

West London Waste Authority

Hugh Peart
Clerk
Civic Centre
Station Road
Harrow
Middlesex HA1 2XY

11 September 2019

If you require further information about this agenda please contact: Alison Atherton, Tel: 020 8424 1266, E-mail: alison.atherton@harrow.gov.uk.

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 20 September 2019 at 10.00 am

MEMBERSHIP

Councillor Graham Henson, London Borough of Harrow (Chair)
Councillor Keith Burrows, London Borough of Hillingdon
Councillor Guy Lambert, London Borough of Hounslow
Councillor Mik Sabiers, London Borough of Ealing
Councillor Krupa Sheth, London Borough of Brent
Councillor Julia Neden Watts, London Borough of Richmond

AGENDA

PART I - ITEMS FOR CONSIDERATION WHILE THE PRESS AND PUBLIC ARE IN ATTENDANCE

1. Apologies for absence
2. Declarations of interest

Members are reminded that if they have a pecuniary interest in any matter being discussed at the meeting they must declare the interest. They may not take part in any discussion or vote on a matter in which they have a pecuniary interest.

3. Minutes of the meeting held on 28 June 2019 **(Pages 3 - 8)**
4. Operations Update **(Pages 9 - 14)**
5. Projects Update **(Pages 15 - 18)**
6. Contracts Update **(Pages 19 - 22)**
7. Waste Minimisation Update **(Pages 23 - 28)**

- 8. 2019/20 Budget Monitoring Report Period 4 **(Pages 29 - 34)**
- 9. Treasury Management Update including 2018/19 Outturn **(Pages 35 - 38)**
- 10. Any other urgent business
- 11. EXCLUSION OF THE PRESS AND PUBLIC

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.	Treasury Management Update including 2018/19 Outturn	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

- 12. Treasury Management Update including 2018/19 Outturn **(Pages 39 - 86)**

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 28 June 2019 at 10.00 am at the Committee Room 5, Harrow Civic Centre, Station Road, Harrow, HA1 2XY.

Present:

Councillor Graham Henson (Chair)

Councillor Mik Sabiers (Vice-Chair)

Councillor Guy Lambert, Councillor Krupa Sheth and Councillor Julia Neden Watts

Apologies for Absence

Councillor Keith Burrows

1. Apologies for absence

Apologies for absence were received from Councillor Keith Burrows and for lateness from Councillor Krupa Sheth.

2. Declarations of interest

RESOLVED: There were no declarations of interest.

3. Minutes of the meeting held on 29 March 2019

RESOLVED: That the minutes of the meeting held on 29 March 2019 be taken as read and signed as a correct record.

4. Appointment of Chair, Vice Chair, Audit Committee, Chair of Audit Committee and Independent Member(s)

Members noted the membership of the Audit Committee comprised three members of the Authority and the previous difficulties in being quorate. Whilst it was necessary to appoint a Chair of the Audit Committee, who was not also the Chair of the Authority, the Authority itself would discharge the functions of the Audit Committee. The Member appointed as Chair of the Audit Committee would take the Chair during the Authority meeting for audit items.

RESOLVED: That (1) the Authority discharge the functions of the Audit Committee;
(2) Councillor Graham Henson be appointed as Chair of the Authority for the 2019/20 municipal year;
(3) Councillor Mik Sabiers be appointed as Vice-Chair of the Authority for the 2019/20 municipal year;
(4) Councillor Krupa Sheth be appointed as Chair of the Audit Committee for the 2019/20 Municipal Year;
(5) the appointment of Andrea White as the Independent Member of the Audit Committee be re-confirmed to 30 June 2020.

5. Meetings for the Municipal Year 2019/20

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

Friday 20 September 2019

Friday 6 December 2019

Friday 24 January 2020 at 11.00am (Audit Committee at 10.00am)

Friday 27 March 2020 at 10.00am

Friday 26 June 2020 at 10.00am (including Audit items)

Friday 25 September 2020 at 10.00am

Friday 4 December 2020 at 10.00am

6. Reconciliations Internal Audit

Members received the final Assurance Report 2018/19 on Reconciliations.

Sarah Hydrie, Internal Auditor, outlined the content of the report, drew Members' attention to the assessment of the Authority on page 11 of the agenda and advised that all recommendations had been implemented or were due to be implemented.

RESOLVED: That the report be noted.

7. Annual Internal Audit Report 2018/19

Members received the Annual Internal Audit Report and Opinion Statement 2018/19.

Sarah Hydrie, Internal Auditor, outlined the content of the report and advised that no significant control weaknesses had been identified through internal audit work conducted during 2018/19. She reported that a qualified IT Auditor had been appointed to the team and could assist with audits if required.

Members welcomed the report and sought clarification on the selection of the two final activities for internal audit review in 2019/20. Jay Patel (Head of Finance) advised that, given the number of projects currently in progress, officers would select the final activities for internal audit later in the year.

Sarah Hydrie thanked colleagues for their work and the collaborative approach taken in carrying out the audit.

RESOLVED: That the report be noted.

8. External Audit Report

Members received the Audit results for the year ended 31 March 2019.

Helen Thompson, External Auditor, Ernst and Young LLP, reported that the detailed work on the audit was well progressed but as pension fund assurances had not yet been received from LPFA's auditors it was not possible to issue the Audit Report or sign the Opinion. She advised that this information was now not likely to be received before mid July so the accounts and letter of representation would need to be signed by the Authority closer to that date. She highlighted a disclosure of £0.5m income and that it was expected that the Authority would be better placed in future years to make an estimate of this income. Jay Patel (Head of Finance) explained to Members that the Authority expected to

receive £0.5 m from SUEZ but, as they had not been provided sufficient detail, an audit trail to account for the sum in 2018/19 would be included as a narrative in the accounts.

In response to a request to shorten the valuation process, Helen Thompson explained that CIPFA required the fair value of assets to be assessed at the balance sheet date and that the Authority did have a large asset site. Discussions with officers were ongoing as to the appropriate level of indexation.

Helen Thompson, referring to page 47 of the agenda, reported that three significant audit risk areas had been identified as a focus for the audit, two of which were to be expected as they related to property. In terms of the audit fee, discussions were ongoing with officers in relation to the fee for additional work undertaken and once agreed it would be submitted to Public Sector Appointments for audit.

In response to a question from the Independent Person in relation to control observations, Emma Beal (Managing Director) explained that this was due to a timing issue and the wish to incorporate all of the clarifications into the final agreements. She also confirmed that two contracts remained unsigned.

RESOLVED: That the report be noted and a further report be submitted to the Audit Committee once the issues in relation to the valuation process of property had been resolved.

9. Risk Register

Members received the report which provided an update on the Authority's Risk Register.

RESOLVED: That the report be noted.

10. Assurance Report

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

RESOLVED: That the Assurance Statements be noted.

11. Statement of Accounts for the year ending 31 March 2019 - Approval

Members received the report which presented the 2018/19 Statement of Accounts.

Jay Patel (Head of Finance) outlined the contents of the report and responded to questions as follows:-

- In terms of the valuations there were two aspects; the pension liability where auditors were awaiting assurance from the LPFA's auditors and the property valuation where an indexation exercise would result in adjustments to the accounts. As these were non cash items they did not affect the service or the way it was delivered and over 25 years the adjustments would level out to zero;
- In terms of ongoing valuation exercises, Jay Patel explained that he would seek to find a pragmatic solution with the auditors with regard to the annual valuation exercises with a view to minimising unnecessary costs and work.

- The variance in Employees figures (Page 104 refers) was due to the pension fund valuation of the contribution to pay compared to the actual contributions paid. Once again these were a non-cash accounting adjustment.

RESOLVED: That (1) the 2018/19 Statement of Accounts be approved;
 (2) the Chair of the Authority be authorised to approve any changes resulting from the LPFAs' auditors assurance to Ernst and Young expected in mid July 2019;
 (3) the excess reserve disbursement to boroughs be approved.

12. Budget Monitoring Report Period 2

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

RESOLVED: That (1) the current financial position and forecast for 2019/20 be noted;
 (2) the Key Performance Indicators be noted;
 (3) the financial decisions taken under the Scheme of Delegation to Officers be noted;
 (4) the Managing Director, following consultation with the Chair of the Authority and Treasurer, be authorised to introduce a new PAYT rate for gully waste.

13. Health and Safety: Annual Review of Performance in 2018/19 and Plans for 2019/20

Members received the report which reviewed the Authority's Health and Safety arrangements for the year 2018/19 and presented the Authority's Health and Safety Plan for 2019/20.

Sarah Ellis, Operations Manager, outlined the content of the report and advised of the need to go out to the market to appoint a new health and safety adviser, a role currently being undertaken by the London Borough of Hounslow.

A Member commented that the organisational structure chart (page 181 referred) required further consideration in order to reflect the relationship between Members and the Authority.

RESOLVED: That (1) the report be noted;
 (2) the actions taken in the Health and Safety action plan for 2018/19, as set out in Appendix 1 to the report, be noted;
 (3) the Authority's Health and Safety Action Plan for 2019 /20, as set out in Appendix 2 to the report, be approved;
 (4) the new policy documents set out in Appendix 3 to the report be agreed and adopted.

14. Operations Update

Members received the report, noting that there was confidential appendix, which provided an update on the Authority's operations.

Members discussed potentially charging for the disposal of DIY waste and the correlation with fly tipping, noting that there had been an increase in fly tipping generally. Referring to outlying boroughs introduction of charging for the disposal of waste, the Chair advised that this had caused an increase in travel into the borough but this could be controlled if constituent authorities worked together. He suggested that consideration be given to the use of transfer of waste without a licence and also the potential for unintended consequences of charging for the disposal of waste.

RESOLVED: That the report be noted.

15. Projects Update

Members received the report which provided an update on the Authority's efficiency and joint working projects.

Peter Tilston, Projects Director, outlined the content of the report and confirmed that there was variable 'buy in' to the projects from the authorities. In response to a question, he advised that the data project would have the most impact/difference to boroughs although cash savings would arise from the collections project.

The Chair requested that Members make enquires in their boroughs as to the work underway in terms of the projects outlined in the report and have a discussion with their Environment Director.

Having noted the confidential element of the report it was

RESOLVED: That the report be noted.

16. Contracts Update

Members received the report, noting that there was confidential section, which provided an update on the Authority's various waste treatment arrangements and procurements.

Tom Beagan, Senior Contracts Manager, outlined the content of the report. The Chair stated that there appeared to be a perception that there was an increase in the number of abandoned vehicles and requested a further discussion at the next meeting of the Authority.

Having noted the confidential section of the report it was

RESOLVED: That the report be noted.

17. Waste Minimisation Update and Plan for 2019/20

Members received the Waste Minimisation Plan 2019/20 and details of current and upcoming projects. A poster promoting textile recycling and a competition to win an upcycled wedding dress was tabled and Members were requested to forward details to local community groups.

RESOLVED: That (1) the Waste Minimisation Plan 2019/20 be approved;
(2) the waste minimisation project activities to date be noted.

18. 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>
19.	Operations Update	Information under paragraph 3 (contains information relating to the

financial or business affairs of any particular person (including the authority holding that information).

20. Projects Update

Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

21. Contracts Update

Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

22. Waste Minimisation Update and Plan for 2019/20

Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

19. Operations Update

RESOLVED: That the appendix be noted.

20. Projects Update

RESOLVED: That the appendix be noted.

21. Contracts Update

RESOLVED: That the appendix be noted.

22. Waste Minimisation Update and Plan for 2019/20

Members received a confidential presentation in relation to the Food Waste Recycling Project in West London.

RESOLVED: That the presentation be noted.

The meeting finished at 12.17 pm.

The minute taker at this meeting was Alison Atherton.

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 operations and business plan activities 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 communication.
2. **Food waste and green waste** – Contractors are coping well with the increased levels of green waste being generated, all contracts are delivering good service levels.
3. **Transport** – Both contracts are currently running smoothly.
4. **Waste Transfer Stations** – Acceptance of waste during the SERC shutdown was managed very well, with no issue of note.
5. The project to reduce near misses on these sites has progressed well and seen very positive results. Over 400 site users have had inductions at these sites including borough crews, HRRC drivers and contractor drivers. Monitoring of near misses and infringements on site for May to July has shown a decrease in the number of preventable near misses of 16%.
6. On the afternoon Tuesday 27 August a fire broke out at Victoria Road WTS. It originated from bulky material that is shredded to ensure conformance with processing at SERC. The site was closed and the fire brigade attended. The fire was extinguished in a couple of hours and fire watch maintained. Waste from HRRC's and street cleansing was diverted, in accordance with contingency arrangements, to Hayes and Transport Avenue. The site was available for borough vehicles the following morning.
7. **Abbey Road Waste Transfer Station (WTS) and HRRC** – The construction project to repair the fire damage at the site continues. Scaffolding surrounds the working area around and below where the new concrete has been poured to fill in both compactor holes and re-build the concrete walls that needed to be removed (see pictures).



8. Just before closing on Tuesday 20 August the waste pile (approximately 50 tonnes) in the WTS caught fire. The site was evacuated in accordance with the fire procedure and the fire brigade attended site in under 10 minutes. The staff worked with the fire service to extinguish the flames and pull waste away from the affected area. The site opened as usual to all customers the following morning. Investigations of the cause are still on-going. The Environment Agency visited the site on the evening of the fire and verbally reported they were happy with the actions they saw.
9. The recycling rate for Abbey Road at the end of July was 37%, equal to the performance for last year. The diversion rate is 58%, 1% higher than the same period in 2018.
10. **Health and Safety** – Appendix one shows the progress to date on the health and safety action plan for 2019-20.
11. **Risk** – There are no risks associated with this report.
12. **Financial Implications** – There are no risks associated with this report.
13. **Staffing implications** – There are no staffing implications associated with this report.
14. **Health and Safety Implications** – These are included in the report.
15. **Legal implications** - There are no legal issues arising from this report.
16. **Impact on Joint Municipal Waste Management Strategy** – Operations activities are in line with the following policies:

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

Policy 7: The WLWA and constituent boroughs will seek to provide waste management services that offer good value. That provide customer satisfaction and that meet and exceed legislative requirements.

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

Background Papers	None
Contact Officers	Sarah Ellis, Operations Manager sarahellis@westlondonwaste.gov.uk 01895 545517
	Tom Beagan, Senior Contracts Manager TomBeagan@westlondonwaste.gov.uk 01895 545516

Appendix 1: Health and Safety Action Plan 2019/20 – update September 2019

Ref	Action	Responsible person(s)	Target timescale	Further details	Progress to date
1	Appoint new H&S Advisor for WLWA	Managing Director	December 2019	The revised WLWA Health and Safety policy has resulted in the removal of the management appointee role and creation of a Health and Safety Advisor and enhanced health and safety involvement of managers. The new policy document sets out the responsibilities of this role and an external expert needs to be appointed.	<p>The timescale for this has been revised from September to December 2019.</p> <p>Following review of the existing terms of contract for procurement of services over £20,000, a new set of documents were required. These have now been received and the procurement will begin at the end of September</p>
2	Develop additional guidance for: <ul style="list-style-type: none"> • Provision and Use of Work Equipment (PUWER); • Electrical Equipment • Working at Height • Lifting Equipment and Lifting Operations (LOLER) • Reporting of accidents, incidents and near misses in support of the new revised overarching policy document.	Operations Manager	December 2019	During the revision of the policy and supporting documents the need for these updates was identified.	<p>Until an advisor has been appointed WLWA are procuring an interim solution to get this piece of work underway.</p> <p>In addition to these guidance documents, officers have identified that further work is required on the driving at work guidance to ensure that driving on the road is discreet from mobile plant operation.</p>
3	Communicate with all staff so they are informed about the revised document and aware of the contents.	Managing Director	August 2019	This will be carried out using the new procedure members approved at the June 2019 meeting (appendix 2 to the H&S report).	Toolbox talks have been delivered to all staff. All staff have either been provided with a folder of policies, or directed to the intranet where the files are available.
4	Make relevant stakeholders aware of the new documentation	Senior Contracts Manager	September 2019	WLWA will share the documentation with boroughs, contractors, partners etc.	This has begun as part of the regular schedule of contract and borough meetings.

Ref	Action	Responsible person(s)	Target timescale	Further details	Progress to date
5	Review all job descriptions to ensure health and safety responsibilities as outlined in the new policy are clearly articulated	Head of Finance and Performance	March 2020	All existing job descriptions will be reviewed and changes made where appropriate.	This is scheduled to begin later in the year.
6	Begin developing a positive reporting culture for near misses, accidents, incidents and property damage.	Operations Manager	March 2020	Work closely with staff to develop their knowledge and understanding of the importance of reporting near misses and accidents to help avoid future injury and ill-health	Work will begin on this later in the year after the new guidance regarding the reporting of accidents, incidents and near misses is complete.
7	Review head office health and safety arrangements	Head of Finance and Performance	March 2020	Having moved into a new head office and established activities, it will be useful to take stock of and review the head office health and safety procedures to ensure they are appropriate and suitably embedded.	This is scheduled to begin later in the year.
8	Encourage shared best practice between all the HRRC and WTS	Operations Manager	March 2020	<p>WLWA will schedule quarterly HRRC best practice meetings with all boroughs to encourage communication and sharing of information.</p> <p>The user group meetings for Transport Avenue and Victoria Road will continue quarterly with health and safety being a key item on the agenda including the reporting of incident statistics.</p>	The first meeting was held in April 2019. Meetings will be held in late September, November and February.
9	Driver induction project for WTS and HRRC's	Operations Manager	September 2019	To ensure that the WTS and HRRC a project will be undertaken to ensure that all sites have appropriate inductions and checks in place to ensure that all vehicles (excluding residents in cars) are aware of and follow the site rules to help keep everyone safe on site.	<p>A new induction process is complete for Transport Avenue and Victoria Road. Over 400 site users have had inductions at these sites including borough crews, HRRC drivers and contractor drivers.</p> <p>Monitoring of near misses and infringements on site for May to July has shown a decrease in the</p>

Ref	Action	Responsible person(s)	Target timescale	Further details	Progress to date
					number of preventable near misses of 16%
10	Develop new staff handbook for Abbey Road HRRC and WTS	Site Manager	March 2020	There have been a lot of changes and improvements at the site. These need to be compiled together and made quickly and easily available for staff. This will also include wider processes and procedures not just those directly related to health and safety.	Staff have been given a new staff folder containing the new health and safety policy and guidance as well as HR policies. This will be added to during the year to give them a full range of documents.
11	New induction for Abbey Road HRRC and WTS visitors and trade waste customers	Site Manager	August 2019	The current induction will be updated to include new rules and processes being introduced on site.	This is in progress. Due to be completed this month.
12	Complete the works to repair the fire damage at the Abbey Road waste transfer station and implement all fire risk assessment recommendations.	Site Manager	March 2020	There are a number of stages to this work, the Site Manager will oversee and co-ordinate the work to keep the site safe and operational throughout the works.	Progress is being made. See main body of the report for the latest detail about the works.
13	Organise a DSEAR assessment for storage of gas bottles at HRRC sites	Site Manager	September 2019	This is a new practice being introduced by Suez to their sites across the country. WLWA will adopt this practice and undertake any appropriate actions identified.	This is in progress.

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 waste programme has six key themes, initiated by Officers and delivered in conjunction with the constituent Boroughs to develop collaborative working in West London. A Project Board is established for governance of the programme through the Borough Partnership and the Environment Directors Board.

2. Resources and Waste Strategy (Collections and Processing) - The Resources and Waste Strategy phase one consultations have closed and the summary of the responses has been published. The majority of responses are in favour of the general approach taken by the Government and broadly aligned with the WLWA response.

Extended Producer Responsibility (EPR) – There is strong support for the implementation of an EPR scheme with full net cost recovery on all obligated items covered in the packaging definition. This includes the collection and processing costs of obligated household packaging and some commercial and industrial packaging. There is strong support for the costs of EPR to be linked to the design of packaging to encourage improved designs for both reuse and recycling as well as the initial reduction in raw material use. There was majority support for payments to local authorities to be linked to a minimum performance/collection standard in order to qualify for the EPR payments.

Deposit Return Scheme (DRS) – There is strong support for the introduction of a DRS with the majority supporting an 'all in approach' covering all containers regardless of size for consistency of application across the packaging market. This will be modelled by officers including potential loss of revenue to Local Authorities.

Consistency – There is strong support for greater consistency in the collection methodologies across local authorities, particularly establishing a core set of materials: Glass, Paper and Card, Plastic bottles, Pots tubs and trays and steel or aluminium cans. There is also support for materials to be collected separated at the kerbside and support for a minimum weekly food waste collection separate to other streams and a free garden waste service, however the free garden waste service is currently opposed by Local Authorities on cost grounds. There is concern raised widely regarding consistency of collection between housing types such as flats and properties with communal collections.

3. Resources and Waste Sector Deal (Data, Sites, Processing and Collections)

A Sector Deal is a collaborative model of working established by the Government's Industrial Strategy, which enables any sector to come together to negotiate a deal with the government to boost efficiency and productivity.

The Resources and Waste Sector Deal Consultation has been drafted by the Resources Council comprising of representatives from Materials and Design, Producers, End users of materials, Recycling, waste and logistics service providers, Energy and recovery and Policy / Regulators.

The Deal focuses on the road map to deliver a resource sector to replace the current waste industry. The key themes identified in the transition largely mirrors the WLWA project themes.

- Data and Design (data backed business cases for investment in the sector)
- Infrastructure (whole system capacity and support services)
- Places (sites – long term investment in regional and national transformation to deliver circular economy)
- People (develop existing people and bringing in new talent to accelerate sector innovation)

The key offer is to deliver a joined-up resource and waste approach across all areas from national, regional and local infrastructure and system design. The sector is seeking to decarbonise and establish a sustainable circular economy for resource within the UK where possible.

In return the Sector is asking the Government for supporting the development and funding of new innovative technologies and testing hubs for demonstrator plants required to manage new materials and convert end-of-life materials to new raw materials for use in the UK. The Government will also be asked to maintain conditions required for additional private investment through stable regulation, policy and fiscal drivers.

4. Project Areas

Data –The next phase of the Data Project is to ensure we can measure the impacts of legislative change such as the Resources and Waste Strategy as well as general waste market variance over the medium and long term. WLWA is working with Officers from Richmond on moving the Waste Data Flow reporting for the Borough to WLWA.

Waste Minimisation – Further details are provided in the Waste Minimisation Update.

Collections – The savings model is being updated following the consistency, deposit return scheme and extended producer responsibility consultations to understand the potential impacts and inform our response to secondary consultations.

Procurements – Further details are provided in the contracts update.

HRRCs – Officers are currently working with four Boroughs across five sites that have been identified as participating in the initial harmonisation project within the next c.18months with sites expected to join as follows; Ealing (two sites, Jul 20), Richmond (12months after approval) and Hounslow (tbc).

Recycling - Following the Resources and Waste Strategy consultations, new plastics recycling plants are being created by the private sector and there is some uncertainty in the municipal dry recycling market. Officers have initiated further soft market testing to investigate and test the long-term approach needed to deliver the Boroughs' objectives.

5. Risk - Further consultations and a timetable for expected legislation is expected, related to the Resources and Waste Strategy, which must be considered during the development of all projects.

6. Financial Implications - There are no financial issues arising from this report.

7. Staffing Implications – None

8. Health and Safety Implications - None

9. Legal Implications - None

10. Joint Waste Management Strategy Implications

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

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

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

Contact Officers	Peter Tilston, Projects Director	01895 545510
	petertilston@westlondonwaste.gov.uk	
	Emma Beal, Managing Director	01895 545515
	emmabeal@westlondonwaste.gov.uk	
	Keith Townsend, Chief Technical Advisor	07976 920 814
	keithtownsend@westlondonwaste.gov.uk	

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Contracts Update

SUMMARY

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

RECOMMENDATION(S) The Authority is asked to:

- 1) Note the information within this report.
- 2) Delegate the award of contracts for out of hours waste to the Managing Director in consultation with the Chair and Chief Technical Advisor.

1. Introduction - The waste treatment contracts managed by WLWA have delivered a residual waste management solution in accordance with the waste hierarchy that presents value for money and offers long-term reliability. New and existing procurements will deliver Policy 8 of the Joint Municipal Waste Management Strategy "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".

2. West London Residual Waste Services Contract - The contract is operating well. In June it was reported that the Severnside Energy Recovery Centre (SERC) would be going through a phased shutdown so that planned maintenance could take place. This meant that the SERC would be able to process less waste than normal and alternative destinations would need to be found for some waste. During the shutdown 3,491 tonnes of waste went to alternative destinations, of which 434 tonnes went to landfill. The year to date landfill diversion rate for the contract is 99.59%. The shutdown work went very well with all planned maintenance and inspections completed ahead of schedule. Levels of wear on the machinery were generally lower than expected.

The waste transfer stations have adapted quickly to the change in train paths that occurred in May (as reported to the Authority in June).

3. Green waste and mixed organics waste contract - All contracts are performing well. Officers have reviewed the green waste and mixed organics contracts with West London Composting and Countrystyle. Existing contractual arrangements expire in March 2020 with a possible contract extension until 31 March 2022. The current market offers no significant improvements and are likely to be extended.

4. Abandoned Vehicles - This contract has been operational for four months. Redcorn Limited and the Boroughs are working well together and the contractor is responsive to requests submitted and are delivering upon their KPIs. WLWA is working on further improvements to internal processes to ensure smooth delivery of the service. At their last meeting, Members requested further information about the numbers abandoned vehicles. This is provided in Appendix 1.

5. Dynamic Procurement System (DPS) –To date there have been four qualification rounds (round five is currently open to applicants) and there are twenty-two pre-approved suppliers on the DPS. Non-compliant suppliers can reapply at any future stage. WLWA is working on attracting additional suppliers in specific material streams to the DPS.

6. Dry Recyclables – Following the Resources and Waste Strategy consultations, there is instability in the municipal dry recycling market. Officers are undertaking constant market testing. A short-term solution will be procured for Ealing Council (commencing 6th June 2020) and more Boroughs will be able to join the contract at a later date under the same terms and conditions.

The Contract will be advertised via the DPS and be open to all Bidders who have been approved onto the DPS via an application process. The Contract itself would be between WLWA and the Supplier, with all Operational Costs paid by the borough on a monthly basis. Any revenue earned from the sale of materials is paid to Ealing, also on a monthly basis.

7. Out of Hours Waste - A small proportion of WLWA’s waste is managed out of hours as a variation to the large residual waste contracts and the cost is increasing from 1st October. The market for residual waste treatment is currently volatile, with prices increasing due to major changes in the waste export market, including:

- The increased risk of a no-deal Brexit which could make it more difficult and costly to export refuse derived fuel (RDF) to mainland Europe.
- The extended shutdown of a major Netherlands energy from waste plant for major maintenance work, reducing waste imports.
- The increasing likelihood of the Netherlands government introducing a tax on imported RDF. This could lead to the introduction of similar taxes in other European countries and possibly also the UK.

Following conversations with the market, it is proposed that in order to deliver best value, new arrangements are procured for out of hours waste using the DPS, with the existing arrangement as a benchmark. Officers request that Members delegate award of contracts to the Managing Director in consultation with the Chair and the Chief Technical Advisor.

8. Carbon measuring – Waste has the ability to deliver carbon (CO2eq) improvements in support of climate change strategies. The GLA is already measuring Boroughs’ carbon performance as part of the Reuse and Recycling plans that they are asked to submit. In order to respond to Government consultations, and to support Boroughs in GLA negotiations, WLWA officers are at the early stages of investigating what measuring carbon will entail and what further benefits it might bring. Initial discussions indicate the biggest opportunities are in the waste materials, with collection methods having significantly less impact. Officers will continue to build their understanding of this topic and assess the market experience of carbon measuring.

9. Risk - Any risks are contained within the report.

10. Financial Implications - None.

11. Staffing Implications - None.

12. Health and Safety Implications - None

13. Legal Implications - None.

14. Joint Waste Management Strategy Implication - The contracts mentioned in this report meet the Authority’s Joint Waste Management Strategy policies.

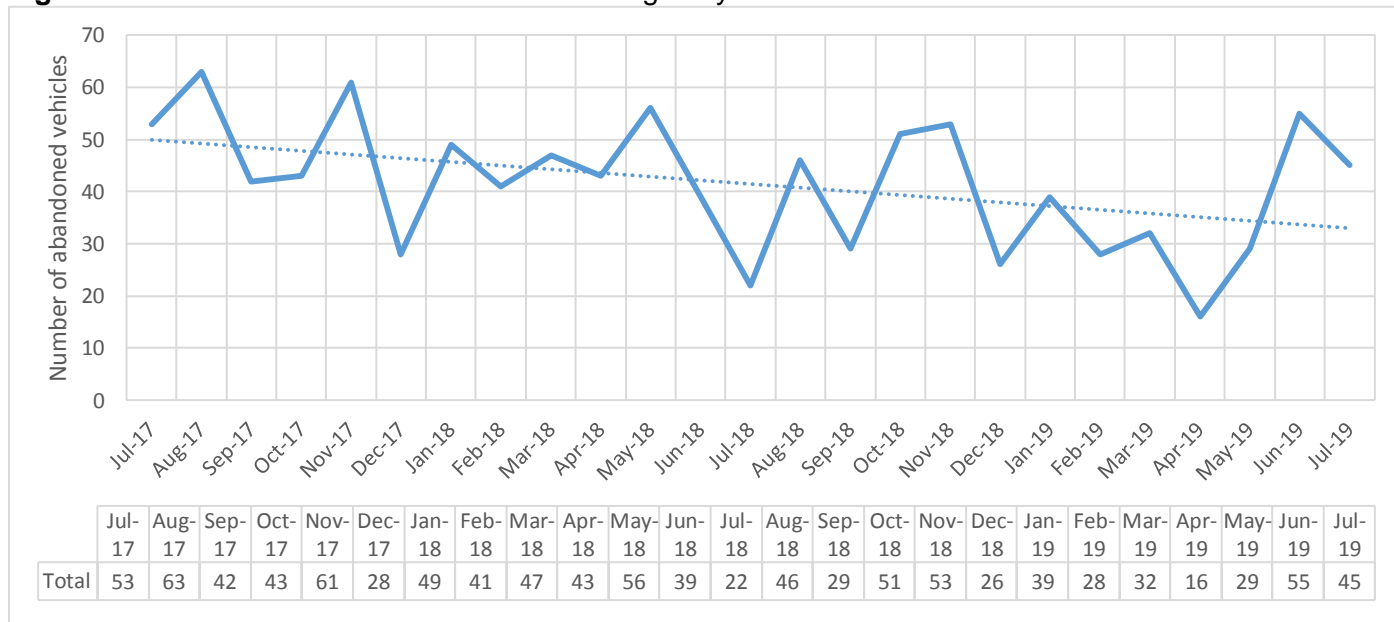
Contact Officers	Tom Beagan, Senior Contracts Manager tombeagan@westlondonwaste.gov.uk Emma Beal, Managing Director, emmabeal@westlondonwaste.gov.uk Keith Townsend, Chief Technical Advisor, keithtownsend@westlondonwaste.gov.uk	01895 545516 01895 545515
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Appendix 1 – Abandoned Vehicles

Figure 1 shows the number of abandoned vehicles managed by WLWA contracts since July 2017. The contractor changed in April 2019.

The figures show a slight downward trend in abandoned vehicle numbers over this period.

Figure 1: Numbers of abandoned vehicles managed by WLWA contracts



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WEST LONDON WASTE AUTHORITY

Report of the Waste Minimisation Manager

20 September 2019

Waste Minimisation Update

1.1 SUMMARY

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

RECOMMENDATION(S)

The Authority is asked to:

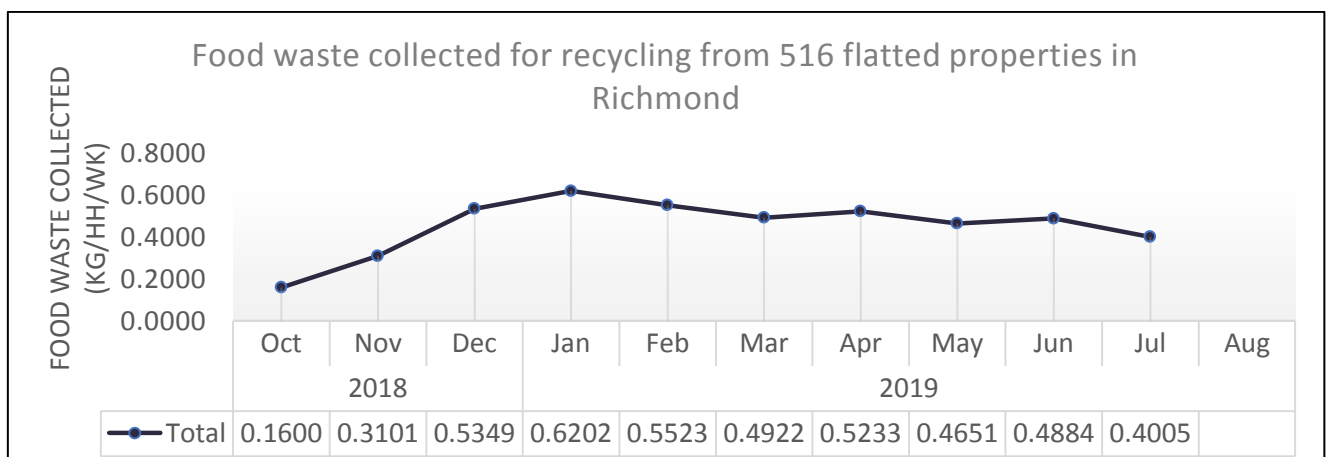
Note the information within this report.

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. The average recycling collection of food waste across 516 flatted properties in Richmond, ten months after its initial service commencement is approximately 0.455kg per property per week. The revised target of the project is to collect 1 to 1.5kg per property per week to ensure robust return on investment. To attract new customers and encourage existing service users, the team delivered a second round of liners and leaflets on the 8th, 9th and 12th of August and appointed one round of communal food waste bin cleaning which took place on the 10th of August. A second round of cleaning will take place on the 2nd of November 2019. In addition, starting from the 1st of October, the team will tour the estates to engage with residents during high footfall timings to encourage food waste recycling quality and participation. The second phase of the project will bring on an additional 700 flats onto food waste recycling service in October 2019.



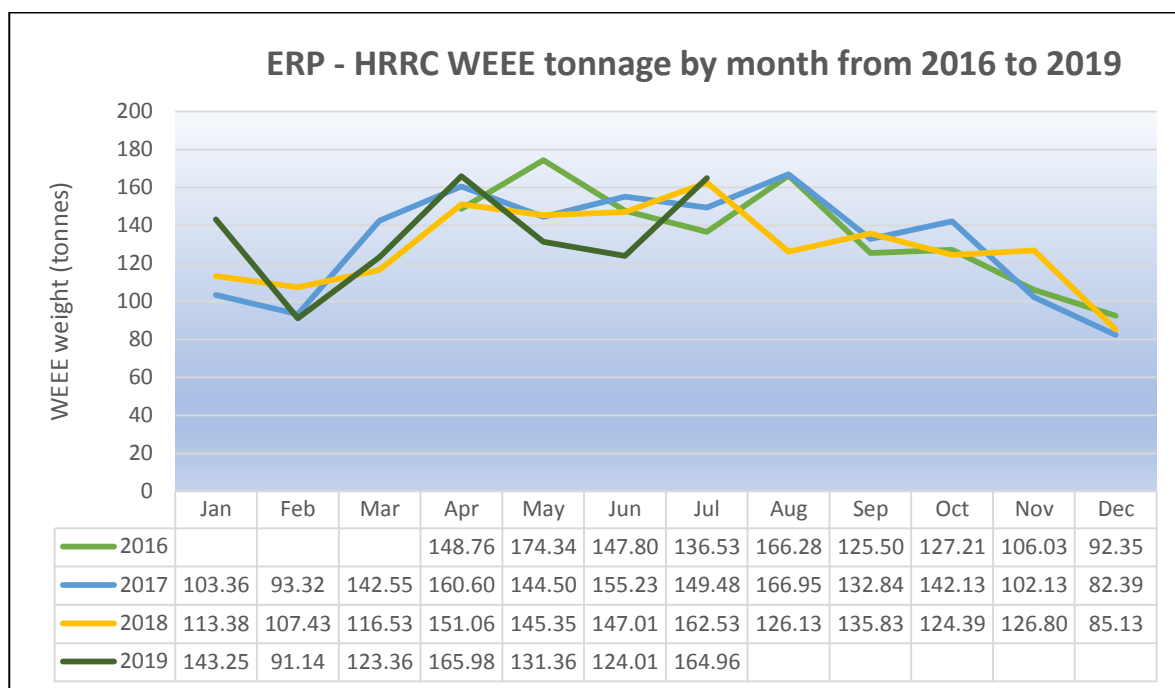
2.1.2. The team is working closely with Hounslow and Ealing Council to introduce food waste recycling service and utilise bin sensors to monitor activities across different waste streams and to drive collection efficiencies in November to pre-selected estates.

2.1.3. The team is currently in negotiation and is working out a schedule to deliver educational programs and resources to support the introduction of food waste recycling at schools.

2.2. WEEE

2.2.1. WLWA and Harrow Council will be launching a combined on-request home collection of textiles and WEEE with Traid in October 2019.

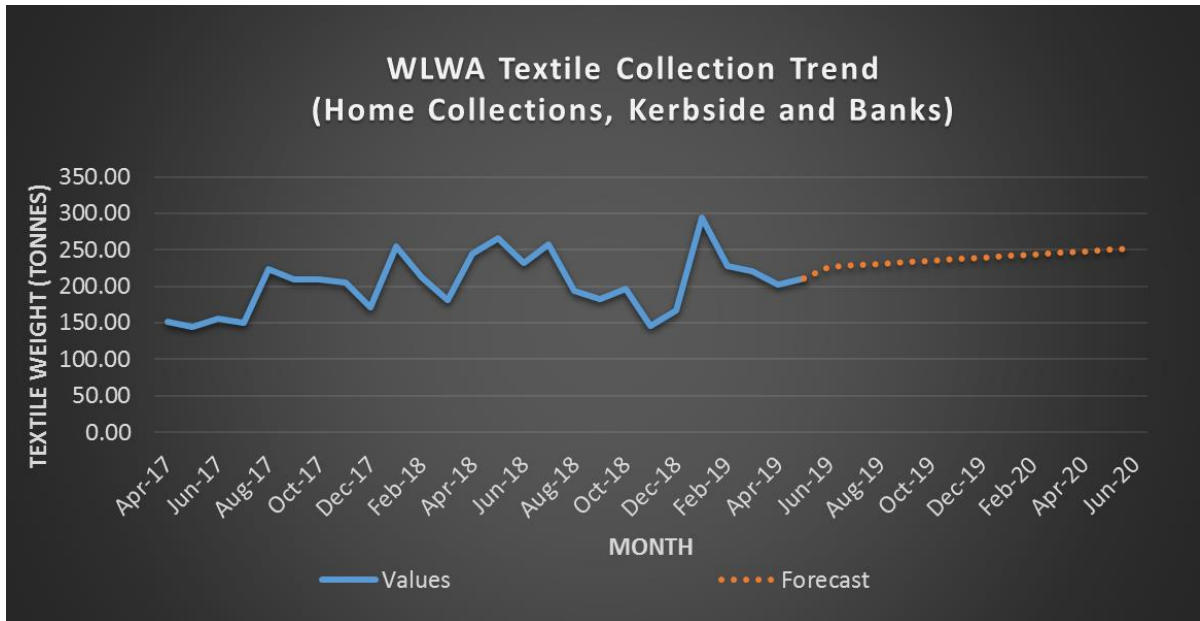
2.2.2. The difference in WEEE tonnage between 2018 and 2019 is minimal and the team is continuously working with borough partners to explore various collection methodologies to increase WEEE capture. As it stands, the authority is capturing approximately 2.5kg of WEEE per household per year.



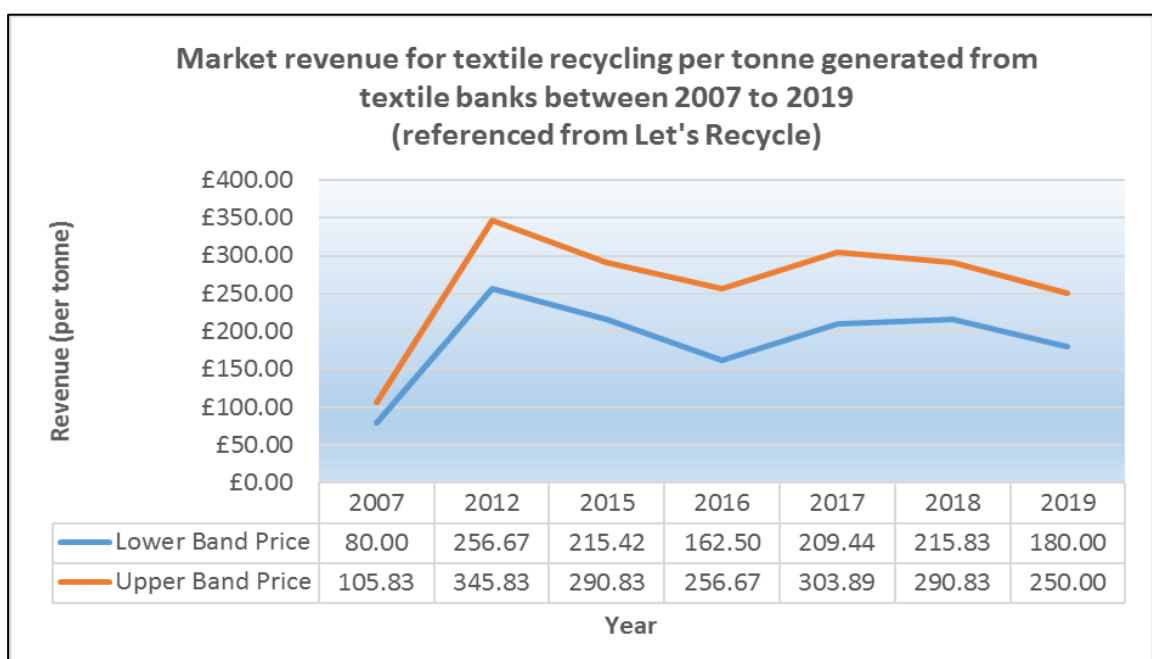
Textiles

2.2.3. The team is focusing on increasing the capture rate of textiles and to provide as many options for residents to reuse and recycle unwanted textiles to achieve overall waste disposal savings.

On-request home textile collections operated by Traid from from January till September as compared to the previous year increased from 577 to 898 requests weight by 35.7% collectively across Richmond, Brent and Harrow. To date, the team delivered four clothes and shoes swapping events and four Repair Cafes across Brent and Richmond collectively. Harrow Council officially launched the on-request home textile collection service carried out by Traid in April and is seeing tripling of incoming requests since. Textile related engagement activities will also cover Harrow September onwards.

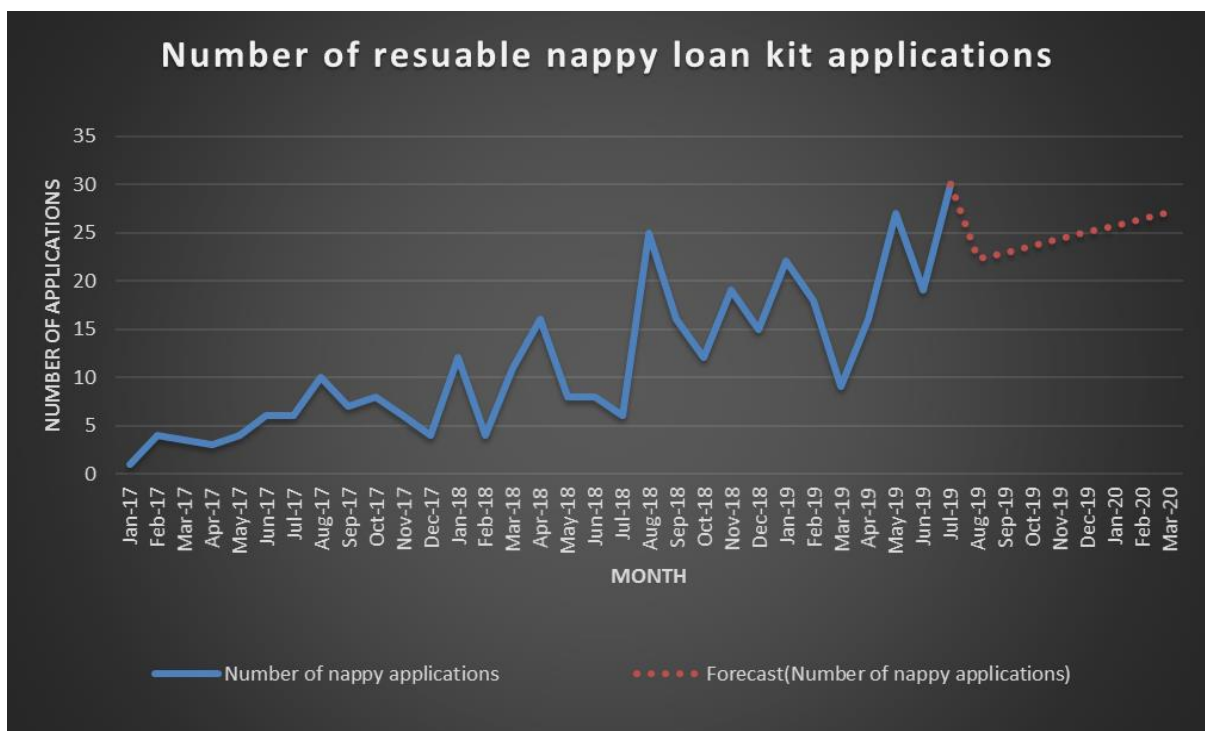
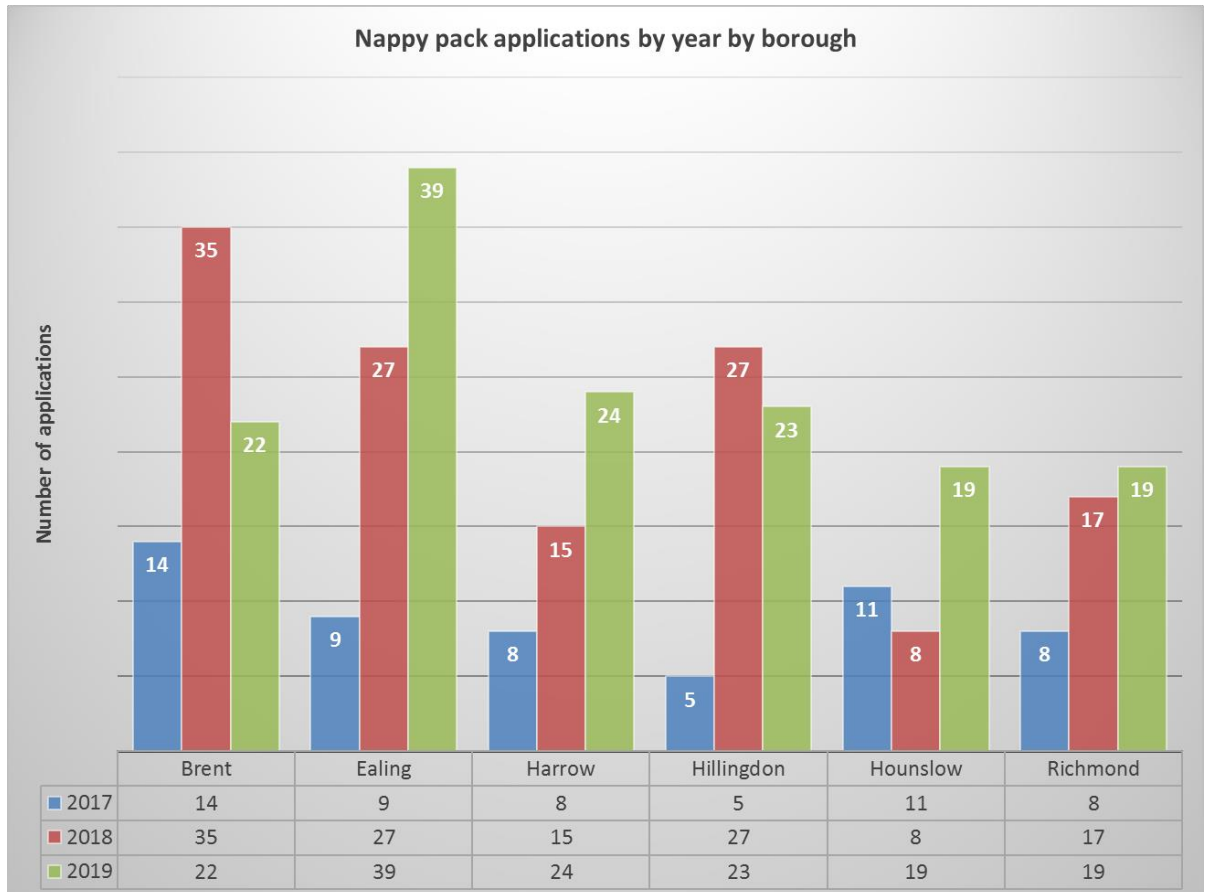


2.2.4. The textile recycling industry is experiencing hardship because of fast fashion and the vast yield of poor quality shoes and clothes collected for reuse and recycling. End markets are reaching capacity and are shifting to profit from higher-valued streams, such as WEEE instead. Small-scale textile recyclers are continuously looking for ways to collect higher quality textiles to justify financial viability. As a result, LMB and JMP Wilcox are withdrawing kerbside contracts for textiles recycling across West London. Local councils must focus more on increasing the capture rate of textiles in contracts instead of the decreasing revenue. Contracts that offer high income for textiles are not sustainable and would decrease throughout the contract period. This method of contract selection could lead to a monopoly on the textile recycling market.



2.3. Reusable Nappies

2.3.1. The uptake of the reusable nappies scheme increased from January to July with 65 incoming applications during 2018 to 141 in 2019. The projection of applications will increase from 152 applications requested during 2018 to 260 applications in 2019. The team will also expand on the work by introducing alternative feminine hygiene products to tackle single-use plastic waste.



2.4. Communications

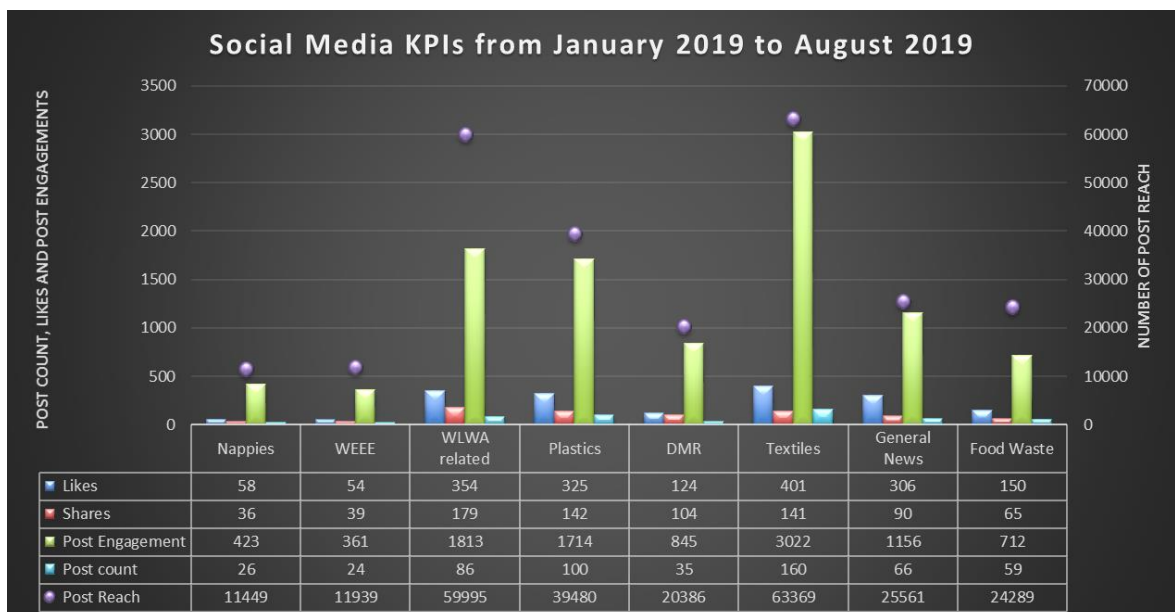
2.4.1. WLWA is assisting Richmond Council to promote a new consultation and engagement programme in September. Being part of a video series for Richmond’s Climate Change Summit, WLWA spoke about the real impact of waste and the need for collective behavioural change.

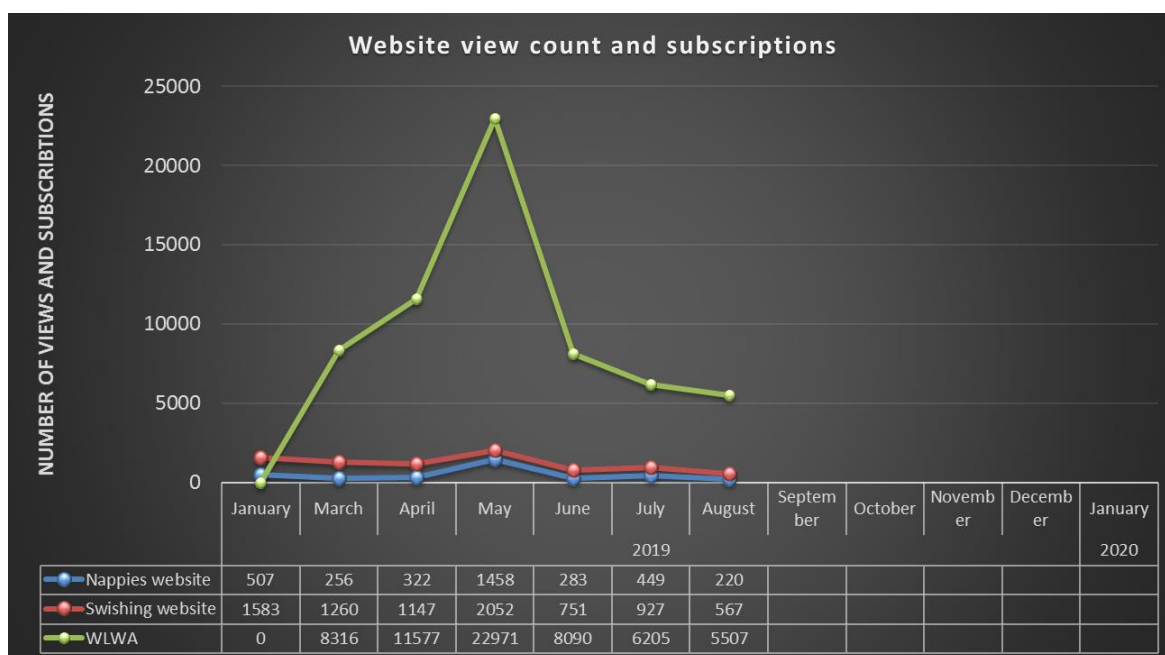
2.4.2. WLWA will be a key speaker at the Recycling Waste Management Show on the 12th of September to voice the authority’s position and action to influence national policy on food waste recycling. Towards the end of September, WLWA will also present independent findings and challenges of recycling plastics at the Plastics Recycling and Resources Conference hosted by RECYCLING Of Used Plastics Limited (RECOUN).

2.4.3. The Authority will submit two applications to showcase the newly improved Health & Safety practises and reporting for the EDIE and Local Government Chronical awards.

2.4.4. The team delivered 34 events so far during this financial year and engaged with 1823 people, which includes a mixture of nappy handovers, compost giveaways, information stalls, repair cafes, and workshops. So far, the team confirmed nine further events with an additional 15 in the planning.

2.4.5. Due to the launch of the upcycled wedding dress competition, WLWA’s website saw a sharp increase in view count during May 2019; however, it is experiencing a decrease since.





General;

2.4.6. The Waste Minimisation programme is on track.

Contact Officers	Mildred Jeakins, Waste Minimisation Manager mildredjeakins@westlondonwaste.gov.uk	01895 546 623
	Emma Beal, Managing Director emmabeal@westlondonwaste.gov.uk	01895 545 515

Budget Monitoring Report Period 4 (July)

SUMMARY

This report provides an update on financial and operational matters

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the current financial position and forecast for 2019/20
- 2) Note the KPIs
- 3) Note the financial decisions taken under the Scheme of Delegation to Officers
- 4) Note the update on exercise to validate HRRC wasteflows

1. Financial position – high level summary

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

High level summary

	P4 Budget £ 000s	P4 Actual £ 000s	P4 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
Expenditure						
Employees	677	612	-65	2,031	1,977	-54
Premises	895	868	-27	2,686	2,621	-66
Waste Transport & Disposal	15,399	15,632	233	46,198	45,585	-613
Other supplies	331	200	-131	992	958	-34
Depreciation	2,828	2,842	14	8,485	8,527	42
Financing and Other	2,182	2,172	-10	6,546	6,515	-31
Concession Adjustment	-1,405	-1,405	0	-4,215	-4,215	0
	20,908	20,921	13	62,723	61,968	-755
Income						
Levies	-20,270	-20,624	-354	-60,810	-60,730	80
Trade and other	-638	-853	-215	-1,913	-2,010	-97
	-20,908	-21,477	-570	-62,723	-62,740	-17
(Surplus) / Deficit	0	-556	-556	0	-772	-772
Disimbursement back to Boroughs		1,900	1,900		1,900	1,900
Net position after disbursement	0	1,344	1,344	0	1,128	1,128

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 is close to budget and the forecast surplus for the year shows a favourable variance (i.e. underspend) of £0.7 million.

The forecast surplus includes unanticipated income from the PPP arrangement of £0.5 million as previously reported, reducing the waste transport and disposal costs. There are also a number of smaller but notable variances. This includes updated depreciation reflecting the valuations for the 2018/19 accounts, a share of the increased cost in SERC insurance premiums (under the PPP arrangement the Authority has to pay a share of the increase in premiums if the increase exceeds 30%) and a mixture of wasteflow volume variations (e.g. lower than budgeted volume of mattresses).

There are no concerning trends. However, it is important to note that waste volumes can change significantly from month to month so waste flows will be continually monitored over the course of the year and the forecast will be updated and reported accordingly.

The disbursement to boroughs of £1.9 million as detailed in earlier Authority meetings was paid in July as planned and this results in a final forecast net position of a £1.1 million deficit.

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 2019/20

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities. Most indicators are on target with just one significant item to note:

- KPI5 trade debt as proportion of levy income – the performance is significantly skewed by the debt of one debtor. This debt is being chased through legal processes with solicitors advice. It is expected that the debt will be recovered as the case is strong and the debtor is a large national company, therefore the forecast is green.

It should also be noted that a new safety KPI has been added to the suite of KPIs. The new indicator KPI18 is the lost time injury rate which is a safety KPI and commonly used across the sector.

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 Managing Director and/or Chief Officers under the Scheme of Delegations since those reported to the last Authority meeting.

Further to June's Authority report detailing the proposal and delegating authority to the Managing Director in consultation with Chair and Treasurer, a new gully waste PAYT rate has been introduced for boroughs for 2019/20. This will give boroughs the opportunity to take advantage of the Authority's very competitive procurement and price for the treatment of gully waste and will separate out charging for this material in line with other waste streams e.g. green, wood etc.

4. HRRC Wasteflows

At the December 2018 meeting, Officers reported that a validation exercise would take place in 2019 to ensure boroughs are charged fairly for HRRC waste through the FCL. This is because over time local HRRC operational practices can change (e.g. through staff turnover) which could unknowingly effect charging. In particular, it is important that any PAYT waste which flows through HRRCs is identified and charged through the PAYT

The work identified that on the whole borough HRRC wasteflows were accurately charged with the notable exception of one HRRC. In this case the site operates in a way where some PAYT waste relating to commercial vehicles (vans) appears to be misclassified as household waste and therefore the borough does not incur a PAYT charge and importantly the borough also potentially loses revenue. Officers have been in discussion with borough colleagues who are resolving the situation.

The work also identified a few minor operational improvements in relation to weekend weighbridge operations at two HRRC sites and these have been passed on to the relevant boroughs.

5. Financial Implications – These are detailed in the 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.

Contact Officers	Jay Patel, Head of Finance	01895 54 55 11
	jaypatel@westlondonwaste.gov.uk	
	Ian O'Donnell, Treasurer	
	ianodonnell@westlondonwaste.gov.uk	
	Emma Beal, Managing Director	01895 54 55 15
	emmabeal@westlondonwaste.gov.uk	

Appendix 1

Pay As You Throw	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	12,241	12,288	47	Tonnage slightly higher at the first half of the year	36,724	36,527	-197	Potential savings within budgeted waste volumes
Waste - Food	106	100	-5		318	301	-17	
Waste - Mixed Organic	269	343	74	Effect of green waste seasonality	807	807	0	
Waste - Green	273	359	86	Effect of seasonality	818	816	-2	
Waste - Other	147	210	62	Unbudgeted recyclables and transport	442	629	187	Unbudgeted recyclables and transport
Financing	1,398	1,440	43		4,193	4,321	128	
Depreciation - SERC	2,269	2,194	-74	Impact of valuation	6,806	6,583	-223	Impact of valuation
Premises - SERC	430	430	0		1,289	1,289	0	
Concession Accounting Adjustment	-1,208	-1,208	0		-3,623	-3,623	0	
PAYT Levy income	-15,925	-16,279	-354	Higher tonnage during first half of the year	-47,774	-47,694	80	
PAYT Net Expenditure	0	-121	-121		0	-43	-44	

Fixed Cost Levy	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	677	612	-65	Effect of unfilled vacancies	2,031	1,977	-54	Effect of vacancies
Premises	466	438	-27		1,397	1,331	-66	
Waste - Residual	1,481	1,699	218	Higher than estimated tonnage	4,444	4,476	32	
Waste - Green	150	160	10		451	397	-54	
Waste - Wood	219	311	92	Higher than estimated tonnage	657	932	275	Forecasted high tonnage
Waste - Other	512	161	-351	Lower than estimated tonnage and rates (rubble, mattresses)	1,537	700	-837	Lower than estimated tonnage and rates (rubble, mattresses)
Other Supplies	331	200	-131	Uneven spending pattern during the year	992	958	-34	
Depreciation	560	648	89	Impact of valuation	1,679	1,945	266	Impact of valuation
Financing	497	432	-65	Lower borrowing cost than budgeted	1,491	1,295	-196	Lower borrowing cost than budgeted
Revenue Funding of Debt	287	300	13		862	900	38	
Concession Accounting Adjustment	-197	-197	0		-592	-592	0	
Trade Waste and Other Income	-638	-853	-215	High trade waste income	-1,913	-2,010	-97	
FCL Levy income	-4,345	-2,445	1,900	Disbursement to Boroughs	-13,036	-11,136	1,900	Disbursement to Boroughs
Fixed Cost Levy Net Expenditure	0	1,465	1,465		0	1,171	1,171	

Appendix 2

KPI No	Measure	2019/20 Target	Forecast	Apr	May	Jun	Jul	Comments
Efficiency								
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 518,206 to 572,754 tonnes	562,035	45,467	47,030	46,642	48,206	
KPI2	Total kgs WCA waste per dwelling	847	882	856	871	873	882	
KPI3	HRRRC reuse, recycling, composted % (Twyford)	40%	40%	40%	41%	41%	37%	
KPI4	Borough HRRRC Average reuse, recycling, composted %	40%	32%	30%	34%	31%	31%	
KPI5	Trade debt as proportion of non levy income	Max of 8% (1 month)	3.1%	12.0%	11.9%	10.5%	8.2%	7.6% (£145,318) relates to a single debt in legal stages of recovery which we expect to recover
KPI6	Average days to pay creditors	Max of 30 days	30	29	29	30	30	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	
Service Delivery								
KPI8	Residual waste landfill diversion rate	96%	100%	100.00%	100.00%	100.00%	99.59%	Figures are for year to date
KPI9	Recycling rate for residual waste	2.00%	4%	2.84%	2.73%	6.25%	5.59%	Figures are for year to date
Safety								
KPI18	Lost Time injury frequency rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Following the H&S recommendation to review KPI's for H&S reporting this is being added to the reported KPI's. It's an indicator that is widely used and recommended in the waste sector and used by the HSE to compare performance between industries.
KPI10	RIDDOR rate at rail transfer stations (previously incidents)	0	0	0	0	0	1	This has been reported as an incident rather than a rate as we do not have the information available at time of publishing to provide the rate.
KPI11	RIDDOR rate at Twyford (previously incidents)	0	0	0	0	0	0	
Environment								
KPI12	EA reported incidents at rail transfer stations	0	0	0	0	0	0	
KPI13	EA reported incidents at Twyford	0	0	0	0	0	0	
Education								
KPI14	Number of people engaged at events	3,000	4,836	24	358	679	351	
KPI15	Engagement on social media	8,000	9,597	595	1,239	842	523	
KPI16	Items identified in annual training plan	68	69	11	0	6	6	
KPI17	Number of visitors to our website	40,000	77,868	6,883	6,677	6,433	5,963	

* KPIs reflect the most recent data available at the time of writing

Date prepared: 21 Aug 2019

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Treasury Management

SUMMARY

This report provides an update on the treasury management activities

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the treasury management out-turn for 2018-19
- 2) Note the update for the current year including the treasury management and prudential indicators

1. Background

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

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

1.3 This report outlines both the 2018-19 out-turn and treasury management activities so far this year.

2. Treasury Management Activity

2.1 The Authority's scale and variety of treasury management activities has been limited to the simple, low risk and essential operations identified below in accordance with the annual plan approved by the Authority in January.

2.2 Excess funds are invested through the London Borough of Ealing under a service level agreement. Local Authorities have a high security/credit rating and are a risk averse option. Interest is paid annually based on the average return achieved by the borough over the year. The service level agreement also gives the opportunity for the Authority to place money with the borough for fixed periods to enjoy higher rates.

2.3 The average interest rate for 2018/19 was 0.7% returning £87,000 of investment income. The amount held with the London Borough of Ealing has ranged from £2 million to £17 million during the year. At the end of the year a total of £7.0 million was placed with the borough. Prompt access to funds without the loss of any interest is a strong feature of this arrangement.

2.4 So far, in 2019/20 operations have been steady and excess cash balances have ranged from £7 million to £17 million ensuring liquidity and a return.

2.5 The Authority has loans from 4 London boroughs and the PWLB which financed the construction of the Energy from Waste Recovery Centre (SERC) and purchase of transfer station freeholds. The loans are of a repayment type with half yearly instalments including an element of both interest and loan repayment.

2.6 For 2018/19 the Authority commenced the year with a total of £66.6 million of loans from the 4 London boroughs. During 2018/19 the Authority borrowed £26.7 million from the PWLB to finance the purchase of transfer station freeholds. The half yearly payments repaid principle amounting to £1.0 million leaving loan balances at the end of 2018/19 of £92.3 million.

2.7 It is worth noting that the contractor's contribution to the construction of the SERC is approximately double that of the Authority. By the end of 2017/18 the contractor's contribution stood at £116 million.

2.9 The interest on the 4 borough loans accrues from the date of each drawdown at a fixed rate of 7.604% and payments commenced when the plant came into full service. The PWLB loan borrowed in December 2018 is at a fixed rate of 2.24%. The year saw £5.2 million interest paid.

3. Prudential indicators

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

3.2 It is worth noting that the Authority demonstrates this in its long term financial plans (25 years) which are approved together with the budget at every January Authority meeting. The plans show:

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

This provides a complete picture in a typical commercial way of long term planning.

3.3 The Prudential Code also prescribes a range of indicators to report. These are more pertinent to public bodies with complex treasury management arrangements and complex long term plans. They are less relevant to the Authority's operations, however the indicators and a brief explanation of what they illustrate are provided in Appendix 1.

3.4 The construction of the Energy from Waste plant accounts for the majority of the value in figures in Appendix 1. A notable point relating to 2018/19 is that the purchase of transfer station freeholds will save £7 million over 25 years (as reported in December) however as the price was more than originally estimated this is reflected in the prudential code figures for capital expenditure and debt exceeding originally planned thresholds for that year.

4. Other treasury management plan actions

4.1 These are detailed in Appendixes 2, 3 and 4 which contain commercially sensitive information so are included in the Part 2 papers.

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

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

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

Contact Officers	Jay Patel, Head of Finance jaypatel@westlondonwaste.gov.uk Ian O'Donnell, Treasurer Odonnelli@ealing.gov.uk	01895 54 55 10
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Appendix 1

Prudential Indicator	Prudential code	Description	2018/19 Estimate £000s	2018/19 Actual £000s	2019/20 Estimate £000s	2019/20 Actual to date £000s	2020/21 Estimate £000s	2021/22 Estimate £000s
Ratio of financing costs to net revenue stream	73/74	This is an indicator of affordability of plans	9%	9%	9%	9%	9%	9%
Capital expenditure	48/50	This is a summary of the Authority's capital spending plans	31,000	38,434	2,148	50	0	0
Capital financing requirement (CFR)	51/54	This is a measure of the Authority's underlying borrowing need	216,807	197,721	205,888	203,202	194,486	183,289
Operational boundry for external debt	56	This is a projection of debt supporting the capital financing requirement	206,108	208,592	202,886	203,816	196,413	189,728
Authorised limit for external debt	55	This provides headroom for debt to deal with any unusual cash movements	216,108	218,592	212,886	213,816	206,413	199,728
Gross debt (new Prudential Indicator replaces net debt)	60/62	This reflects the amount of gross debt and should be less than the CFR	206,108	208,592	202,886	203,816	196,413	189,728

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