b>PAYT Net Expenditure</b>	<b>-113</b>	<b>-1,264</b>	<b>-1,150</b>		<b>-170</b>	<b>-1,597</b>	<b>-1,427</b>	

Fixed Cost Levy	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,282	1,268	-14		1,923	1,932	9	
Premises	853	1,901	1,048		1,279	2,603	1,324	unbudgeted rent - transfer stations
Waste - Residual	2,903	2,874	-29		4,355	4,299	-56	
Waste - Green	417	251	-165		625	462	-163	lower procured contract price
Waste - Wood	647	525	-122		970	787	-183	lower procured contract price
Waste - Other	693	549	-143		1,039	824	-215	lower transport cost
Other Supplies	651	503	-149		977	1,053	76	
Depreciation	1,097	1,060	-37		1,645	1,589	-56	
Financing	852	760	-92		1,278	796	-482	less borrowing interest than expected - transfer stations
Revenue Funding of Debt	456	0	-456		684	225	-459	three quarters effect - transfer stations
Concession Accounting Adjustment	-375	-382	-7		-563	-573	-10	
Trade Waste and Other Income	-1,219	-1,496	-277		-1,828	-2,055	-227	expected higher recyclables and trade waste income
FCL Levy income	-8,143	-8,143	0		-12,214	-12,214	0	
<b>Fixed Cost Levy Net Expenditure</b>	<b>113</b>	<b>-331</b>	<b>-444</b>		<b>170</b>	<b>-271</b>	<b>-441</b>	



## Appendix 2

KPI No	Measure	2018/19 Target	Forecast	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Comments
<b>Efficiency</b>												
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 511,929 to 565,816 tonnes	537,384	42,809	50,036	47,957	44,605	44,509	40,969	41,838	45,533	
KPI2	Total kgs WCA waste per dwelling	853	850	813	882	891	880	873	857	848	850	
KPI3	CA household reuse, recycling, composted % (Twyford)	45%	37%	40%	42%	42%	37%	32%	33%	39%	30%	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%	29%	32%	28%	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%	3.3%	
KPI6	Average days to pay creditors	Max of 30 days	23	30	21	21	21	22	23	24	25	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	0	
<b>Service Delivery</b>												
KPI8	Residual waste landfill diversion rate	96%	96%	100%	100%	99%	86%	99%	100%	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%	2.97%	3.27%	3.57%	1.36%	2.88%	2.61%	2.99%	2.11%	
<b>Safety</b>												
KPI10	RIDDOR incidents at rail transfer stations	0	1	0	1	0	0	0	0	1	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	0	
<b>Environment</b>												
KPI12	EA reported incidents at rail transfer stations	0	1	0	0	1	0	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	0	Per verbal report to Sept Auth and a small mattress fire
<b>Education</b>												
KPI14	Number of people engaged at events	6,000	6,000	734	551	630	656	140	1930	269	185	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	953	1,148	Biggest engagement usually over xmas period (amber)
KPI16	Number of Training days per WLWA employee	128 days over the year across all employees	80.3	2.0	5.0	5.5	1.0	0.0	17.0	15.5	7.5	A busy start to year limited training but some recovery in recent months
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	5,055	On track for over 60K - min 3K visits per month to hit target (green)

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**Treasury Management**

**SUMMARY**

This report provides the treasury management plan for 2019/20

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Approve the treasury management plan for 2019/20
- 2) Adopt the prudential indicators and minimum revenue provision in Section 3.

**1. Background**

1.1 This report sets out the annual plan for 2019/20 alongside various information as required by the CIPFA Prudential Code and CIPFA Treasury Management Code

1.2 The Authority's current Treasury Management Policy Statement is provided in Appendix 1 and is reflected in the two following key treasury management activities.

1.3 The first key activity is to ensure that the Authority's cash flow is adequately planned with cash being available when it is needed. Therefore, funds are invested in low risk instruments commensurate with the Authority's low risk appetite, providing adequate liquidity before considering investment return.

1.4 The second key activity is the funding of the Authority's capital plans. These capital plans identify the borrowing need of the Authority which can involve arranging long or short term loans, refinancing or using longer term cash flow surpluses.

**2. Annual Treasury Management Plan for 2019/20**

2.1 The plan for 2019/20 is low risk and simple.

2.2 With the planned completion of the purchase of transfer station sites in 2018/19, there are no further requirements or plans for borrowing.

2.3 Therefore, the focus will be on managing cash to ensure adequate liquidity for day-to-day operations whilst also using low risk options to deliver a return. The current arrangements (a service level agreement with Ealing Council) remain the best option and provide both a return and quick access to cash. The arrangement also allows the Authority to tap into money market rates offering a better return i.e. funds can be placed with the local authority for fixed periods to achieve better returns. Placing funds with a local authority is a low risk option.

2.4 The work for 2019/20 will also include an exercise to investigate and understand the risks and opportunities of methods for mitigating the interest cost on the higher priced (rate) borrowings.

2.5 This will include consideration of using of interest rate swaps to reduce the costs of financing in relation to the loans from boroughs that financed the construction of the SERC and refinancing arrangements under the PPP contract. Specialist advisors will be appointed to help identify and investigate the options and Officers will take, principally, a risk averse approach to options considered.

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

3.1 The CIPFA Prudential Code prescribes a range of indicators and provides a framework to support decision making. These are more pertinent to organisations with complex treasury management arrangements, however are provided in the table below with a brief explanation of what they illustrate:

<b>Prudential Indicator</b>	<b>Prudential code</b>	<b>Description</b>	<b>2018/19 Estimate £000s</b>	<b>2019/20 Estimate £000s</b>	<b>2020/21 Estimate £000s</b>
<b>Ratio of financing costs to net revenue stream</b>	<b>73/74</b>	<b>This is an indicator of affordability of plans</b>	9%	9%	8%
<b>Capital expenditure</b>	<b>48/50</b>	<b>This is a summary of the Authority's capital spending plans</b>	2,148	0	0
<b>Capital financing requirement (CFR)</b>	<b>51/54</b>	<b>This is a measure of the Authority's underlying borrowing need</b>	216,807	208,407	200,006
<b>Operational boundary for external debt</b>	<b>56</b>	<b>This is a projection of debt supporting the capital financing requirement</b>	206,108	200,061	193,826
<b>Authorised limit for external debt</b>	<b>55</b>	<b>This provides headroom for debt to deal with any unusual cash movements</b>	216,108	210,061	203,826

<b>Gross debt</b>	<b>60/62</b>	<b>This reflects the amount of gross debt and should be less than the CFR</b>	193,477	184,370	175,248
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3.2 The historic capital expenditure and borrowing in relation to the construction of the Energy from Waste plant accounts for the majority of the figures in the table above.

3.3 Minimum Revenue Provision (MRP) - The Authority is required to pay off an element of the accumulated capital spend each year (CFR in the table above) through a revenue charge (the minimum revenue provision - MRP). The current approach largely follows standard depreciation accounting procedures and provides for a reduction in the borrowing need over the asset's life.

3.4 The impact is reflected in the Authority's long term financial plans reported to the December Authority meeting. The long term financial plan illustrates a strong financial outlook and in particular how all capital spend will be paid off through revenue charges, how the Authority will only see significantly lower than inflation rises in costs and how all borrowing will be repaid whilst maintaining good levels of liquidity.

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

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

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

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### WEST LONDON WASTE AUTHORITY

#### TREASURY MANAGEMENT POLICY STATEMENT

The West London Waste Authority (WLWA) defines the activities and objectives of its treasury management policy as follows:-

1. The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. WLWA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. WLWA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.

WEST LONDON WASTE AUTHORITY

Report of the Director and Chief Technical Advisor

25 January 2019

**Joint Municipal Waste Management Strategy Development**

**SUMMARY**

This report provides details of the development of a new Joint Municipal Waste Management Strategy for the Authority and the Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames for the years 2020-2035.

**RECOMMENDATION(S)**

The Authority is asked to note the contents of the report

- 1. Background** – The Authority and Boroughs committed in 2005 to a Joint Municipal Waste Management Strategy (JMWMS) which included waste prevention, reuse, recycling, infrastructure and contracts. The action plans were reviewed and updated in September 2017 and approved by the Authority. The remaining key aims were to support boroughs to deliver a 50% recycling target and to ensure availability of appropriate waste treatment and recycling infrastructure to meet future needs. The Authority developed a new Business Plan which was approved in March 2017 and committed to develop a new JMWMS from 2020-2035 in partnership with the constituent Boroughs.
- 2. WLWA Business Plan** – The Authority’s Business Plan activities which will inform the new JMWMS 2020-2035 have been developed into six project areas which will be reported regularly to Authority meetings in a project report. The projects will be updated and refined as we learn more about forthcoming waste legislation.
- 3. Resources and Waste Strategy** – On 18 December 2018, Defra published the Resources and Waste Strategy, the first policy alteration in England since 2011. Three consultations are expected to follow before the end of January on: a deposit return scheme, extended producer responsibility for packaging and collection consistency and metrics. Officers had a number of opportunities to influence the strategy at Defra consultations and the document is largely as expected as a result of those discussions with producers, industry and local government waste professionals. Officers also worked jointly with many local government colleagues belonging to e.g. the National Association of Waste Disposal Officers (NAWDO) and the Local Government Association to ensure a collective voice was represented throughout the process. The strategy at a glance, along with summaries kindly provided by LEDNET and SUEZ are provided in Appendix 1.
- 4. Deposit Return Scheme (DRS)** – This scheme has the ability to significantly reduce total waste and is very well aligned with our strategy and purpose. We expect the consultation to focus on either “On the go” or an “All In” deposit return scheme. WLWA Officers recommend lobbying tactically for “All in” because any exemption of specific packaging materials allows scope for manipulation of targets. Irrespective of the type of DRS chosen there is a risk that unrecovered deposits are not used to contribute to the cost of disposal of unrecovered packaging and therefore it is important that the DRS must not be decoupled from a wider extended producer responsibility scheme.

**5. Packaging Extended Producer Responsibility (EPR)** – This scheme is expected to bring full net cost recovery of collection and recycling back to Local Authorities and consultation is expected on the mechanism for controlling and monitoring the money and targets. It is not clear whether the money will flow from producers to waste collection authorities or waste disposal authorities. In our case as a joint waste disposal authority (JWDA) our governance and funding is linked to the constituent Boroughs and this should not be contentious. Key points to note are:

- A.** The type and quantity of recycling materials put onto the market is likely to adapt faster than we have seen to date because producers will be paying. It is important we collectively know the detail of our various costs and regularly monitor our data.
- B.** This is a recycling measure, not a waste reduction measure. There is no incentive to improve reuse of packaging material.
- C.** The growth in biodegradable packaging is a concern because of its ability to contaminate food waste, green waste and recycling waste streams. There will be a separate consultation on biodegradable packaging.
- D.** We should resist any additional layering of administrative bodies, which will introduce cost and complexity. Similarly, if eg the GLA or LWARB was to administer money on behalf of London it will replicate the problems the Counties and Shires have faced to date where decision making and funding / costs is not linked.

**6. Consistency and metrics** – The strategy sets out to define a core set of materials to be collected as part of household collection services, which uses EPR money to collect the materials back that producers are contributing to. It is also expected to include a requirement for separate food waste and free garden waste collections. In West London we are ahead of the strategy in our preparations for more collaborative work which will assist us to command this financial support. The biggest challenge we will need to prepare for is the increasing densification of our area and our ability to capture high quality, high quantity recycling from flats, particularly high-rise flats.

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

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

**9. Impact on Joint Municipal Waste Management Strategy** – This work will develop a new strategy from 2020.

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# LEDNet briefing: Resources and Waste Strategy

## Summary

The [Resources and Waste Strategy](#) (the Strategy) was published by Defra on Tuesday 18<sup>th</sup> December. It is structured around three key areas: the product lifecycle – production, consumption and end of life; topical areas – waste crime and food waste; and bigger picture issues – international leadership, research and innovation, and data, monitoring and evaluation.

The Strategy sets out the Government's wide-ranging ambitions in this area, based on two overarching principles: maximising the value of resource use; and minimising waste and its impacts on the environment. It aims to move away from managing waste, to managing resources (section 8.1.3), and references the use of behavioural insights.

Broadly, the Strategy is ambitious and looks to the long-term, but it is more thorough in some areas than others. Much of its implementation will depend on funding derived from EPR schemes that are to be developed, and on further consultations and legislation to be tabled during this parliament and the next.

The Strategy aligns with a number of LEDNet's broad asks and concerns around waste and resources<sup>1</sup>, albeit much of the detail is still to be developed. Perhaps most importantly, the Strategy has the potential to radically rebalance the funding of the waste and resources system away from taxpayers and towards producers, and it recognises the need to carefully consider any additional burdens on local government. It also moves to place the responsibility for minimising waste and increasing recyclability further up the supply chain, where regulatory and economic incentives can be most effective, and to build a strong market for secondary materials.

The rest of this briefing picks out policies of particular interest to London boroughs, but is not an exhaustive survey of everything it contains.

## Key policies in the Resources and Waste Strategy

### Funding: Extended Producer Responsibility schemes

- The Strategy commits to introducing an Extended Producer Responsibility (EPR) scheme for packaging, as required by the EU's Circular Economy Package, which will fund the 'full net cost' of packaging at end of life, including transitional and ongoing operational costs, based on the polluter pays principle. Defra has indicated that this could cover collection, recycling, disposal, reduction of littering and fly-tipping, communications, data collection and reporting, compliance monitoring and enforcement, which is positive.

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<sup>1</sup> You can find a copy of LEDNet's position on Resources and Waste on our [webpages](#)

- In addition to an EPR scheme for packaging, the Government aims to consult on two further EPR schemes by the end of this parliament, with likely candidates being textiles, bulky waste, construction and demolition materials, vehicles tyres or fishing gear.
- The Government will also review the existing producer responsibility for waste electronic and electrical equipment (WEEE), end-of-life vehicles and batteries, and may subsequently amend the regulations in these areas to better align them with the wider EPR framework.
- The Strategy sets out principles for how all EPR schemes should operate (section 1.1.1), including that producers should 'bear the full net cost of managing their products at the end of their life', and that 'costs to local authorities are met where appropriate' (our emphasis).
- EPR schemes will provide the majority of the new funding for the waste and resources system, and we will need to ensure that the EPR model adopted works for local government, and aligns with any new obligations placed on boroughs.

### Reuse: Household Waste and Recycling Centres and planning

- The Strategy gives considerable attention to Household Waste and Recycling Centres, and considering how they could support reuse and recycling efforts. For example, reuse performance indicators are suggested for Councils.
- The Strategy references the need to use the planning system to support reuse and also recycling, but it is weak on detail.
- The Strategy also suggests mandating spare parts be made available for repair, which could significantly boost local and individual repair efforts.

### Recycling: consistency and performance indicators

- A suite of actions come alongside the EPR for packaging, designed to secure the recyclate to drive secondary markets. This includes the following, all of which are to be consulted on:
  - Collection of a specified core set of materials to be collected by local authorities and waste operators from all households and businesses, and potentially specification of 'which collection systems would be most effective at preserving material quality'; the LES already sets out a core set of six dry recycling materials to be collected. (glass, cans, paper, card, plastic bottles and mixed plastics (tubs, pots and trays))
  - Non-binding performance indicators for the quantity of materials collected for recycling and minimum service standards for recycling, for local authorities
  - A mandatory requirement for separate weekly food waste collection for householders and appropriate businesses
  - A possible requirement for free garden waste collection; the LES already calls for food waste at kerbside and in flats where possible.
- We will need to push Government to set out how more segregated services (e.g. for glass and food waste) and the proposal for free garden waste would be funded, and how planning policy will support the in-home and local recycling facilities that would be required.
- The Strategy notes that 'new statutory responsibilities for local government would be subject to an assessment of new burdens.'
- A review will be undertaken to identify when segregation is necessary to achieve high quality recyclate, in particular in relation to glass.
- The Strategy introduces a Deposit Return Scheme (DRS), subject to consultation.
- In relation to urban recycling (section 3.1.3), the strategy proposes to:
  - 'Review collection models for densely populated commercial and residential districts to improve recycling and reduce costs whilst maintaining frequency of collections needed to protect local amenity', which could include 'piloting shared domestic and business collection

- rounds or zoned collection services' (Hackney and Westminster are already engaged in a zoning pilot, led by WRAP);
  - 'Engage with landlords and estate managers to promote recycling in houses in multiple occupation (HMOs) and other properties where they have responsibility for waste management arrangements;
  - 'Work to align the National Planning Policy for Waste and planning practice guidance with the Resources and Waste Strategy and continue to maintain building regulations guidance to support its objectives; and
  - 'Work with transport hubs and other destinations such as hospitals and universities to promote effective and high quality recycling (including on-the-go).'
- Finally, the Strategy says that Government will consider banning problematic plastic products, and notes the consultation – recently closed – on proposals to ban plastic stirrers, straws and cotton buds. The LEDNet response was circulated by email.

#### Waste disposal and waste infrastructure: supporting efficiency and domestic capacity

- The Strategy commits to bringing the amount of municipal solid waste sent to landfill down to no more than 10% of the total by 2035. In the latest 2017/18 figures, London's percentage of waste to landfill is down to 9.7%.
- The Strategy supports greater use of heat offtake from Energy from Waste facilities, and to ensuring that all new facilities achieve 'recovery status'.
- The Strategy is supportive of new domestic reprocessing capacity, mainly through using other policies in the Strategy to secure high quality recyclate and create demand for it; no new money has been announced beyond the existing £3bn in the Waste Infrastructure Delivery Programme, to be spent by 2042.
- The Strategy repeats the announcement from Budget 2018 that, if measures outlined in the Strategy do not deliver increases in recycling, Government will consider introducing a tax on incineration.

#### Waste crime: ramping up collaboration

- The Strategy aims to improve the transport, management and description of waste by reforming regulations for duty of care, carrier/broker/dealers, hazardous waste, and international waste shipments – this includes the new power local authorities have to issue FPNs to householders who breach their duty of care, which comes into force on 7<sup>th</sup> January 2019.
- Actions are outlined to increase intelligence sharing between agencies, and cooperation with the waste industry.
- The National Fly-tipping Prevention Group will publish and host a new 'fly-tipping toolkit', probably building in the Hertfordshire approach; there may be opportunities here to use our behavioural insights research to support the toolkit, and to profile our forthcoming trials.
- The Strategy commits to support for local authorities to increase householders' awareness of their duty of care.
- The Strategy also notes that it will look at 'committing a proportion of Landfill Tax receipts to Environment Agency waste crime efforts.'

#### Exports: reducing illegal activity

- Policies are outlined to tighten controls on waste exports, to ensure that illegal exports do not undermine the aims of the Strategy.

## Targets and timelines: moving to carbon and natural capital-based measures

- The Strategy announces an intention to move away from weight-based targets towards those based on carbon and on natural capital, though existing targets will continue to be measured by weight.
- Defra announce that they have funding to work with tech companies on digital solutions for tracking individual movements of waste.
- In line with the longer-term approach of the 25 year plan, the strategy will be reviewed every three years, and refreshed every five years.
- It is worth noting the lengthy timeframe for the Strategy, and that EPR for packaging is not scheduled to come into force until 2023. We should be wary of any move to require councils to deliver new or different services until the funding is in place to support this.

## Key dates

- Early 2019: consultations on EPR for packaging, a DRS, and a 'consistent set of recyclable materials collected from all households and businesses'
- April 2019: Environment Bill published
- Early-Mid 2019: Standards for biodegradable and bio-based plastics
- Mid 2019: Consultation on food waste reporting
- Mid-2019: Review of the Waste Management Plan for England
- 2020: Review of the waste electronic and electrical equipment (WEEE) regulations
- 2020: Review of batteries regulations
- 2021: Review of end-of-life vehicles regulations
- 2021: Legislation tabled to bring EPR for packaging into force (via amendment of the Producer Responsibility Obligations (Packaging Waste) Regulations)
- 2022: Introduction of the tax on plastic packaging with less than 30% recycled content
- 2022: Consultations on EPR schemes for two areas out of the following non-exhaustive list: textiles, bulky waste, construction and demolition-related materials, vehicles tyres and fishing gear
- 2023: Implementation of a DRS (subject to consultation)

## Next steps for LEDNet

1. We have fed into the London Councils response, which will be published on the London Councils website before or just after Christmas
2. The LEDNet Waste Cluster Group is meeting on Friday 25<sup>th</sup> January, where will discuss the Strategy and consultations, and how LEDNet should respond
3. The LEDNet 4<sup>th</sup> March meeting will be themed on waste and resources, with WDAs and SLWP also attending
4. We will develop responses to all the consultations coming up, with EPR, DRS and consistency being the first up in January/ February 2019
5. We will continue to work through our local government waste groupings, including Waste Network Chairs, ADEPT Waste Group and the Resource London Partnership Board to develop aligned responses to the consultations and further waste policy development

## Waste and Resources Strategy for England

### Summary of the main headlines

On Monday 17 December 2018, the UK government released 'Our waste, our resources: a strategy for England', its policy paper setting out how the UK will preserve material resources by minimising waste, promoting resource efficiency and moving towards a circular economy in England.

The Defra strategy includes two parts – a main document and a technical annex with supporting detail and information.

SUEZ recycling and recovery UK has read both documents and constructed a series of headline content points that seek to itemise the huge range of topics, subjects and consultations that are planned over the next five to ten years.

We have been working on many elements covered in the document for a number of years, therefore considered the content of the strategy in light of this wider knowledge as well as the detail enclosed in both published documents. We plan to undertake further analysis of the content and respond to the numerous consultation documents due to be published early in 2019. In completing this, SUEZ seek to publish documents that will offer detailed analysis on elements of the content and these will be circulated in the new year.

In the meantime if you wish to discuss any elements of the strategy then please do not hesitate to contact us.

### 1. Extend Producer Responsibility (EPR)

The key elements in this section are as follows:

- a. Review of the **Packaging** regulations (early 2019 **Consultation**, 2023 implementation)
- b. Review of the **WEEE** regulations (**Consultation** 2020)
- c. Review of the **Battery** regulations (**Consultation** 2020)
- d. Review of the **End of Life Vehicle** regulations (**Consultation** 2021)
- e. **Full net cost recovery**, including making sure local authorities (LA) costs are met for obligated items, including the costs of transition where they occur

- f. Demand stimulus through **30% recycled content** (April 2022 introduction, HMT tax, **Consultation 2019**)
- g. **Broaden EPR** to include additional products (bulky goods, carpets, textiles, tyres etc.) which will come forward in **consultations** for a number of these materials in 2022
- h. Use EPR to influence design (**eco-design**) to seek to minimise waste and make products more reusable or repairable (detectable black plastic, bio based plastics etc., will be considered as material types that may be introduced through eco-design)
- i. Seek to increase market and **data** transparency
- j. Seek to make **targets and enforcements** more visible
- k. Internet and other sales channels to be included to ensure **ALL necessary parties are obligated**
- l. Use **EPR to help control chemical use in products** and manage legacy chemicals and also to promote green chemistry
- m. Introduce **eco-design standards**, including promotion of products that can be repaired affordably and define minimum standards
- n. Aspire to seek to ensure that the UK has one system of EPR and a deposit return scheme (DRS) by working with the devolved authorities.

## 2. Collections of waste

The key elements in this section are as follows:

- a. Collections organised to maintain and improve quality of materials collected
- b. **Consultation on changes to waste carrier and duty of care** regulations
- c. **Food collection and green waste collection** (2023 legislation) – subject to a **consultation**, which will cover household and business waste
- d. Define a **consistent set of dry recyclable materials** to be collected for both households and businesses – core materials to be defined and collected (**Consultation 2019**)
- e. **Improve urban recycling**, including consideration of household and business waste collection integration and new methods of collection
- f. **SME business cost reduction consideration** through high street or business district collection coordination
- g. **Improve working relationships between LA's** including looking at two-tier and unitary structures and payments (recycling credit review)
- h. Introduce a **DRS system for beverage containers** (**Consultation 2019**, implementation 2023)
- i. Seeking to incentivise **back hauling or reverse logistics of packaging waste**
- j. Seeking to introduce **minimum service standards for collection**.

### 3. Food waste reduction

The key elements in this section are as follows:

- a. Annual **reporting of food surplus** and waste by the food industry
- b. New food surplus and waste hierarchy to be applied
- c. **Food waste champion** to be appointed
- d. **Mandatory targets for food waste prevention**
- e. **Eliminate food waste to landfill by 2030** (if other measures do not succeed)
- f. **More effective redistribution of food** to those who need it
- g. Promote awareness of food waste
- h. Support **cross sector collaboration** through the Courtauld 2025 agreement.

### 4. Crime

The key elements in this section are as follows:

- a. **Reform existing regulations around waste description** and management
- b. **Reform waste exception regulations** (high risk activities by 2020)
- c. **Mandate the digital recording** of waste movements (2020, stage one by 2019)
- d. Increase **awareness of waste regulations** and toughen enforcement and fines
- e. **Technical competence** reviews required for those describing, transporting or managing waste proposed
- f. Waste carrier, broker and dealer registrations – require **tax registration** linked to the licence renewal process
- g. **Strengthen intelligence** on crime
- h. Create a **joint unit** for waste crime.

### 5. Measuring progress

The key elements in this section are as follows:

- a. Generate new **data on waste and resource flows**
- b. **Move away from weight based metrics**, using carbon, natural capital and others
- c. **Maintain the quality and extent of LA collections**, including a review of free green waste collections
- d. **New recycling** (circular economy package) and packaging **targets Consultation** (recycling 50% by 2020, 65% by 2035, packaging recycling target 75% by 2030)
- e. **More and better composition data**, including measuring the **composition of residual waste**

- f. **Municipal waste to landfill** – target 10% or less by 2035
- g. Revision of the Resource and Waste Strategy by 2023-2024.

## 6. Secondary resources

The key elements in this section are as follows:

- a. Use a **life cycle approach** for goods and products to assess their impacts
- b. **Chemicals strategy to be introduced**
- c. **Level playing field** for domestic and international reprocessing to be created
- d. Support the **National Materials Datahub** for full resource visibility
- e. Create and support a the **remanufactured goods** market
- f. Seek to improve the **quality** of plastics exported for recycling through the Basel and Stockholm Conventions (potentially through export controls and pre-authorisation; Norway has suggested that waste plastics be moved to Annex II Y48 which covers “wastes requiring special consideration” to improve control and management of these wastes)
- g. Support further **investment in resource efficient technologies**, including those through the Industrial Strategy Challenge fund (a fund designed to improve long term productivity and earning power in the UK, including food production, batteries and manufacturing)
- h. Encourage innovative waste treatment technologies that **create transport fuels** through the Renewable Transport Fuel Obligation (RTFO).

## 7. Waste producers / consumers

The key elements in this section are as follows:

- a. Use **new labelling** to inform consumers of sustainability
- b. Ensure **consistent collection of target materials**
- c. Increase material **efficiency** for production and manufacturing
- d. Develop a **construction focus** for waste and design
- e. Support activities to **minimise waste** (eco-design, repair, buying habits etc.)
- f. Support markets for **remanufactured goods**
- g. Use government **green procurement** commitments to develop new services and businesses
- h. **Extended warranties and guarantees** to support reuse and repair sectors
- i. Consider household waste recycling centres (HWRC) for reuse promotion to maximise their effectiveness
- j. Deliver more **reuse** activity
- k. Ensure **quality standards** for refurbished and reused goods
- l. Introduce **company reporting** for reuse and repair activity



- m. Introduce a **waste hierarchy for chemical waste**
- n. Develop **food waste reduction targets**
- o. Through the agriculture bill, to seek to **reduce waste at farms**.

## 8. Treatment of waste

The key elements in this section are as follows:

- a. Seek to increase **energy from waste (EfW) efficiencies**
- b. Develop a move to products other than electricity (fuels)
- c. Anaerobic digestion (AD) and EfW to be treated as recovery to avoid landfilling waste
- d. Move to **ban food waste to landfill**, if measures don't significantly reduce food waste going to landfill
- e. Introduce a minimum Recovery R1 **efficiency standard** for all future EfW facilities
- f. Work with Ministry of Housing, Communities & Local Government (MHCLG) to enable opportunities for **heat supply and grids**
- g. Continue with the waste infrastructure delivery programme (WIDP) **£3bn investment** in new waste infrastructure to 2042
- h. Ensure '**fair competition**' for recyclate exports
- i. Estimate municipal residual waste treatment needs to be **20m tonnes per annum** by 2035, after new recycling initiatives are introduced
- j. On-going role for landfill, especially for inert waste
- k. **Closed landfill legacy issues** – funding and new review of closure and surrender criteria.

## 9. National and international

The key elements in this section are as follows:

- a. Delivery of a **Green Brexit**
- b. Adopt most aspects of the **European Circular Economy Package** (EU-CEP)
- c. Deliver on the **new plastics economy** commitments
- d. Deliver on **climate change** commitments
- e. Seek to lead international community by example
- f. Continue support for WRAP
- g. Moving from a focus on waste to a focus on resource
- h. Ban plastic products where there is a need to, and if there are viable alternatives
- i. Support developing nations to deal with plastic waste
- j. Establish cross government oversight of the UK's national resource security
- k. **Consultation** on the transposition of the **Circular Economy Package**, 2019.

## 10. Proposed targets to be used to measure progress

- a. Raw material consumption
- b. Carbon footprint of waste
- c. Carbon footprint of consumption
- d. Carbon footprint of example shopping baskets
- e. Total waste generated
- f. Total residual waste per capita
- g. Household waste recycling
- h. Municipal waste recycling
- i. Commercial and industrial waste recycling
- j. Landfilling tonnes
- k. Tonnes of biodegradable waste landfilled
- l. Numbers of illegal sites
- m. Fly tipping activity
- n. Litter activity.

If you would like to discuss any elements of the strategy then please contact:

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# THE RESOURCES AND WASTE STRATEGY AT A GLANCE



Natural capital is one of our most valuable assets. The air we breathe, the water we drink, the land we live on, and the stock of material resources we use in our daily lives are at the heart of our economy, our society and our way of life. We must not take these for granted.

Our Strategy sets out how we will preserve our stock of material resources by minimising waste, promoting resource efficiency and moving towards a circular economy. At the same time we will minimise the damage caused to our natural environment by reducing and managing waste safely and carefully, and by tackling waste crime. It combines actions we will take now with firm commitments for the coming years and gives a clear longer-term policy direction in line with our 25 Year Environment Plan. This is our blueprint for eliminating avoidable<sup>1</sup> plastic waste over the lifetime of the 25 Year Plan, doubling resource productivity, and eliminating avoidable waste of all kinds by 2050.

We want to be ambitious. Where existing legislation cannot match our ambitions, we will take new powers to strengthen it.

## Introduction – The case for action

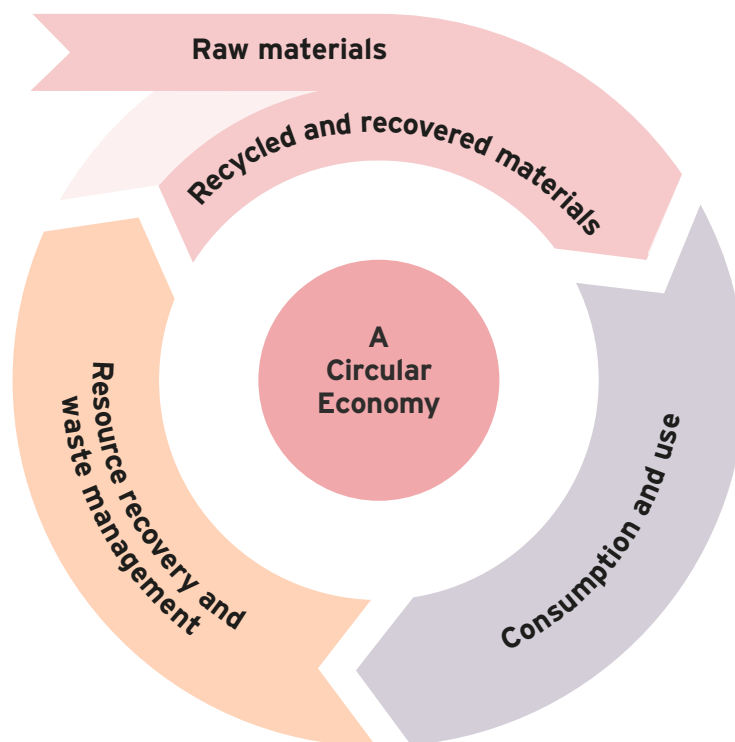
In the 25 Year Environment Plan, the Government pledged to leave the environment in a better condition for the next generation. This Strategy will help us meet that commitment. It will be supported by a series of consultations on known problem areas, such as packaging waste, and we encourage you to engage with us in delivering this strategy by sharing your views.

Our plan is to become a world leader in using resources efficiently and reducing the amount of waste we create as a society. We want to prolong the lives of the materials and goods that we use, and move society away from the inefficient ‘linear’ economic model of ‘take, make, use, throw’.

A more circular economy will see us keeping resources in use as long as possible, so we extract maximum value from them. We should recover and regenerate products and materials whenever we can, giving them a new lease of life.

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<sup>1</sup> We talk about plastic waste being ‘avoidable’ when the plastic could have been reused or recycled; when a reusable or recyclable alternative could have been used instead; or when it could have been composted or biodegraded in the open environment



## Chapter 1 - Sustainable production

During the first stage of the resources lifecycle, we turn valuable natural resources and materials into the goods and services upon which modern life and a healthy, vibrant economy depend. Evidence suggests that 80% of the damage inflicted upon the environment when products become waste can be avoided if more thoughtful decisions are made at the production stage<sup>2</sup>.

This chapter sets out how we will:

- **Invoke the 'polluter pays' principle and extend producer responsibility for packaging, ensuring that producers pay the full costs of disposal for packaging they place on the market**
- **Stimulate demand for recycled plastic by introducing a tax on plastic packaging with less than 30% recycled plastic**
- **Harness the potential of extended producer responsibility for other product types**
- **Set minimum requirements through ecodesign to encourage resource efficient product design**
- **Manage chemicals sustainably and address barriers to reuse and recycling posed by their use, through a Chemicals Strategy**
- **Develop a model for realising resource efficiency savings, working with businesses through 'resource efficiency clusters'**

<sup>2</sup> WRAP (2013) <http://www.wrap.org.uk/sites/files/wrap/Embedding%20sustainability%20in%20design%20%20-%20final%20v1.pdf>

## Chapter 2 - Helping consumers take more considered actions

Helping consumers choose and use more sustainable products, is both good for them and the environment. Despite advances in technology in recent decades, the average life span of many products we buy and use in daily life is actually lower than it was 20 years ago<sup>3</sup>. We want to extend the lives of products through repair, reuse and remanufacture. We want to help consumers to be able to recycle the materials they contain and dispose of them in the most environmentally sensitive ways.

This chapter sets out how we will:

- **Incentivise consumers to purchase sustainably**
- **Provide consumers with better information on the sustainability of their purchases**
- **Ban plastic products where there is a clear case for it and alternatives exist**
- **Address barriers to reuse**
- **Support the market for remanufactured goods**
- **Encourage appropriate disposal of used products**
- **Lead by example through procurement and the Greening Government Commitments**

## Chapter 3 - Resource recovery and waste management

Household waste recycling rates in England have risen from around 11% in 2000/1 to about 45%<sup>4</sup>. Recycling rates in construction have also improved over the same period<sup>5</sup>. But since 2013 rates for both have plateaued. We need to drive better quantity and quality in recycling, and more investment in domestic recycled materials markets. This government supports comprehensive and frequent waste collections and is determined to help local authorities and waste management companies act in the most sustainable and resource-efficient way possible. We want to promote UK-based recycling and export less waste to be processed abroad.

This chapter sets out how we will:

- **Improve recycling rates by ensuring a consistent set of dry recyclable materials is collected from all households and businesses**
- **Reduce greenhouse gas emissions from landfill by ensuring that every householder and appropriate businesses have a weekly separate food waste collection, subject to consultation**
- **Improve urban recycling rates, working with business and local authorities**

3 The German Environment Agency (2017) <https://www.umweltbundesamt.de/en/press/pressinformation/lifetime-of-electrical-appliances-becoming-shorter>

4 Local authority collected waste from households from January 2010 to March 2018. (<https://www.gov.uk/government/statistical-data-sets/env18-local-authority-collected-waste-annual-results-tables>)

5 UK Government services and information (2018) <https://www.gov.uk/government/statistics/uk-waste-data>

- **Improve working arrangements and performance between local authorities**
- **Drive greater efficiency of Energy from Waste (EfW) plants**
- **Address information barriers to the use of secondary materials**
- **Encourage waste producers and managers to implement the waste hierarchy in respect to hazardous waste**

## Chapter 4 - Tackling waste crime

Waste-related criminal activity costs the economy hundreds of millions of pounds per year<sup>6</sup>. Rogue operators illegally dump or export waste, undermining legitimate businesses by disposing of waste cheaply and recklessly. This deprives the economy of tax income and harms the environment and local communities. By tackling this crime we will ensure that resources are properly recycled or recovered and fed back into the economy.

This chapter sets out how we will:

- **Improve the transport, management and description of waste by reforming existing regulations**
- **Strengthen intelligence sharing and engagement to tackle illegal activity**
- **Prevent illegal activity being hidden through waste exemptions by reforming the existing regime**
- **Mandate the digital recording of waste movements, subject to consultation**
- **Create a Joint Unit for Waste Crime**
- **Toughen penalties for waste criminals**
- **Increase awareness of waste regulations and publicise positive work of enforcement bodies as they tackle waste crime**

## Chapter 5 - Enough is enough: cutting down on food waste

We have long recognised the need to tackle food waste. In the UK alone, an estimated 10 million tonnes of food and drink are wasted post-farm gate annually, worth around **£20 billion**. Excess food waste costs us money and is environmentally damaging. Growing excess food that no one eats damages the Earth's ecosystems when we dispose of it. Moreover, a fifth of UK greenhouse gas (GHG) emissions are associated with food and drink, mostly created during production (agriculture and manufacturing) – and needlessly if the food and drink are wasted<sup>7</sup>. We are fully committed to reducing food waste, reducing our carbon footprint, and also meeting the UN Sustainable Development Goal to halve global food waste at consumer and retail levels by 2030.

6 DEFRA - Rethinking Waste Crime (2018) [https://consult.defra.gov.uk/waste/crime-and-poor-performance-in-the-waste-sector/supporting\\_documents/Waste\\_Crime\\_Cons\\_English.pdf](https://consult.defra.gov.uk/waste/crime-and-poor-performance-in-the-waste-sector/supporting_documents/Waste_Crime_Cons_English.pdf)

7 WRAP (2016) <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/environment-food-and-rural-affairs-committee/food-waste/written/38003.html> .

This chapter sets out how we will:

- **More effectively redistribute food to those who need it most before it can go to waste**
- **Consult on annual reporting of food surplus and waste by food businesses**
- **Consult on legal powers to introduce food waste targets and surplus food redistribution obligations**
- **Publish a new food surplus and waste hierarchy**
- **Promote awareness of the issue by appointing a new food waste champion**
- **Support cross sector collaboration through the Courtauld 2025 agreement**

## Chapter 6 – Global Britain: international leadership

Concerns over resources and waste management cut across continents and oceans. Pollution and environmental damage do not respect national borders and tackling them requires a broad coalition. Plastic which pollutes the ocean can be carried by currents and cause damage far from where it originated: there is little to be gained by making improvements in isolation. International leadership is needed.

This chapter sets out how we will:

- **Promote the goals of our Resources and Waste Strategy internationally**
- **Drive international political commitments through the ground-breaking Commonwealth Clean Oceans Alliance**
- **Support developing nations to tackle pollution and reduce plastic waste, including through UK aid**
- **Improve the quality of plastics exported for recycling through the Basel and Stockholm Conventions**
- **Establish cross-government oversight of the UK's natural resource security**

## Chapter 7: Research and innovation

In some areas where we are seeking transformative change, our knowledge, data or technology has yet to match the breadth of our ambitions. Innovation here is vital – both to developing novel solutions and improving the efficiency, cost and/or effectiveness of existing technologies. As Government, we can support industry and academia to stimulate innovation.



This chapter sets out how we will:

- **Support further investment and innovation in resource efficiency, working with UK Research and Innovation (UKRI) on our Areas of Research Interest**
- **Launch a call for evidence on the development of standards for bio-based and biodegradable plastics**
- **Support further investment in resource efficient technologies, including through the Industrial Strategy Challenge Fund**
- **Support the Waste and Resources Action Programme**
- **Encourage innovative waste treatment technologies that create transport fuels through the Renewable Transport Fuels Obligation (RTFO)**

## Chapter 8 – Measuring progress: data, monitoring and evaluation

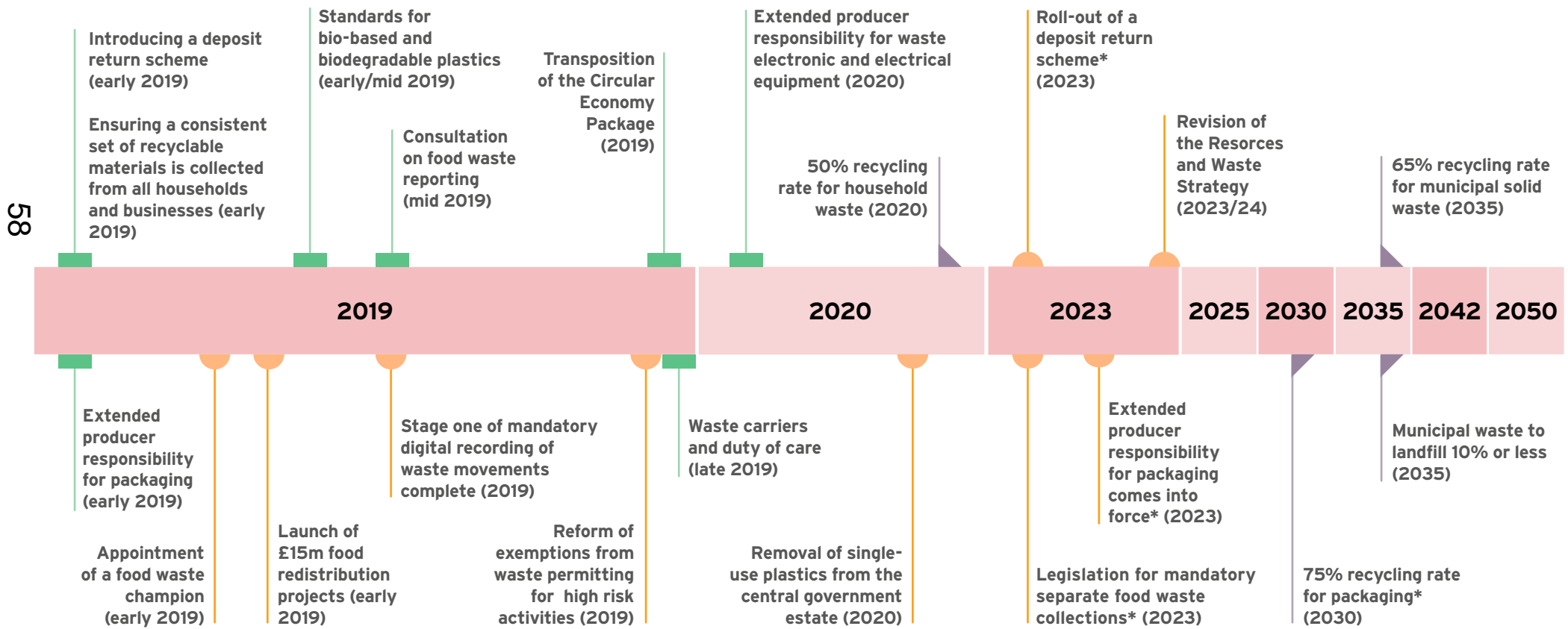
High quality data, information and insights are essential for effective policy making.

This chapter sets out how we will:

- **Work with our partners and stakeholders to develop a shared vision and bold new approach to data on resources and waste**
- **Move away from weight-based towards impact-based targets and reporting, focusing initially on carbon and natural capital accounting**
- **Maintain the coverage and quality of local authority-collected waste and improve data collection to meet future needs**
- **Work with tech firms to develop innovative digital solutions for tracking waste, and consult on options to mandate the digital recording and sharing of waste movement data**

# KEY MILESTONES

- Double resource productivity by 2050
- Eliminate avoidable waste of all kinds by 2050
- Eliminate avoidable plastic waste over the lifetime of the 25 Year Environment Plan
- Work towards eliminating food waste to landfill by 2030
- Work towards all plastic packaging placed on the market being recyclable, reusable or compostable by 2025



STRATEGIC AMBITIONS ▲

CONSULTATIONS ■

TARGETS ▼

KEY MILESTONES ●

\*subject to consultation

**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, green waste and transport contracts** – All contracts continue to deliver the level of service expected.
3. **Christmas** – The clear up period for Christmas has been well managed at the waste transfer station and there have been no issues affecting boroughs ability to deliver waste. Following lessons learned in previous years Suez introduced a daily waste tracker for the waste transfer stations. The tracker, which was shared daily, identified any times throughout the period where material at the sites would be high and allowed alternatives to be put in place in advance. Also, the trains have proven to be more reliable this year than in previous years with no cancelled trains due to over-running works or driver shortage.
4. **Twyford WTS and HRRC** – Due to a problem with the weighbridge software over the Christmas period the latest data is not available. Full details will be provided at the March 2019 meeting. A project is underway to update the software on site, this links to the wider data project mentioned in the projects report and the data review in paragraph 5 below.
5. **West London HRRC's** – Officers will 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.
6. **Health and Safety** – Internal audit have recently audited the Authority for Health and Safety and given it a reasonable assurance level. The full results have been reported to the January audit committee. The headlines from the report are:
  - Policies and procedures need to be updated. This need had already been identified by the Authority with deadlines and action owners assigned. The report recommended the updated documentation needs to be formally approved and communicated to all staff.
  - Health and safety roles and responsibilities are clearly defined in the majority of job descriptions. The report recommends considering the continuity of H&S representatives when representatives are off on long-term sick and recruiting more staff H&S representatives.

- The report has recommended the development of quarterly KPIs to enable effective analysis of trends and performance so that H&S risks can be proactively managed.
- Induction checklists were found but these need updating.
- The training needs for Twyford staff are well monitored, though the training matrix had some minor discrepancies.
- An emergency plan was in place and clearly displayed at Twyford.
- Substantial assurance was given to the incident reporting process for Twyford.
- Oversight and monitoring of incident statistics could be improved with the recording of near miss reports.
- A strong system of occupational health monitoring is in place.

7. **Risk** – There are no risks associated with this report.

8. **Financial Implications** – There are no risks associated with this report.

9. **Staffing implications** – There are no staffing implications associated with this report.

10. **Health and Safety Implications** – There are no health and safety implications associated with this report.

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

12. **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	
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**Projects Update**

**SUMMARY**

This report provides an update on the Authority's efficiency and joint working Projects.

**RECOMMENDATION(S)**

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

**1. Introduction** - The six projects, initiated by Officers and delivered in conjunction with the constituent Boroughs will further develop our collaborative working in West London. A Project Board is established for governance of the programme through the Borough Partnership and West London Alliance Environment Directors Board.

**2. Data** – A long-term strategic project to capture waste management data for the West London Boroughs, to review collective performance, share strategic information and inform the operational projects. The project will also reduce the data burden on constituent Borough Officers and offer joint resource for e.g. Waste Data Flow reporting.

The data project has a long development phase given its size and complexity. Officers have identified that a wide variety of different data and metrics is used for waste services and operations but comparable data is needed to inform new projects and provide effective benchmarking. A trial with Hounslow officers and Recycle 360 is starting to untangle the variety of data sources to create a monthly report showing collected waste, recycling and composting trends from different sources, e.g. houses and flats.

**3. Waste Minimisation Projects** – The data collected from waste minimisation projects is shared to assist behaviour change and reduce cost for the constituent Boroughs. Details are provided in the Waste Minimisation Update.

**4. Material Recycling Facility (MRF)** – Officers have identified that more recycling processing capacity is needed in London and the South East to deliver current and future recycling targets. All Boroughs will benefit from additional capacity as it will mitigate the risk of increasing cost due to a shortage of facilities. In addition, this project offers efficiency to the constituent Boroughs with a single procurement to manage recycling materials. Ealing, Harrow, Hillingdon and Richmond upon Thames have arrangements which terminate in 2020. Officers are currently working with Hounslow to develop new offtake for commingled material from flats and Brent's contract will end in 2023.

**Risks and Opportunities** – The project has been developed to mitigate the risk associated with: increasing demand for quality from Chinese recycling markets; the fluctuating value of recycling which is closely linked to the cost of oil; and any turbulence which might result from Brexit. The Resources and Waste Strategy and expected consultation on extended producer responsibility for packaging materials brings the opportunity of a financial contribution from producers to the cost of collecting and recycling packaging materials. A joint procurement to create new MRF capacity over the longer term will create a strong negotiating position in this changing market.

**Procurement** - Officers sent 108 days formal notification of procurement to the GLA on the 28<sup>th</sup> September 2018 as required and aims to issue the Official Journal of the European Union (OJEU) (Procurement notice) notice before the end of February 2019. The procurement documents are being prepared in consultation with the constituent Boroughs. Individual Borough approval to

delegate the procurement to WLWA will be sought in February / March 2019. Boroughs will be fully consulted on the procurement decision in Sept 2019 through the Environment Directors Board.

5. **HRRC Harmonisation** – The HRRC sites in West London are operated on an individual basis and therefore do not benefit from synergy savings or a consistent framework of targets and objectives. The aim of HRRC harmonisation is to ensure shared best practice and deliver the Joint Municipal Waste Management Strategy (JMWMS) objectives. Officers have been focusing on the Authority run Twyford Abbey Road HRRC to collate data and pilot new ways of working.
6. **Procurements** – Joint procurement increases efficiency and strength in the market. Details are provided in the Contracts Report.
7. **Collections** – A long-term project to align the collections strategy with the disposal strategy in West London to ensure we focus on reducing waste, increasing recycling and can take the maximum opportunities offered by extended producer responsibility. Existing collections arrangements across the Boroughs vary in material collected, frequency, vehicles, methodology and recycling rates. Officers and Environment Directors have identified potential benefits in a consistent approach and have initiated a project to scope the extent of the possible savings and expected benefits.
8. **Risk** - Further consultations are expected on the Resources and Waste Strategy and a timetable for expected legislation which must be considered during the development of all projects.

### 9. Financial Implications

There are no financial issues arising from this report.

### 10. Staffing Implications - None

### 11. Health and Safety Implications - None

### 12. Legal Implications - None

### 13. Joint Waste Management Strategy Implication

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

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

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

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

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

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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) *Delegate the award of contracts for mattress recycling and abandoned vehicles to the Managing Director in consultation with the Chair and the Chief Technical Advisor.*

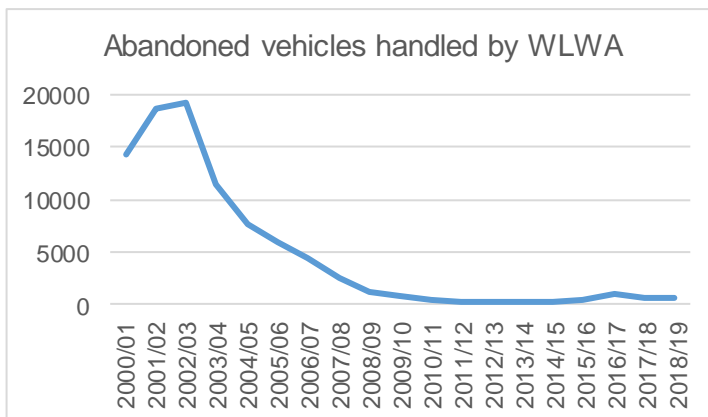
1. **Introduction** - The waste treatment contracts procured and managed by WLWA deliver Policies 7 and 8 of the Authority's Joint Municipal Waste Management Strategy: to provide waste management services that offer good value, that provide customer satisfaction, that meet and exceed legislative requirements, to work together to achieve the aims of the strategy and to share equitably the costs and rewards of achieving its aims.
2. **West London Energy Recovery Ltd contract** – SERC has now been operational for two years, at the beginning of December there was a planned shutdown to carry out an inspection of the plant to mark the end of the commissioning process and formal handover of the plant to SUEZ as the operating contractor. The inspection was a success with no issues discovered. Any items already identified remain the responsibility of HZI and the stacks have an additional warranty following the work carried out earlier in 2018. In November a waste composition analysis was carried out at both waste transfer stations. Results show a calorific value of around 11 mega joules/kg, which is around the average value for other energy from waste plants. SUEZ managed a very effective Christmas operation at the Transfer Stations.
3. **Food Waste Treatment** – The Biocollectors contract has been performing well since it started in April 2018. Officers have agreed a variation with Biocollectors which will bring gas powered vehicles to the contract. The vehicles which collect food waste from the West London transfer stations will be fuelled by gas produced from west London's food. Biocollectors will procure and install the necessary infrastructure at the anaerobic digestion facility in South London over the next 12 months.
4. **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.
5. **Mattress Treatment and Recycling** – The number of mattresses sent for recycling has increased by 3% since 2017/18 and the average cost of disposal is more including transport from each HRRC per tonne than waste directed through the residual waste services contract. Boroughs have repeatedly agreed that recycling is better than disposal.
6. Mattresses are a difficult waste to handle. They need to be shredded before being recycled or recovered for energy generation but the cost and impact on the shredders means that landfill can be the cheapest option. They are bulky and difficult to compact, which creates a lot of journeys at a low load weight. Based on the number of mattresses generated in west London the number of journeys in to the waste transfer stations would increase by almost 500 per year if mattresses were

no longer separated for recycling and there would be additional impacts on waste processing capability at these sites.

7. The figures suggest that approximately one fifth of households in west London change their mattresses each year. This is significant and with the availability of low cost mattresses, increased marketing from companies suggesting a replacement of mattresses every 7 or 8 years and an increase in the bed bug population meaning that landlords are increasing changing mattresses between tenancies it is important that Officers lobby government to include mattresses in any forthcoming extended producer responsibility scheme.

Borough	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond
Proportion of mattresses	23%	18%	18%	14%	13%	14%
Tonnes to end Nov 2018	294	230	230	179	166	179

8. **Abandoned Vehicle Collection Storage and Disposal** – The tender for the Abandoned Vehicles Collection, Storage and Disposal Contract was issued on 15<sup>th</sup> Jan 2019. Submissions are due by mid-February. Evaluation will take place during that month and a successful bidder chosen in early March for a new contract to be mobilised for 1<sup>st</sup> April. The contract shall run for a period of three years with an option for the Authority to extend in periods up to two years. Partner boroughs were consulted when drafting the Contract Specification, and feedback was requested from the incumbent contractor to ensure the Authority benefits from lessons learned.



The number of abandoned vehicles collected and disposed of by the WLWA contract has been in decline since the millennium. Since 2009 the number of vehicles has remained under 1,000 vehicles collected per annum.

9. **Dynamic Purchasing System (DPS)** – Officers have developed a dynamic purchasing system to enable the Authority to procure short term, low value waste and recycling offtake solutions efficiently and as appropriate to prevailing market conditions. It enables joint procurement for all constituent Boroughs, which will increase efficiency and bring economies of scale. It went live on the OJEU website on 11<sup>th</sup> January as an online portal to pre-approve suppliers for the offtake of materials and services. Potential suppliers can join at any time, the initial pre-qualification stage is one month and specifications are being drawn up for a range of contracts including mattress recycling, recycling of cardboard, metals and inerts from HRRCs.

10. Existing suppliers are now aware of the DPS and it has been promoted locally with positive interest. The first contract using this system can be procured from 8 March 2019.

**11. Risk**

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

**12. Financial Implications**

There are no financial issues arising from this report

**13. Staffing Implications**



There are no direct staffing issues arising from this report.

#### 14. Health and Safety Implications

None

#### 15. Legal Implications

None

#### 16. Joint Waste Management Strategy Implication

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

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

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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 that 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.

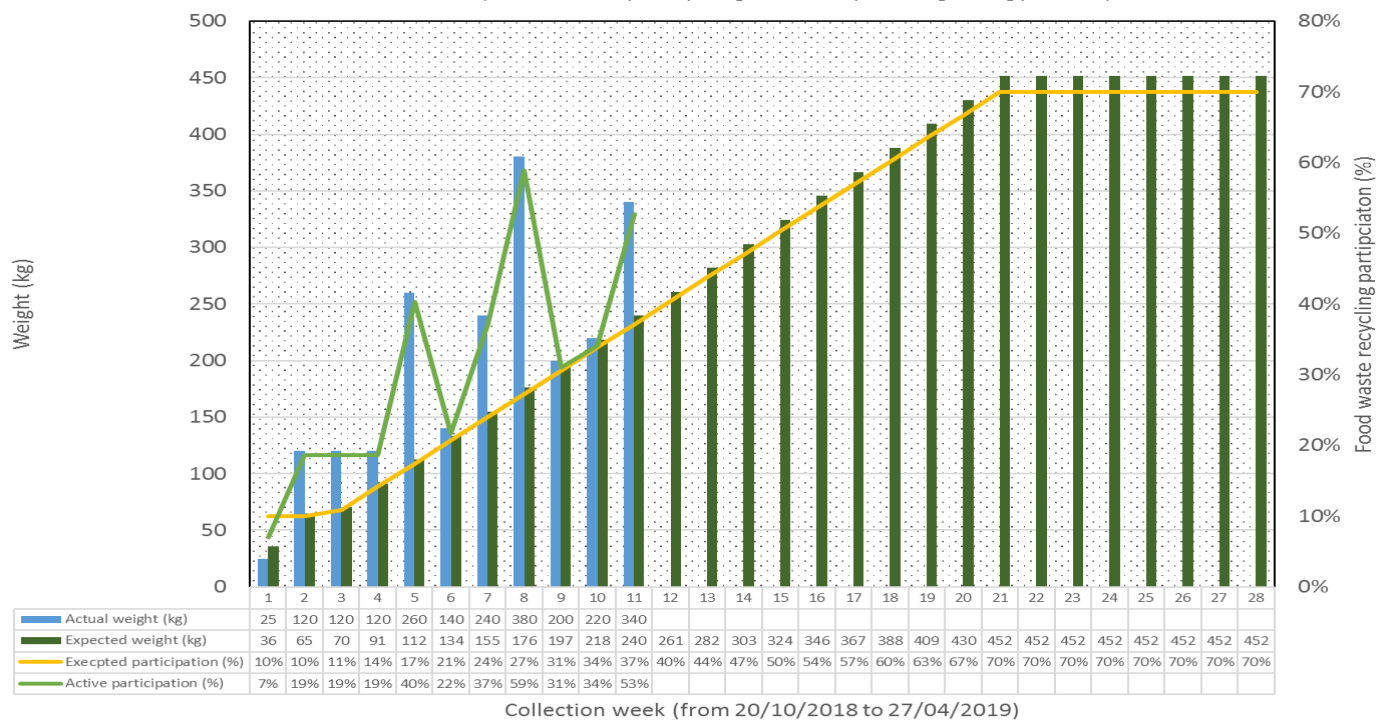
**2. Key waste streams****2.1. Food Waste**

2.1.1. 516 flats across seven sites in Richmond began a trial for food waste recycling collection for flats on the 20<sup>th</sup> 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 at 2.04 tonnes since the project started 11 weeks ago. Current average weekly collection weight to date stands at 198.64kg which suggests an overall estimated household participation rate of 31%. There has been a gradual incline in collection weight with two peaks observed in December totalling of 380kg and 340kg, equating to active participations of 53-59%.

The aim of the pilot is to achieve 70% active participation with each property producing at least 1.25kg of food waste, totalling to 451.5kg per collection across the seven sites. The pilot is currently achieving approximately 63% of the final anticipated outcome. To boost the participation, the team will carry out further doorstepping, leafleting, distribution of liners, and various engagement activities in January-February 2019.

Food waste collected from pilot project for 516 flats in Richmond by week  
(based on each participating household producing 1.25kg per week)



2.1.2. WLWA has put forward a proposal to assist Harrow Council with the significant roll-out of food waste recycling in approximately 14,000 flats between January and March 2019. The assistance will entail a round of doorstep intervention with distribution of leaflets for all properties following with a second phase of intervention addressing areas with low food waste recycling participation. Logistical arrangements and details are still to be confirmed by Harrow Council.

2.1.3. WLWA has agreed to lead on introducing food waste recycling at five housing estates in Hounslow. Those estates are currently undergoing a waste and recycling site improvement process before March 2019. Details of the sites and activities are yet to be confirmed by Hounslow Council.

2.1.4. A pilot for food waste recycling at school was setup at Krishna Avanti Primary School in Harrow. The school commenced its first collection on the 7<sup>th</sup> of December 2018. Activities for the pilot included carrying out comprehensive trainings for 20 school personnel including canteen staff and distribution of advisory and promotional communication (posters and receptacle stickers).

## 2.2. WEEE

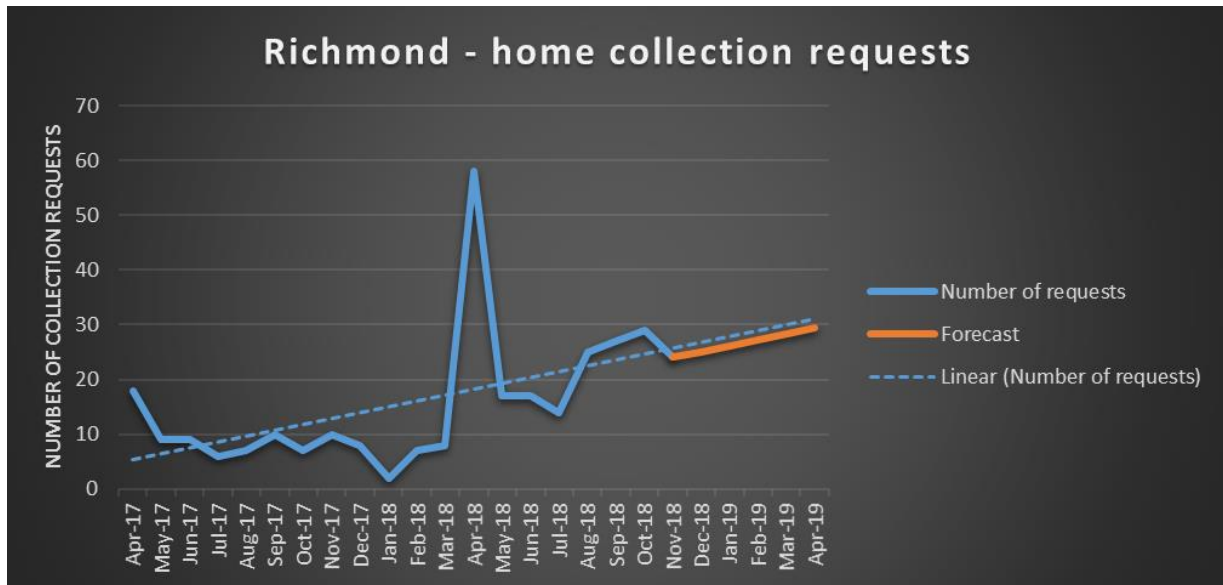
2.2.1. A new kerbside WEEE collection trial covering 11,000 properties in Harrow, funded by DEFRA commenced in June 2018. The pilot ran weekly for six months to encourage diversion of electrical items from the general residual stream. The results are being analysed and a report will be available for the March Authority meeting.

2.2.2. The New Year WEEE collections are in progress with core venues including the Kiln Theatre, Richmond Civic Centre, Gayton Library and Chiswick Library confirmed. The collections will consist of an informational stand and a WEEE drop-off/recycling point.

## 2.3. Textiles

2.3.1. WLWA is working closely with Hounslow Council to implement five new public textile banks that will incorporate anti-social behaviour deterrents. Details of the sites and activities are yet to be confirmed by Hounslow Council.

2.3.2. On-request home collections operated by TRAIID in Richmond has been seeing a gradual incline in the number of collection requests. Mirroring the trend, tonnage has also increased by 140% compared to data from 2017.



#### 2.4. Reusable Nappies

2.4.1. The reusable nappies scheme saw an average of 12 incoming requests per month in 2018 compared to five for each month in 2017.

#### 2.5. General;

2.5.1. The Waste Minimisation programme is on track.

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