



West London Waste Authority  
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17 September 2020

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## **West London Waste Authority**

A virtual meeting of the West London Waste Authority will be held on Friday 25 September 2020 at 11.00 am

## **Membership**

Councillor Graham Henson, London Borough of Harrow (Chair)  
Councillor Philip Corthorne, London Borough of Hillingdon  
Councillor Guy Lambert, London Borough of Hounslow  
Councillor Mik Sabiers, London Borough of Ealing (Vice-Chair)  
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 26 June 2020 (Pages 3 - 8)
4. Projects and Waste Minimisation Update (Pages 9 - 16)
5. Contracts Update (Pages 17 - 20)
6. 2019/20 Budget Monitoring Report Period 4 (July) (Pages 21 - 26)
7. Treasury Management Update (Pages 27 - 30)
8. Any other urgent business
9. Exclusion of the Press 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:

Agenda Item No	Title	Description of Exempt Information
10.	Contracts Update – Annexes	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

10. Contracts Update - Annexes (Pages 31 - 40)

### Recording and reporting on public meetings

This meeting is open to the press and public and can be viewed on [www.harrow.gov.uk/virtualmeeting](http://www.harrow.gov.uk/virtualmeeting)

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](#).

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 26 June 2020 at 10.00 am at the Virtual Meeting - Online.

**Present:**

Councillor Graham Henson (Chair)

Councillor Philip Corthorne, Councillor Guy Lambert, Councillor Mik Sabiers, Councillor Krupa Sheth and Councillor Julia Neden Watts

Andrea White

**50. Apologies for absence**

There were no apologies for absence.

**51. Declarations of interest**

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

**52. Minutes of the meetings held on 24 January 2020**

**RESOLVED:** That the minutes of the Audit Committee and Authority meetings held on 24 January 2020 be taken as read and signed as correct records.

**53. Appointment of Chair, Vice Chair, Audit Committee, Chair of Audit Committee and Independent Members**

Members noted the membership of the Audit Committee comprised all members of the Authority in the 2019/20 municipal year due to 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 2020/21 municipal year;  
(3) Councillor Mik Sabiers be appointed as Vice-Chair of the Authority for the 2020/21 municipal year;  
(4) Councillor Krupa Sheth be appointed as Chair of the Audit Committee for the 2020/21 Municipal Year;  
(5) the appointment of Andrea White as the Independent Member of the Audit Committee be re-confirmed to 30 June 2021.

**54. Meetings for the Municipal Year 2020/21**

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

Friday 25 September 2020  
Friday 4 December 2020  
Friday 22 January 2021 at 11.00am (Audit Committee at 10.00am)  
Friday 26 March 2021 at 10.00am  
Friday 25 June 2021 at 10.00am (including Audit items)  
Friday 24 September 2021 at 10.00am  
Friday 3 December 2021 at 10.00am

## **55. General Ledger Internal Audit**

Sarah Hydrie, Internal Auditor, introduced the report which presented the Internal Audit risk based assurance review. The purpose of the review was to provide assurance to the management team of the Authority and the Audit Committee in relation to the key risks around the General Ledger.

The Internal Auditor advised that, overall, she was able to give substantial assurance in relation the key risks to the achievement of objectives of General Ledger.

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

## **56. Annual Internal Audit Report 2019/20**

Sarah Hydrie, Internal Auditor, introduced the report which presented the Annual Internal Audit Report 2019/20. The report summarised the main findings arising from the Internal Audit work 2019/20.

The Audit Committee welcomed the positive report commenting that control was strengthening and that it was pleasing to see the continuing collaborative approach that Internal Audit were taking in working with management in order to help achieve positive outcomes for the Authority.

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

## **57. External Audit Report**

Members received the draft Audit results for the year ended 31 March 2020.

Maria Grindley and Larisa Midoni, External Auditors, Ernst and Young LLP, outlined the content of the report. Ms Grindley advised that the audit had been undertaken in the context of the COVID 19 pandemic and had therefore been difficult to complete as it had not been possible to work face-face or alongside officers. The work had been undertaken differently and remotely.

Larisa Midoni outlined the content of the report and advised that the overall recommendation was to focus on scrutiny and control of land and buildings and that a series of adjustments on disclosures in the accounts were proposed. In terms of materiality, these had initially been based on the previous year's statements but had then been reassessed as further information had become available.

Maria Grindley explained that, as a result of COVID 19, organisations that were due to sign their opinion would move into a consultation which may result in a change and "Emphasis of Matter" regarding COVID 19 and going concern due to the impact of the pandemic. A

Member questioned the rationale and requested that the External Auditor provide information regarding any proposed “Emphasis of Matter”.

In response to a question about the audit fee currently appearing to be open-ended, the External Auditor advised that this would be discussed with officers and be submitted to the Audit Committee.

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

## **58. Risk Register**

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

Jay Patel, Finance Director, reported that since the last meeting the register had been updated to include COVID 19. In response to a question in relation to the Amber Brexit risk and the comment that this was a short term solution, he advised that this had initially been identified as a financial risk but it was necessary to also consider the wider implications such as employment ie contractors being able to recruit. Emma Beal, Managing Director, reminded Members that she had given a commitment at the previous meeting to update the Risk Register in terms of Brexit. To date this had not been done due to the pandemic and it had been impossible to ascertain what the position would be by the end of the year.

A Member questioned whether the Authority could influence the reduction of air quality issues associated with West London Composting. The Managing Director advised that the Environment Agency had been advised of the concerns and that she would be visiting the site in July.

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

## **59. Assurance Statements**

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

**RESOLVED:** That the Assurance Statements be noted.

## **60. Statement of Accounts for year ending 31 March 2020**

Members received the report which presented the 2019/20 Statement of Accounts.

Jay Patel, Finance Director, outlined the contents of the report and advised that he recommended that reserves be retained due to the current health emergency and be re-visited next year. He responded to questions as follows:-

- In terms of the budget variance in relation to employees, this was due to the pension valuation adjustments which were outside the Authority’s control;
- He would distribute a breakdown of the period 12 monitoring report which provided a fuller explanation of variances;
- Boroughs would still be able to drawn down from Reserves to deal with food waste.

**RESOLVED:** That (1) the 2019/20 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 August 2020 and finalisation of

their audit.

## **61. Budget Monitoring Report - Period 2**

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

Jay Patel, Finance Director, explained that due to prioritising work on COVID 19, the Key Performance Indicators were not currently available.

A Member commented that residents residual rubbish was an issue given the pandemic and the closure of recycling sites. Officers responded that social distancing placed significant constraints at the HRRC and that it was hoped that, in the long term, residents could be encouraged to reduce their residual waste.

**RESOLVED** : That (1) the current financial position, forecast for 2020/21 and sensitivity analysis be noted;

(2) it be noted that the Key Performance Indicators would be reported at the next Authority meeting;

(3) the financial decisions taken under the Scheme of Delegation to Officers be noted.

## **62. Health and Safety: Annual Review of Performance in 2019/20 and plans for 2020/21**

Members received the report which reviewed the Authority's Health and Safety arrangements for the year 2019/20 and presented the Authority's Health and Safety Plan for 2020/21.

Sarah Ellis, Operations Manager, introduced the report and advised that COVID 19 had had a significant impact in terms of health and safety. The 2019/20 action plan had one outstanding action as a result of COVID 19.

Kevin Kerin, Health and Safety Adviser, outlined the high level content of the report. He explained that in 2020/21 work on accident and incident statistics would be undertaken with a view to eradicating the section 'other'. Of the 13 accidents/ incidents on site this year none had been RIDDOR.

Members welcomed the report and the focus on health and safety and the clarification that the job descriptions referred to in the report related to Authority staff. A Member commented that climate emergency was missing from the report.

**RESOLVED:** That (1) the report be noted;

(2) the actions taken in the Health and Safety action plan for 2019/20 be noted;

(3) the Authority's Health and Safety Action Plan for 2020 /21 be approved.

## **63. Coronavirus Update and Contingency Planning**

Emma Beal, Managing Director, introduced the report which provided details of the management and contingency planning related to the COVID 19 pandemic.

The Managing Director outlined the content of the report and highlighted the risks associated with the health and safety of staff, increased costs and the Authority's strategy.

In terms of the booking system and expansion of the collection of bulky waste, the Managing Director advised that this was to mitigate queries and the constraints in moving

people through the HRRC.

**RESOLVED:** That the increased cost and activity due to coronavirus and mitigations to date be noted.

#### **64. Projects and Waste Minimisation Update**

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

Peter Tilston, Projects Director, introduced the report and advised that COVID 19 had not had a significant impact on projects but that risks had increased. A number of short term projects had been pushed through quickly. In terms of HRRC sites, Harrow and Abbey Road had introduced a booking system. Queues at sites had been causing issues on the surrounding roads and the booking system would mitigate this.

In response to a Member's question as to how residents could be prevented from visiting the HRRC without booking an online appointment, the Projects Director explained that work had been done with the Brent Communications team and messages sent out via social media, newspapers and leaflets. As a result of early teething issues, a phone line had also been set up. A Member reported that there had been mixed feedback from residents in terms of the need to use a booking system.

The Managing Director reported that 30% of waste authorities had adopted a booking system for HRRCs whilst a further 30 % were considering introducing a system. It should be noted that there was a knock on impact of other waste authority decisions; there had been an increase of Barnet users at Abbey Road when North London Waste Authority introduced a booking system at the start of lockdown.

Members sought clarification on the collection of bulky waste and were advised that currently residents should book a collection and it would be collected as soon as operatives were available.

Mildred Jeakins, Waste Minimisation Manager, advised that

- the team were working on HRC data and that each of the constituent authorities would be able to login to view;
- work was being done to digitalise the administration process across the Authority;
- work on abandoned vehicles was being finalised;
- national data to identify best practice had been analysed;
- areas of improvement were being considered.

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

#### **65. Contracts and Operations Update**

Sarah Ellis, Operations Manager, introduced the report which provided an update on the Authority's various waste treatment arrangements and procurements.

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

#### **66. Procurement Update**

Beth Bayley, Contracts Manager, introduced the report which provided an update on changes to the Authority's procurement rules.

In response to a Member's comment in relation to using the Authority's influence for market development, the Managing Director advised that that some clarification was required in the legislation but that this aligned with lobbying work.

**RESOLVED:** That the Authorisation Tables for the procurement of Supplies/ services and the procurement of Works, which would form part of the updated WLWA Procurement Rules, be agreed.

**The meeting finished at 12.07 pm.**

The minute taker at this meeting was Alison Atherton.



## Projects and Waste Minimisation Update

### SUMMARY

This report provides an update on the Authority's waste minimisation, efficiency and joint working projects.

### RECOMMENDATION(S)

- 1) *The Authority is asked to approve the investment in the Borough food waste business cases detailed in Appendix 1.*
- 2) *The Authority is asked to note the information within this report.*

**1. Introduction** - The West London Waste programme has been designed to deliver efficiency enhancement with a whole system, data driven approach in line with our Mission and Purpose highlighted in our Business Plan.

The delivery of the projects is in conjunction with the constituent Boroughs to derive the greatest benefit from joint working in West London. This report covers the main project updates with governance of the wider programme managed through the WLWA senior management team.

**2. Data** – officers are capturing data in the following areas to measure performance and inform efficiency projects:-

- Waste Data Flow (borough data reporting), near live dashboards
- HRRC - resource performance, usage, vehicle movements, carbon
- Collections - routing data, diversion from residual, bin sensor/smart bin
- Waste Composition food waste, kerbside capture rates
- Market and legislative drivers - Sector Deal, Resources and Waste Strategy

### 3. Joint working

The Projects and Waste Minimisation Teams are working with Boroughs and Operations to deliver an efficiency and waste minimisation culture across the whole system. Effective engagement with residents and a consistent message/approach across all sites in West London helps deliver the wider system benefits from food waste and resource capture at both sites and kerbside.

Food Waste Investment Fund was approved in order to deliver waste and carbon reduction across the system with a focus on the greatest proportion of the remaining residual waste. The first two/three months of 2020/21 the priority was dealing with the implications of Covid-19 across all teams. During the last 3 months a significant amount of work has been undertaken and good progress has been made in relation to this food waste initiative:

- Regular engagement with Environment Directors and their teams has resulted in commitment from all boroughs to participate in value stream mapping exercises to identify opportunities
- Value stream mapping (VSM) exercises have been undertaken by the WLW Projects team with teams from every borough

- Several opportunities have been identified – flats being a common theme
- Working with boroughs opportunities have been considered in detail and developed into projects
- Information and data has been gathered and financial appraisals have been produced by the Projects team and validated by the Finance team

We can now make recommendations about investment in projects so that boroughs can progress with their own internal decision making processes. Please see Appendix 1 Food Funding report. Please note that there are a few more projects in the data gathering stage and in consideration with boroughs. These will be evaluated and reported to subsequent Authority meetings.

The HRRC sites (seven) in West London are operated by the Boroughs with the Brent HRRC (Abbey Rd) operated by WLWA. This has been identified as an area where joint working could deliver carbon and financial benefits with a whole system approach, please see Appendix 2.

Officers have identified potential savings through joint procurement and will be engaging with the markets to establish potential economies of scale of services and commodities, for example:

- Fuel (fuel oil, DERV etc.)
- HRRC material off-take (Metals, card, paper, gas cylinders)
- Staffing cover/agency
- Reuse services

Officers will update the procurement register if any of the projects are viable following the market testing.

4. **Risk** – Project specific risk is highlighted in the Appendices. The Covid-19 lockdown has created an increased risk to all projects therefore the full programme is under constant review with a priority on joint working and delivery of savings.

There are still further consultations and a revised timetable for legislation is expected, related to the Resources and Waste Strategy, which must be considered during the development of all projects.

5. **Financial Implications** – During the budgeting for the 2020/2021 year there was no requirement for an additional bulky waste service or a booking system at the HRRCs. The delivery of these projects will be unbudgeted in 2020/21. The cost impact is currently unknown but it is expected to be low. The projects overall impact on the whole system is expected to help mitigate some of the costs due to Covid-19.

6. **Staffing Implications** – None

7. **Health and Safety Implications** – The Projects Team has moved predominantly to working from home during the Covid-19 pandemic. All fieldwork has been risk assessed for the tasks to be completed and have had additional Covid-19 controls included in the mitigation measures.

Members of the Waste Minimisation Team have moved to working on the Abbey Rd site during the pandemic and have all had the required inductions to operate on the site including the update for operations during the C19 pandemic.

8. **Legal Implications** - None

9. **Joint Waste Management Strategy**

The projects mentioned in this report are intrinsically linked to the Authority's Joint Waste Management Strategy. The projects are driving the design of the new policy through data, best practice and identification of opportunities as well as delivering change to meet the desired outcomes and targets in the Strategy.

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	Mildred Jeakins, Waste Minimisation Manager	01895 546623
	<a href="mailto:mildredjeakins@westlondonwaste.gov.uk">mildredjeakins@westlondonwaste.gov.uk</a>	
	Emma Beal, Managing Director	01895 545515

## Appendix 1 – Food Waste Investment (Report by the Project Director and Finance Director)

### Background

The 2020 WLWA budget proposed to take greater initiative to provide an **incentive to overcome barriers** in delivering a step change in the amount of food waste removed from collected household residual waste. This £3M one off investment will deliver structural service change to help divert waste from the residual stream. Current composition analysis shows approx. gross £8M per annum additional cost (potential saving) of food in the residual waste stream.

### Consultation

Following consultation we were asked to agree a mechanism to fulfil three key criteria:

1. Capital investment in advance
2. Fairness, taking into consideration investments already made by Boroughs
3. Total value of the investment should be greater than the sum of its parts

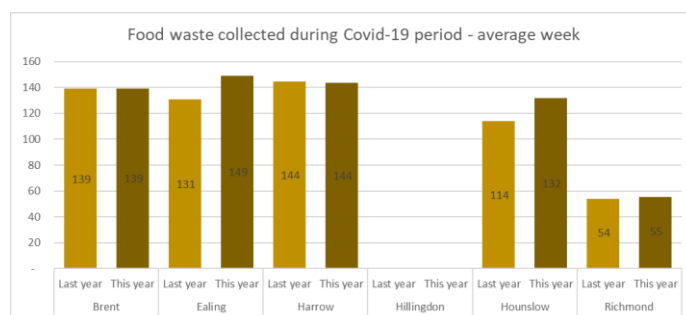
### Barriers

Discussions which have been compounded by the experience of managing services during a pandemic indicate the barriers are predominantly linked to food waste recycling being a growth model in a cost cutting environment eg:

- Food waste recycling is not **the priority service**
- Unable to access funding for capital expenditure needed to maintain the service
- Unable to access funding for capital expenditure needed to grow the service
- Operational constraints eg co-collecting vehicles
- Time for Officers to plan and think

### Current situation

The food waste communications campaign started in February, from March very little schools or business food waste was collected and yet collections are either flat or growing:



The food waste capture rate is estimated to be between 25-33% of the total food entering the waste system, the target is 4kg/hh/week providing a significant opportunity to deliver savings through increased capture and reduction.

### Funding due diligence

Borough proposals have been considered from the perspective of the return delivered to WLWA i.e. £500k funding should result in £600k of savings by extraction of food waste from the residual waste stream. It is expected boroughs will have undertaken their own feasibility/appraisal of the projects and programmes they have proposed.

The food waste project assessments have been completed for all boroughs with c.12hrs per Borough of Value Stream Mapping (VSM) of the food services with WLWA and Borough officers

working closely together in these sessions. This worked well to establish a baseline for the existing services and agree improvements to business cases and increase the proposed returns.

The VSM output can be found in Annex 1.

All Borough Business Cases have been focused on the operational projects to deliver structural service expansion and not using the funds to off-set short term cost. The projects have been assessed against a return on investment for WLWA of at least 120% over three years. Performance will be measured. For example for investment in vehicles we could monitor the volume of food waste collected by those vehicles and for communications we could measure the volumes collected before and after the engagement exercises. The detail of the performance measurement will be agreed with boroughs.

All Borough's business cases meet the WLWA requirement for funding of £500k based on the modelled returns and tonnages diverted, with the performance in many cases being well in excess of the 120% target.

Table A

Borough	Project	Investment	Return/tonnes (3yrs)
Brent	Provide 56,000 flats with equipment and consumables to increase the utilisation of the collection service	£500k	£826k (8.7kt diverted) 169% ROI
Ealing	Introduce service to 30,000 flats that currently do not receive a food waste collection service  Supply of new equipment and targeted communications to 25,000 homes in 11 current collection rounds to improve volumes collected i.e. efficiency	£500k	£949k (10.13kt diverted) 190% ROI
Harrow	Introduce commercial collections (1500) and Flats Above Shops (800 FAS) service	£500k	£708k, 7.5kt diverted 141% ROI
Hillingdon	Introduce separate kerbside food service to homes either with no service or currently receiving a mixed organic service	£500k	£939k, 6kt diverted 200% ROI
Hounslow	Introduce service to 25,500 flats that currently do not receive a food waste collection service  Supply of new equipment and targeted communications to 10,500 homes in 5 current collection rounds to improve volumes collected i.e. efficiency:	£500k	£809k, (8.6kt diverted) 167% ROI
Richmond	Provide 17,000 flats with equipment and consumables to increase utilisation of the collection service  Introduce a commercial waste collection service to 540 new commercial customers	£500k	£1,101k, 11.6kt diverted 223% ROI
<b>Total</b>		<b>£3,000k</b>	<b>£5332k (181% ROI)</b>

The funding will be used to provide additional rounds serving properties new to food waste services across the west London area, providing a more consistent service to borough residents. The intention is that we invest the full £3 million in these borough programmes/projects. It is worth noting that the projects will be refined and tailored to individual boroughs without materially altering the forecast outcomes.

### **Key Project Risk**

The key risk is that projects do not perform as modelled meaning that they cost more and break even at a later date or not at all. The main component of this risk is that resident/customer participation does not meet modelled increases and tonnage collected is lower than forecast.

However, given the overall return is well in excess of 120% for every boroughs programme of work the headroom is very significant meaning there is very little risk from a WLWA perspective. However it is worth noting that boroughs will bear most of the project risks and will have undertaken their own appraisals and risk analysis. WLWA Officers will work closely with boroughs to support them in delivering projects successfully.

WLWA have sought to mitigate these risks in the modelling by working with the boroughs and consultation on assumptions. We have also used data and information to check and rework financial appraisals to ensure the reasonableness and accuracy of the picture, maintaining audit trails of supporting information and data.

### **Added value**

The VSM identified a list of core projects designed to enhance the existing service efficiency as well as gather data to inform the targeted elements of the investment projects. The WLWA Projects team will work with Boroughs to ensure these core projects and economies of scale benefits are delivered.

The VSM also identified several additional projects that would improve the overall system efficiency and quality, optimising the benefit from the investment in projects identified above. These include:

- Next day caddy deliveries
- Optimising collection rounds e.g. bin sensors, routes etc

These will be delivered at a multiple borough level where possible.

### **Recommendation**

To approve the investment in the programmes/projects identified in the Table A.

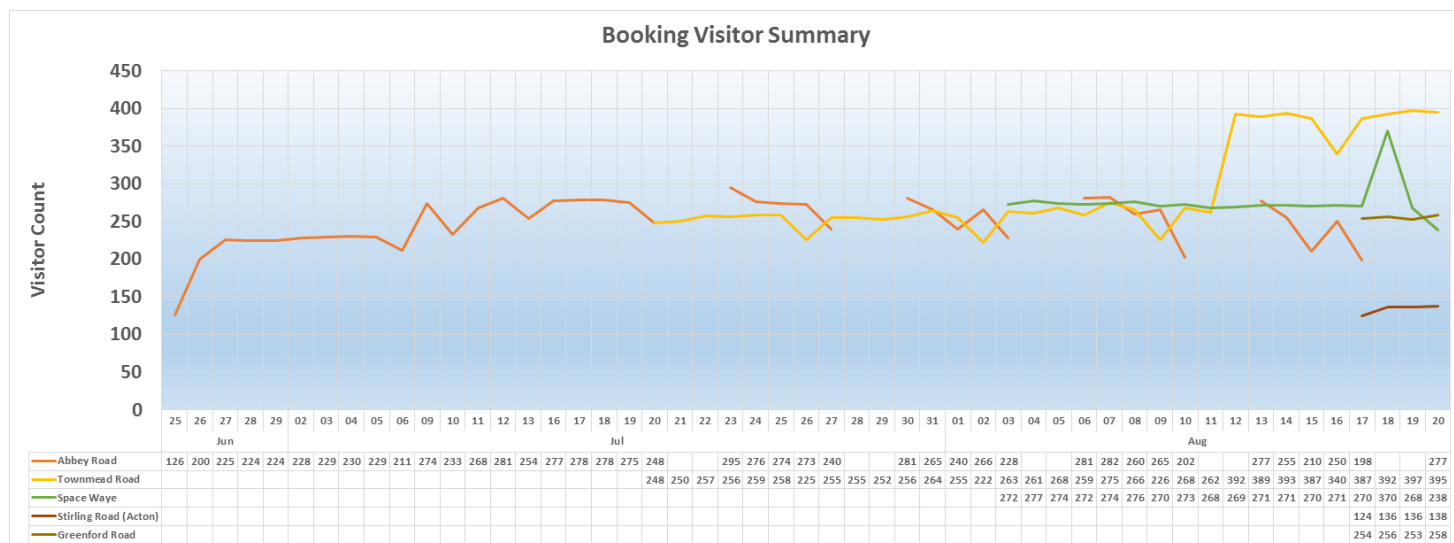
## Annex 1 Value Stream Mapping output

Borough	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond
Communal bin store survey						
Operational improvements - inc staff training, vehicle configuration						
Peripheral order fulfilment - improving in-house service - record reason						
Training - improve user experience - returning caddies etc						
Existing capacity study						
Collect in depth service data to improve decision making						
Identify existing service issues						
Participation monitoring (traditional method) - for targeted user feedback						
Participation (innovative ways eg vehicle cameras, exception reports)						
Participation heat mapping to target operational and comms resources						
Carry out a study into provision of caddy liners						
Collect data from outside sources eg supermarkets						
Develop an bespoke App - QR codes, collection day etc						
Increased frequency of composition analysis						
Crew actively report missing/damaged caddy/contamination via incab system						
Demographic study - Identify/target resources						
Work with planning dept - pedestrian flows - locating bins						
Work with planning dept on future development designs						
Work with Landlords/Managing agents						
Charging for commercial waste by weight						
Introduce/expand communal services to flats						
Comms 1 - Stickers, leaflets, letters, lamp post collection day sign etc.						
Comms 2 - Targeted engagement						
Introduce a commercial service						
Provision of segregated kerbside services						
Home treatment of food waste						
Communal collection container for FAS and commercial - fob access						
Introduce service to FAS						
Supply of collection equipment FOC						
WLWA joint procurement (caddies, liners, bins)						
In house Project Management Resource						
Introduce a schools service						
Cross border operations						
Synergies between high-rise and trade						
Introduce/target service to HMOs						
Waste minimisation						
Lobbying for legislative change						
Communal site improvement						
Subscription model						
System in place to actively remove contamination from communal bins - feedback						
New resident pack						
Consistency of communication across boroughs						
Link with existing apps						
Smart routing - Bin sensors						
Peripheral order fulfilment by 3rd party e.g Amazon						
Micro AD						
Investigate alternative tipping locations to improve operational efficiency						
Communal bin cleansing						
Bin cleaning/cleanliness inc pedal operated food waste bins						



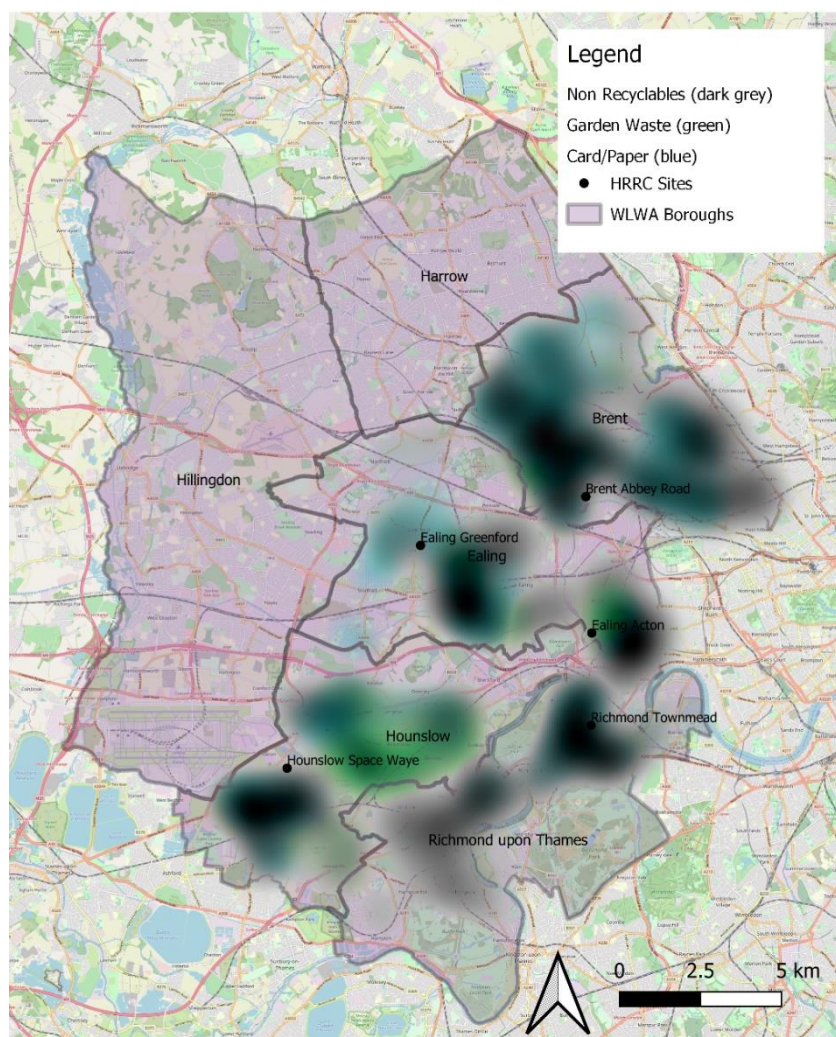
## Appendix 2 HRRC/sites joint working

Site bookings systems have been implemented at six of the seven HRRC sites and have successfully moderated queues and enabled the site to increase the recycling levels on site. This has enabled officers to map service usage across most of the HRRC system. This has enabled heatmaps and to be generated and provide an incite into the interaction and efficacy of the Kerbside system and the usage of HRRCs.



Except for Stirling Rd (which is a very small site), numbers of bookings range between 200 and 400 a day at the sites that use this system. The system has led to far shorter queues and a steadier flow of site users.

## HRRC heat map



This heat map uses data from the west London booking system to show the origin of HRRC materials.

Non-recyclables (non-bulky), garden waste and card/paper have been included on this map because these materials are recyclable via kerbside systems.

Key observations:

- Hot spots for the different materials overlap
- Proximity to sites is a key factor (less so in Brent)

Green waste services are heavily influenced by proximity to the HRRC with hotspots showing users not engaged with the kerbside subscription services.

Using this data officers are investigating the whole waste system in the West London region and working with the Environment Directors on the fortnightly calls to identify more joint working initiatives designed to deliver service and cost benefits.

These include:

Benefit	HRRC	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Pool resource Overtime/agency review and reduction	Staffing cover							
Ops savings Vehicle movement reduction Carbon saving	Haulage/compaction							
Trade service increase Disposal saving	System abuse							
Increased Revenue Material off-take QC Best Value	Material offtake							
Increase revenue Optimise trade service	Area Trade arrangement							
Admin time saving Reporting automation and accuracy	Weighbridge upgrade							
Increased Revenue Disposal saving Carbon benefit	Reuse (saving + income)							
Carbon Reduction Waste reduction Vehicle movement reduction	Bulky waste service							
Cost reduction Economy of scale	Consumable procurement (Fuel etc.)							

Officers are continuing with the pilot scheme for the bulky waste services and are currently achieving c.60% diversion from residual as well as significant reductions in vehicle movements reducing carbon and improving the traffic flow on the HRRCs.

The Waste Minimisation Team has been busy supporting the diversion and analysis of recyclables at Abbey Road HRRC. The team commenced the resident engagement by surveying of residents during the week of 24<sup>th</sup> of August to understand the use of the facility instead of recycling services offered at the kerbside to supplement the data gathered from the booking systems. The survey will further expand to other borough facilities in the coming weeks.

The team will be leading a series of multi-facet repair events in responding to the declaration of climate emergency, and this includes running of one bike repair workshop across each of the six West London boroughs during Repair Week in October. Following closely, the team will also lead on running online workshops to reduce single-use plastics by promoting the use of reusable period and nappy products.



**Contracts update****SUMMARY**

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

**RECOMMENDATION(S)** The Authority is asked to:

- 1) Note the information within this report.

**1. Introduction**

This report provides an update on WLWA's existing contracts and operations for managing west London's waste. This conforms to key strategic outcomes in the new draft joint strategy (JMWMS) 'Effective and efficient operations focused on where we want to be in the future', 'better transport', 'carbon neutral by 2030', and 'collaborative models in the sub-region and pan-London'.

**2. West London Residual Waste Services contract**

The contract is performing well. Performance against the contract targets is excellent, with landfill diversion for the year to date at 100% (target 96.1%) and recycling of residual waste at 5.5% (target 2.1%).

The pandemic has affected residual waste arisings in various ways, with more material being generated at the kerbside, as residents spend more time at home, but less coming from HRRCs due to them being closed over lockdown and social distancing generally resulting in lower usage since they re-opened. These two factors combined means that year to date contract waste is very close to the originally forecast level. However if current trends continue, residual waste will be higher than forecast, as described in the Budget Monitoring Report. Waste flows are being monitored weekly and projects to reduce residual waste are being accelerated.

WLWA and Suez are continuing to develop a wide-ranging programme of projects for improving the efficiency of the sites, including upgrades to waste loading and lifting equipment, speeding up traffic flows and improved fire suppression.

**3. Viridor residual waste contract (Lakeside)**

Lakeside ERF had its maintenance schedule disrupted as a result of the lockdown leading to some unscheduled maintenance and outages. Contingency arrangements worked well during the times when the facility was accepting less waste. Further scheduled maintenance is taking place during week commencing 7 September.

**4. Food waste contract**

The contract covers the collection and treatment of kerbside collected food waste from Transport Avenue, Southall Lane and Alperton Lane transfer stations to Bio Collectors (in Mitcham) for treatment by anaerobic digestion. The contractor has provided a good and reliable service throughout the pandemic. Over the last six week period, food waste arisings have been 6% higher than the previous year due to residents spending more time at home, and increased participation in the service.

## **5. Green waste and mixed organics contracts**

CountryStyle Recycling Ltd contract (Lot 1) – This contract covers the collection and treatment of green waste. This contract continues to perform well and was extended following Authority approval earlier in the year (expiring on 30/04/22).

West London Composting Ltd contract (Lot 1 and Lot 2) – This contractor provides an excellent service for the collection and treatment of green waste and mixed organic waste. The Lot 1 contract is for the treatment of green waste and the Lot 2 contract is specific to mixed organic waste. This contract was also extended (expiring on 30/04/22) and the contractor continues to perform well.

Since the start of July, green waste tonnages from both the kerbside and from HRRCs have been lower than in previous years. This trend will be monitored and analysed going forwards.

## **6. Transport contracts**

The transport contracts are:

- For transporting non-recyclable waste from HRRCs, provided by J Shorten & Sons Ltd
- For the removal of segregated materials from the HRRC sites in roll-on roll-off containers, provided by Suez transport.

Both contracts managed well during the disruption caused by re-opening HRRCs and continue to deliver a very good service.

## **7. Dry Recyclables**

This contract covers the collection of Ealing Council's dry mixed recyclables from Greenford depot (Ealing) for processing at Viridor's MRF at Crayford. The contract began in June 2020. Other Boroughs are able to join this contract at a later date.

This contract is settling in well, and is comfortably handling the increase in material (10% above last year's levels), again caused by people spending more time at home.

## **8. Procurement Rules**

Updated Procurement Rules are in development and will be presented at the December Authority Meeting for approval. The Procurement Rules will provide a summary of WLWA's procurement principles, rules and objectives. An internal Procurement Procedures document will provide detail on process and roles and is being developed in parallel.

## **9. Health and Safety**

Contractors have taken major steps to reduce the risk of Coronavirus infection across their operations. Measures include social distancing on sites, routine cleaning and decontamination of plant and equipment and adjustment of shift patterns to keep groups of staff separate. Please refer to the Authority Risk Register for further information.

## **10. Financial Implications**

The impacts of coronavirus have led to changes in waste flows, notably a 6% increase in all kerbside collected waste and a 9% decrease of waste from Borough HRRCs/transfer stations. The budget impact of these changes is currently forecast to be a £3.5m budget overspend for the waste transport and disposal budget, but with much of this being recovered from the Boroughs via the PAYT levy. This will result in Borough waste disposal budgets exceeding forecasts. Please refer to the budget monitoring report for more information. Tonnages are being monitored closely each week in order to inform the the budget forecasts which are updated monthly and shared with Environment Directors and Members.

Mitigations are in place for risks associated to a no-deal Brexit. Please refer to the Authority Risk Register for more information.

## 11. Staffing Implications

None.

## 12. Legal Implications

Whilst no legal issues are anticipated, the Coronavirus situation continues to evolve and WLWA is keeping up to date on the latest Government guidance and legislation, continuously adapting operations and seeking legal advice where necessary.

**13. Joint Waste Management Strategy Implication** - The contracts mentioned in this report meet the Authority's Joint Waste Management Strategy policies, as described in Section 1.

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WEST LONDON WASTE AUTHORITY

Report of the Treasurer and Managing Director

25 September 2020

**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, forecast for 2020/21 and sensitivity analysis
- 2) Note the KPIs
- 3) 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

	P04 Budget £ 000s	P04 Actual £ 000s	P04 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
<b>Expenditure</b>						
Employees	724	710	(14)	2,173	2,211	38
Premises	869	878	9	2,607	2,698	90
Waste Transfer and Disposal	15,972	16,853	881	47,917	51,460	3,543
Supplies and Services	300	211	(89)	900	902	2
Depreciation	2,926	2,946	20	8,778	8,798	20
Financing and Other	2,093	2,093	(0)	6,280	6,280	0
Concession Adjustment	(1,432)	(1,432)	0	(4,296)	(4,296)	0
	<b>21,453</b>	<b>22,260</b>	<b>807</b>	<b>64,359</b>	<b>68,052</b>	<b>3,693</b>
<b>Income</b>						
Levies	(20,758)	(21,646)	(888)	(62,273)	(64,328)	(2,055)
Trade and Other	(695)	(941)	(246)	(2,085)	(3,090)	(1,005)
	<b>(21,453)</b>	<b>(22,587)</b>	<b>(1,134)</b>	<b>(64,359)</b>	<b>(67,419)</b>	<b>(3,060)</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>(327)</b>	<b>(327)</b>	<b>0</b>	<b>633</b>	<b>633</b>

The summary shows how financial performance compares to the budget for both the period and the forecast for the year.

Whilst the overall surplus/deficit for both P4 and the year's forecast are small, the impact of the Covid-19 pandemic remains the main feature of the performance so far this year. In particular its impact on waste flows (principally residual waste which accounts for the majority of spend) and therefore the large variances for Waste Transport and Disposal (WTD) costs and Levies. Other spending budgets are broadly on target.

The budget also includes the financial effects of a new dry mixed recycling (DMR) contract for Ealing. This is cost neutral for the Authority but creates further variations in the WTD costs and Trade/Other Income.

These variances are detailed in the standard breakdown in Appendix 1 which separates out the main types of waste streams and distinguishes between PAYT and FCL activities and summarises the following.

Firstly in terms of PAYT waste, with more people working and studying from home and on furlough, there were increased volumes of household collected waste. For P4 collected residual waste spending was £980k more than budgeted reflecting increased waste volumes of 6%.

Similarly, food, mixed organic and green collections spending combined were £209k more than budget reflecting the higher volumes of recyclable waste collected.

The increased volume and growth in costs of household collected waste is mirrored by an increase in the amount boroughs will have to pay through the PAYT levy and this totals £888 for P4. The PAYT charge is adjusted on a quarterly basis to reflect actual tonnages.

Secondly, in terms of FCL waste, the closure of HRRCs to the public in March resulted in significantly reduced overall waste volumes across all waste materials for the period. This was partly offset by the opening of HRRCs to the public in May and subsequent slightly higher than budgeted volumes. It should be noted that the picture for individual HRRC sites is varied with some seeing lower volumes and others higher.

Residual waste is the main component of HRRC waste costs. So focussing on that, during the period it was £89k or 5% lower than budgeted.

All of the above will be familiar patterns from the weekly services reports which have been shared with Members and borough Environment Directors since the start of the Covid-19 pandemic.

Looking ahead, forecasting is subject to considerable uncertainty. Therefore the forecast has been produced with a little more sophistication (to try and highlight some of the variables) and with the assumptions detailed below for the WTD. The impact on WTD of changing key assumptions has also been provided to give a flavour of the range of possible outcomes.

So, in terms of WTD costs the forecast in the summary above has been built as follows.

The collections activity (PAYT) and HRRC activity (FCL) have been considered separately with a focus on the main waste streams which account for the vast majority of spend.

For residual waste collections (PAYT) the forecast uses the current level of activity i.e. average for May to July where waste flows were a little more stable. This level has been projected to the end of December with the last quarter forecast at budgeted levels.

The resulting forecast for residual waste collections gives by far the largest forecast variance of £2.4 million representing 6% higher residual waste volumes.

The increased waste collections have been reflected in the PAYT levy which is forecasting that boroughs in total will have to pay £2.0 million more than budgeted through the quarterly reconciliation exercises for the additional volumes of waste delivered.

For HRRCs (FCL), once again the main component is residual waste. June and July were two of the two months where there was a reasonably full and stable level of service, so the average of these months has been used in forecasting. The resulting forecast shows how the initial shortfall in spending from closures to the public early in the year is partly eroded by rising waste volumes through the remainder of the year.

The FCL now also includes the commencement of a dry mixed recycling (DMR) contract procured for Ealing Council as reported in Contract Updates to the Authority during the last year. This commenced in June and will be cost neutral for the Authority. The forecast spend from this service will be £1.0 million which will be offset by charges to the Ealing Council of £1.0 million.

The total of the above WTD forecasting results in an overall WTD overspend of £3.5 million (i.e. £2.5 million from collections and £1.0 million for the new DMR service) for the year. This is largely offset by additional levies to boroughs which are forecast to be £2.0 million together with Trade and Other Income including an additional £1.0 million for the DMR service for Ealing Council

Given uncertainties ahead below is a table that shows how the WTD spend (excluding the DMR service) would change under three modified set of assumptions.

Scenario	WTD forecast overspend (000s)	Notes
Base case - as described above	£2,543k	
As base case but with residual collections continuing at May-Jul average throughout year – possible scenario	+ £622k	Passed on to boroughs through PAYT levy
As above plus 2% higher residual collections throughout the second half of the year e.g. as a result of second spike/lockdown – pessimistic scenario	+ £457	Passed on to boroughs through PAYT levy
As base case but with HRRC residual waste continuing at May-Jul average throughout year	+ £77k	Absorbed through Authority reserves

The above commentary and sensitivities highlight that the duration of the impact of the pandemic is fundamental to the outcomes with the residual waste collection volumes being the biggest component of that, so the key area of focus for managing financial impact of Covid-19.

## 2. KPIs for 2019/20

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities together with their RAG rating. Most indicators are on target however a number of activities have been effected by the Covid-19 pandemic and this is reflected in the RAG rating and commentary. These are briefly summarised below:

- KPI5 and KPI6 site closures to public, changes in operations and waste flows together with varied performance across HRRCs have all contributed to the lower overall levels of reuse, recycling and composted rates and percentage diversion from residual waste.
- KPI17, KPI18 and KPI21 reflect the hold on some face to face waste minimisation activities (e.g. events) as a result of the pandemic to ensure the safety of employees and residents. Events are a key driver of social media activity, so this has also been significantly reduced.

### 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.

There were none.

**4. Financial Implications** – These are detailed in the report. Covid-19 is increasing costs due to increased waste, the JMWMS aims to decrease waste and therefore decrease costs e.g. through food waste and HRRC projects.

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

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## Appendix 1

Pay As You Throw	Period 04				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	12,693	13,673	980	6% more waste	38,079	40,500	2,421	average of May to July used to forecast until December and Q4 then at budgeted levels
Waste - Food	107	131	24		322	391	70	
Waste - Mixed Organic	281	409	129	45% more waste	842	1,114	272	average of May to July used to forecast until December and Q4 then at budgeted levels
Waste - Green	280	336	56	growth for some boroughs offset by later start to collections in other boroughs	839	1,026	187	average of May to July used to forecast until December and Q4 then at budgeted levels
Waste - Other	194	101	(93)	much lower volume of mattresses	581	488	(93)	
Depreciation	2,162	2,162	0		6,486	6,486	0	
Financing	1,368	1,368	0		4,103	4,103	0	
Premises	408	408	(0)		1,225	1,225	(0)	
Concession Accounting Adjustment	(1,215)	(1,215)	0		(3,645)	(3,645)	0	
Levy Income	(16,277)	(17,165)	(888)	reflecting increased collection volumes	(48,831)	(50,886)	(2,055)	reflecting increased volumes forecast until December, then budget for Q4
PAYT Net Expenditure	0	208	208		0	802	802	

Fixed Cost Levy	Period 04				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	724	710	(14)		2,173	2,211	38	
Premises	461	470	9		1,383	1,473	90	
Waste - Residual	1,669	1,579	(89)	closure of HRRCs to public	5,006	4,970	(35)	average of June to July used to forecast until December and Q4 then at budgeted levels
Waste - Green	130	80	(50)	closure of HRRCs to public	391	376	(15)	
Waste - Wood	345	203	(142)	closure of HRRCs to public	1,034	910	(123)	forecast at budgeted levels
Waste - Other	275	341	66	closure of HRRCs to public & DMR for Ealing @£100k per month	824	1,684	860	DMR for Ealing @£100k per month
Supplies and Services	300	211	(89)		900	902	2	year to date underspend across waste minimisation / projects offset by additional spending on health and safety
Depreciation	764	784	20		2,292	2,312	20	
Financing	419	419	(0)		1,257	1,257	(0)	
Revenue Funding of Debt	307	307	0		920	920	0	
Concession Accounting Adjustment	(217)	(217)	0		(651)	(651)	0	
Trade Waste and Other Income	(695)	(941)	(246)	DMR for Ealing @£100k per month	(2,085)	(3,090)	(1,005)	DMR for Ealing @£100k per month
Levy Income	(4,481)	(4,481)	0		(13,442)	(13,442)	0	
Fixed Cost Levy Net Expenditure	0	(535)	(535)		0	(169)	(169)	

## Appendix 2

KPI No	Measure	2020/21 Target	Outturn	Comments	Apr	May	Jun	Jul	Red Threshold
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## Efficiency

If forecast performance is not on target then assume amber, if below target beyond this red threshold then will be flagged red

KPI1	Total waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% of 546,443	573,497		39,979	45,361	50,086	50,058	> +/- 10% is red
KPI2	Total kgs waste per dwelling	+/- 5% of 848	890		745	795	841	864	> +/- 10% is red
KPI3	HRRRC reuse, recycling, composted % (Abbey Road)	40%	42%		Site closed	45%	43%	39%	Red = below 19/20 actual (36%)
KPI4	HRRRC diversion from residual waste % (Abbey Road)	60%	65%		Site closed	65%	65%	65%	Red = below 55%
KPI5	Borough HRRRC Average reuse, recycling, composted % (excl Abbey Road)	40%	23%	This figure includes some very good performances of close to 50% recycling from Richmond and Ealing sites and low levels from Harrow and Hillingdon. When the queues were at their worst Harrow sent all waste as residual waste.	Sites closed	20%	24%	25%	Red = below 19/20 actual (29%)
KPI6	Borough HRRRC Average diversion from residual waste % (excl Abbey Road)	60%	40%	This figure includes some very good performances of close to 70% diversion from Richmond and Ealing sites and low levels from Harrow and Hillingdon. When the queues were at their worst Harrow sent all waste as residual waste.	Sites closed	35%	40%	44%	Red = below 55%
KPI7	Trade debt as proportion of non levy income	Max of 8% (1 month)	5%		5.4%	4.3%	5.4%	4.7%	> 16% (2 months debt)
KPI8	Average days to pay creditors	Max of 30 days	8		6	7	12	7	>35 days
KPI9	Number of audit actions or recommendations overdue	0	0		0	0	0	0	> 3 overdue recommendations

## Service Delivery

KPI10	Residual waste landfill diversion rate	96%	100.0%		100.00%	100.00%	100.00%	100.00%	Below target
KPI11	Recycling rate for residual waste	2.00%	6%		5.69%	5.58%	5.47%	5.46%	Below target

## Safety

KPI12	Lost Time injury frequency rate	0.00%	0%	No LTI reported within this timeframe	0.00%	0.00%	0.00%	0.00%	If above 5% is red
KPI13	RIDDOR incidents at Abbey Road (previously rate)	0	0		0	0	0	0	If goes above 1 then is red
KPI14	Safety observations and closeout actions	10 per month	0	Training on hazard reporting currently being rolled out. Hazard report boxes installed at A/R	0	0	0	0	Below target

## Environment

KPI15	EA reported incidents at rail transfer stations	0	0		0	0	0	0	If goes above 1 then is red
KPI16	EA reported incidents at Abbey Road	0	0		0	0	0	0	If goes above 1 then is red

## Education

KPI17	Number of people engaged at events	4,000	415	No events due to pandemic - first online engagements in August	0	0	0	0	2,800 and under (70% of target)
KPI18	Engagement on social media	9,000	2,577		413	147	153	146	6,300 and under (70% of target)
KPI19	Skills plan items completed	100	100	Significant L&D booked for later in year	0	2	7	1	< 80
KPI20	Number of visitors to our website	75,000	155,736		8,245	13,699	14,415	15,553	52,500 and under (70% of target)
KPI21	Number of nappy pack requests	300	154	Scheme on hold due to pandemic - request continue to come through but no packs being given out	17	11	14	5	210 and under (70% of target)

**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 2019-20
- 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 2019-20 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 deposit money with the borough for fixed periods to enjoy higher rates.

2.3 The average interest rate achieved for 2019/20 was 0.9% returning £114,379 of investment income. The amount held with the London Borough of Ealing ranged from £2.5 million to £17.5 million during the year as a mixture of cash balances and fixed period deposits. At the end of the year a total of £17.5 million of cash balances were 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 2020/21 operations have been steady and excess cash balances have remained at £17.5 million ensuring liquidity and a return. In response to Covid-19 pandemic term deposits have been avoided to ensure immediate access to cash if required and certainty of interest.

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

2.6 For 2019/20 the Authority commenced the year with a total of £92.3 million of loans from the 4 London boroughs and the PWLB. The half yearly payments repaid principle amounting to £2.0 million leaving loan balances at the end of 2019/20 of £90.3 million.

2.9 The interest on the 4 borough loans accrues at a fixed rate of 7.604% and the PWLB loan is at a fixed rate of 2.24%. The year saw £5.5 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 (22 years) which are approved alongside 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 for long term planning.

It is worth noting that current cash balances are in line with the long term plan which identifies that balances will rise in the early years to £30 million and then fall back to £5 million over the latter part of the plan.

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.

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

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

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

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## Appendix 1

Prudential Indicator	Prudential code	Description	2019/20 Estimate £000s	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Actual to date £000s	2021/22 Estimate £000s	2022/23 Estimate £000s
Ratio of financing costs to net revenue stream	73/74	This is an indicator of affordability of plans	9%	9%	9%	8%	8%	8%
Capital expenditure	48/50	This is a summary of the Authority's capital spending plans	248	17	1,852	95	0	0
Capital financing requirement (CFR)	51/54	This is a measure of the Authority's underlying borrowing need	213,535	204,448	204,509	201,597	195,730	186,952
Operational boundry for external debt	56	This is a projection of debt supporting the capital financing requirement	199,967	185,004	189,331	183,044	179,622	169,892
Authorised limit for external debt	55	This provides headroom for debt to deal with any unusual cash movements	209,967	195,004	199,331	193,044	189,622	179,892
Gross debt (new Prudential Indicator replaces net debt)	60/62	This reflects the amount of gross debt and should be less than the CFR	208,892	202,953	198,539	200,544	191,935	185,119

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