

West London Waste Authority
Hugh Peart
Clerk
Civic Centre
Station Road
Harrow
Middlesex HA1 2XY
26 November 2020

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 virtual meeting of the West London Waste Authority will be held on Friday 4 December 2020 at 10.00 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
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 25 September 2020 (Pages 3 - 6)
4. Draft 2021/22 Budget for consultation (Pages 7 - 26)
5. Contracts and Operations Update (Pages 27 - 30)
6. Procurement Update (Pages 31 - 62)
7. Projects and Waste Minimisation Update (Pages 63 - 66)
8. Budget Monitoring Report Period 7 (October) (Pages 67 - 72)

9. Joint Municipal Waste Management Strategy Update (Pages 73 - 80)

10. Any Urgent Business

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

Nil

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 25 September 2020 at 11.00 am.

Present:

Councillor Graham Henson (Chair)

Councillor Mik Sabiers (Vice-Chair)

Councillor Philip Corthorne, Councillor Krupa Sheth and Councillor Julia Neden Watts

Apologies for Absence

Councillor Guy Lambert

76. Apologies for absence

Apologies were received from Councillor Guy Lambert.

68. Declarations of interest

RESOLVED: There were no declarations of interest.

69. Minutes of the meeting held on 26 June 2020

RESOLVED: That the minutes of the meeting held on 26 June 2020 be taken as read and signed as a correct record.

70. Matters Arising

Minute 58 – Risk Register

A Member sought an update in relation to the Managing Director's visit to the West London Composting Site in July and was advised that the Authority was satisfied that the necessary procedures were in place in terms of reducing the impact on air quality.

71. 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 outlined the content of the report and responded to Members' questions as follows:-

- In terms of accessibility to online booking forms and the completion thereof, the booking system and forms were subject to constant review, including any over booking of slots. Officers were working with the provider to determine whether any improvements could be made.
- The main impact of the booking system had been that it allowed more time for staff at the HRRCs to engage with and advise users of the site. He would provide

data as to levels of recycling since the introduction of the system and noted the Member's comments that residents continued to question the need for a booking system.

Members welcomed the work on the food waste project.

RESOLVED: That the investment in the boroughs food waste business cases, as set out in Appendix 1 to the report, be approved.

72. Contracts Update

Members received a report which provided an update on the Authority's waste treatment and procurement arrangements. Members noted that there were confidential appendices elsewhere on the agenda.

Tom Beagan, Head of Service Delivery, reported that since the report had been drafted there had been an increase in waste flows. He reassured Members that robust procedures were in place to mitigate the issues arising from the COVID 19 pandemic and he outlined the communication systems used to ensure rapid and timely responses.

In response to a question in relation to the lower green waste tonnages since July, the officer advised that there was now better data available but that many different variables could be the driver for this including different gardening habits during lockdown and the weather. Levels of garden waste had now returned to those normally expected.

A Member noted that the West London Composting contract was reported as performing well and asked if this took into account the complaints received about odour. Officers confirmed that they were satisfied that odour was being managed effectively by the contractor (see Minute 70 above) and confirmed that this had been taken into account when it was determined that the contract was performing well.

RESOLVED: That the report be noted.

73. 2019/20 Budget Monitoring Report Period 4 (July)

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

RESOLVED: That (1) the current financial position, forecast for 2020/21 and sensitivity analysis be noted;
(2) the Key Performance Indicators be noted;
(3) the financial decisions taken under the scheme of delegation to officers be noted.

74. Treasury Management Update

Members received a report which provided an update on the Authority's Treasury Management activities.

RESOLVED: That (1) the treasury management outturn for 2019/20 be noted;
(2) the update for the current year, including treasury management and prudential indicators, be noted.

75. Exclusion of the Press 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 for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
10.	Contracts Update - Annexes	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

77. Contracts Update - Annexes

Members received the confidential Annexes to the Contracts Update report which appeared elsewhere on the agenda.

RESOLVED: That the recommendations in relation to the out of hours waste service and residual waste strategy, as set out in confidential annexes 1 and 2, be approved.

The meeting finished at 11.46 am.

The minute taker at this meeting was Alison Atherton.

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Draft 2021/22 Budget for Consultation

SUMMARY

This report sets out the 2021/22 budget proposal for consultation with boroughs

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the 2021/22 budget for consultation with boroughs
- 2) Note the Pay As You Throw (PAYT) rates in section 15 and the PAYT levy made up of two components totalling of £52.3 million
- 3) Note the Fixed Cost Levy (FCL) of £12.9 million in section 16
- 4) Note the recommended trade/DIY prices in section 17 and delegated authority to the Treasurer to change these in year should the need arise
- 5) Note the new proposed capital budgets in section 18
- 6) Note the target level of reserves of £7.4 million to act as a buffer for managing risks and avoiding supplementary levies, in section 19

1. Introduction

1.1 The Authority is required to set an annual budget including levies and charges. It is also required to issue a demand to constituent boroughs by 15 February each year. This report sets out the 2021/22 draft budget which will be subject to consultation with constituent boroughs. Following consultation, the final budget will be reported to the January meeting for approval. The PAYT and FCL charges will then be levied.

1.2 The 2021/22 budget incorporates tonnage forecasts received from boroughs and the spending plans received from Authority managers. The managers' spending plans incorporate delivery of business plan objectives and have been scrutinised and adjusted following a budget challenge session held with the Chair and Chief Officers on 13 November.

2. Executive Summary

2.1 The focus for the 2021/22 budget is the progressing the WLWA business plan actions including projects across west London and within the Authority. Section 3 provides examples of the wide-ranging work planned and illustrates some of the strategic themes that members will hear more about in the coming years' Authority meetings.

2.2 In producing the 2021/22 budget the main challenge was the uncertainty resulting from the pandemic, particularly around forecasting waste volumes. This is by far the biggest driver of

the overall movement in budget from the previous year. Therefore this year's proposal includes sensitivity analyses to reflect the risks in relation to waste forecasting. This also highlights where the strategic opportunities lie and so the reason for the focus on business plan objectives.

2.3 The table below sets out the 2021/22 budget and the movement from the 2020/21 budget. The latest 2020/21 forecast is also included to provide context and illustrate the current level of activity.

	2020-21 budget £ 000's	2020-21 forecast £ 000's	2021-22 budget £ 000's	Changes in budgets £ 000's
Costs				
WTD - Waste Transport and Disposal	47,916	49,253	50,363	2,447
MRF Service Costs	0	2,031	2,469	2,469
Depreciation	8,778	8,792	9,240	462
Financing Cost	5,360	5,365	5,230	(130)
Premises	2,607	2,645	2,620	13
Employees	2,173	2,266	2,316	143
Supplies and Services	900	1,546	968	68
Revenue Funding of Debt	920	920	941	21
Concession Accounting Adjustments	(4,296)	(4,296)	(4,382)	(86)
Total costs	64,358	68,522	69,765	5,407

Income				
Levies	62,273	64,041	65,183	2,910
MRF service income	0	2,031	2,469	2,469
Other Income	2,085	2,251	2,113	28
Total income	64,358	68,323	69,765	5,407

Total (surplus)/deficit	0	199	0	0
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2.4 The budget headings are per our usual format for regular budget monitoring reports. The most notable movement in spending is for Waste Transport and Disposal, which is reflected in an overall increase in Levies. The MRF activities have a neutral effect with costs being matched by income. Plans for the coming year and an explanation of all budget items follows.

3. Business Plan Focus

3.1 The Authority's Business Plan identifies action in 3 areas; Climate Emergency, Joint Working and Data. The budget for 2021/22 aims to push on with some of this strategic work and the table below illustrates just some of the project work for the coming year.

Project	Indicative Benefit / Savings Opportunity	Any borough feedback required
£3m Food Waste Initiative	£5 million	Is there anything boroughs can do to move these forwards faster?
Collection Methodology	£12 million	What do boroughs need in

		order to start long term planning?
Routing of Collection Services	£0.075 million	Local project in progress
Bin Sensors	£0.075 million	Projects in progress
HRRC Projects	£0.4 million	Projects in progress
Waste Minimisation	Education	Projects in progress
Weekly Waste Reporting and Data Hub	Data driven decisions	Projects in progress
Climate Emergency Action Plan and WLWA Carbon Reduction Plan	Environmental	Projects in progress

3.2 Progressing and delivering these projects will help boroughs and the Authority to be well placed for the implications of the Resource and Waste Strategy and be well informed for any decision making with good quality data and information both at a holistic and operational level.

4. Waste Transport & Disposal (WTD)

4.1 The WTD budget accounts for the majority of the entire WLWA budget and makes up 72% of the overall spend (67% of the entire spend is residual waste). Given that the vast majority of non WTD spend is largely depreciation, financing etc, then strategically residual waste is where most of the significant savings opportunities can be found.

4.2 The 2021/22 WTD budget is £50.3 million, an increase of £2.4m principally reflecting the higher overall forecast volumes of waste.

4.3 The residual waste budget is the key driver and represents 93% of the WTD costs (or two thirds of all Authority costs – hence the strategic significance). For 2021/22 this is based on boroughs' forecasts of collected residual waste plus Authority forecasts for HRRC waste.

4.4 Borough forecasts for collected waste are 6.8% greater than the 2020/21 budget and reflect the current volumes disposed continuing throughout next year.

4.5 It should be noted that we will fine tune tonnages with boroughs for the final Authority paper in January, but in overall terms numbers are not expected to change materially.

4.6 For HRRC waste, Authority forecasts are 1.4% lower than the 2020/21 budget and reflect the current volumes of waste. Authority forecasts have been used for HRRC waste because most borough forecasts were understated, effectively replicating this year's April and May site closures.

4.7 The table below provides an indication of the risk underlying tonnage forecasts.

Borough collected waste	Impact on costs (£000s)
5% lower residual tonnage	(2,710)
2% lower residual tonnage	(1,084)
1% lower residual tonnage	(542)
Base case – 21/22 budget	0
1% higher residual tonnage	542
2% higher residual tonnage	1,084

5% higher residual tonnage	2,710
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4.8 The above table also illustrates the scale of opportunity for boroughs.

4.9 Given that food waste processing is very significantly cheaper per tonne than residual waste disposal, the borough food waste projects will also deliver significant savings. The following table summarises the cost savings from borough food waste projects and some sensitivities.

Borough	Target food tonnes to extract from residual	Cost savings £000s	£000s impact of +/- 1% tonnes achieved	£000s impact of +/- 2% tonnes achieved	£000s impact of +/- 5% tonnes achieved
Brent	8,700	835	8.4	16.7	41.8
Ealing	10,100	970	9.7	19.4	48.5
Harrow	7,500	720	7.2	14.4	36.0
Hounslow	6,000	576	5.8	11.5	28.8
Hillingdon	8,600	464	4.6	9.3	23.2
Richmond	11,600	1,114	11.1	22.3	55.7
Total	52,500	5,040	50.4	100.8	252.0

In addition to these cost savings there are fundamental environmental benefits including the carbon impact which should not be overlooked.

4.10 Looking at the complete picture, the 2021/22 budgeted tonnage is made up of the following materials:

Material	2020/21 Total Tonnes	2021/22 Total Tonnes	Change
Residual	420,405	444,814	24,409
Mixed organic	17,000	857	(16,143)
Green	43,663	54,127	10,464
Wood	22,400	15,256	(7,144)
Kitchen	31,068	39,747	8,679
Other	11,907	7,816	(4,091)
Budgeted tonnages	546,443	562,617	16,174

4.11 The movement between years includes the impact of service changes where boroughs have identified them. E.g. a move from a mixed organics collection to separate kitchen and green collections. Cautiously no other borough forecasts include the impact of the food waste projects.

4.12 RPIX of 2.1% (an average of published forecasts including HM Treasury) has also been applied to prices where there is a contractual indexation requirement. Note that within the main PPP contract this impact is mitigated by the pricing mechanism which dampens the overall effect of inflation.

4.13 The budget assumes market rates apply for any additional waste above the 390,000 tonnes capacity secured in long term contracts. Given the competitive overall price achieved in these long term arrangements, this further emphasises the need to focus on reducing residual waste volumes.

5. Depreciation

5.1 The budget for 2021/22 of £9.2 million is £0.4 million higher than in 2020/21. This principally reflects property asset valuations and indexation agreed with auditors for the latest audited accounts.

5.2 The largest element of depreciation relates to the SERC (Sevenside Energy Recovery Centre) and totals 8.0 million. It should be noted that for depreciation calculations, the SERC has to be separated out into its main components and each key component has to be depreciated over its own expected life.

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

6. Financing

6.1 The financing costs reflects the interest paid on loans. These have reduced from £5.3 million in 2020/21 to £5.2 million for 2021/22 primarily as a result of the payment profile of repayment loans. With repayment loans a fixed sum is paid every year comprising of both interest and principal repayment. The interest element will continue to fall over coming years, conversely the principal repayment will rise.

6.2 The largest component of financing costs relates to borrowing from boroughs for the construction of the SERC and totals £4.7 million. The loans are at arm's length and from a borrowing perspective the boroughs are like any other lender with the loan agreements specifying the relationship with the Authority and including a rate of interest of 7.604%.

6.3 The interest on loans for the purchase of transfer station freeholds makes up the balance of £0.6 million and represents a PWLB loan at 2.24%.

7. Premises

7.1 The budget for 2021/22 of £2.6 million is almost the same as the budget in 2020/21.

7.2 The largest component of the premises costs are business rates which account for £2.4 million of this budget of which SERC rates make up £1.5 million and transfer stations £0.8 million.

8. Employees

8.1 The 2021/22 budget of £2.3 million is £0.1 million higher than the 2020/21 level. This covers growth for a wide range of employee costs including an increase in the establishment, wage inflation and training which are partly offset by savings from reduced pension costs resulting from the latest valuation.

8.2 The 2021/22 establishment is planned to increase by 1.9 to 38.3 full time equivalent (FTE) posts including growth and minor re-alignment of staffing resource to focus on the business plan objectives (e.g. food, data and projects as highlighted in section 3) and deliver

increasing volume of ongoing activity resulting from the transition of projects into business as usual.

8.3 The growth and realignment is good value internal resource for Boroughs and will deliver much of the project management, data analysis, management Information and financial due diligence in relation to the business plan projects. With the large number of projects commenced and in the pipeline this is a better option than each project acquiring its own (i.e consultancy) financial and data/MI resource and will ensure knowledge is retained within the business so it can be used in the transition of work into business as usual

8.4 A breakdown of the establishment by area of activity is provided below:

Activity	2020/21	2021/22	Change
Contract Management	3.6	4.0	0.4
Corporate Services	7.2	8.7	1.5
Operations (Abbey Road)	15.6	14.6	(1.0)
Projects	3.0	4.0	1.0
Waste Minimisation	7.0	7.0	0.0
Total	36.4	38.3	1.9

8.5 Putting this into context the Authority employed 88 FTE in 2012/13 (with many in-house services), 42 FTE in 2014/15 and over the last few years FTE numbers have been just above the mid 30's. The size of the staffing establishment numbers remains stable and small whilst providing the resource to drive forwards business plan objectives and undertake the increasing volume, variety and complexity of work.

8.6 It is worth noting that pension valuations and contributions have historically bounced up and down. So as the next valuation is due in 2022/23 the coming years work will consider options including the benefit of additional lump sum payments etc. to improve the predictability of pension spends.

9. Supplies & Services

9.1 The 2021/22 budget for Supplies & Services is £1.0 million and is £0.1 million more than the 2020/21 level.

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

9.3 Pricing inflation has been offset by managers' efficiencies and stripping out/reducing unused 2020/21 budgets.

10. Revenue Funding of Debt

10.1 The loan which financed the purchase of the transfer station sites is a typical repayment loan. It is made up of two components – an element for the interest on the loan (see Financing Costs) and an element repaying the loan principal.

10.2 The Revenue Funding of Debt is the element repaying the sites loan and totals £0.9 million for 2021/22. This is marginally higher (£20,000) than 2020/21 reflecting that within a typical repayment loan, the amount of principal repaid increases over time and amount of interest falls.

- 10.3 It is worth providing the following brief recap of the revenue funding of debt which was detailed in Authority papers recommending the site purchase a number of years ago.
- 10.4 It is a requirement for public bodies to ultimately fund the cost of assets through levies and taxes. For the Authority this is achieved through a combination of the depreciation charge and revenue funding of debt.
- 10.5 Typically the acquisition of assets result in an annual depreciation charge. This annual expenditure is recovered through the levy mechanism and therefore the levies over the life of the asset fund its purchase.
- 10.6 However, the acquisition of the sites freehold is essentially a purchase of land. For land, accounting rules do not allow a depreciation charge. This means that in order to fund the purchase through levies a different (but comparable to depreciation) annual charge is made – the revenue funding of debt.

11. Concession Accounting Adjustments

- 11.1 Essentially under a PPP arrangement a contractor pays for the construction of an asset and then recovers its investment over a long period through its operational charges to the local authority (i.e. its price per tonne).
- 11.2 There are very specific and detailed accounting requirements that govern this type of arrangement. This is because the underlying nature of this transaction is that the local authority *essentially* owns the asset for a period of time and the contractor is *essentially* a lender financing the construction of the asset.
- 11.3 The key feature of the accounting is the calculation of a concession accounting adjustment to separate out the disposal and financing costs, followed by stripping out from expenditure a notional sum for the repayment of any underlying borrowing by the contractor.
- 11.4 The concession accounting adjustments over the term of the contract were agreed with the auditors EY. For 2021/22 they total £4.4 million, compared to £4.3 million in 2020/21. This accounting adjustment reduces overall costs and levies by £0.1 million.

12. Growth and Savings

- 12.1 The majority of Authority spending is committed under long term contracts (e.g. PPP) or agreements (e.g. loans) or governed by accounting requirements (e.g. depreciation). This leaves less opportunity for savings.
- 12.2 However, as part of the budget setting process at an operational level, a variety of measures have ensured savings across areas where managers are able to exercise some control. This included budget managers reporting their 2021/22 plans and proposed savings to a budget challenge session with the Chair and Chief Officers.
- 12.3 The tables below identify the growth and savings which are included within the 2021/22 draft budget. The tables separate out real growth and savings from other movements reflecting longer term decisions.

12.4 Summary table:

	£ 000's
Budgeted costs/levies 2020/21	62,273
Growth	4,123
Savings	(1,480)
Other movements	267
Budgeted costs/levies 2021/22	65,183

12.5 Growth table:

Area	Explanation	Growth £ 000's
Waste Transport and Disposal	Increased residual tonnages and pricing inflation (£3.661k), range of other smaller price and tonnage movements (£87k)	3,748
Premises	Increased cleaning costs (£16k) and cost of water supply (15k)	31
Employees	Growth in establishment (102k) salary inflation and increments (£71k), team realignments (£86k) and other minor items (£17k)	276
Supplies and Services	Increased health and safety advice (£51k) and other minor items (£17k)	68
		4,123

12.6 Savings table:

Area	Explanation	Saving £ 000's
Waste Transport and Disposal	Savings from lower quantities of wood (£410), mattresses (£154k), inert waste (£209k), reduced transport costs (£64k) and switch from mixed organics to separate collections (£464k)	(1,301)
Premises	Range of minor cost savings	(18)
Employees	Reduced pension costs	(133)
Other Income	Range of minor improvements	(28)
		(1,480)

12.7 Other movements table:

Area	Explanation	Increase / (Decrease) £ 000's
Depreciation	Reflecting property valuations agreed with auditors for the last accounts	462
Financing Costs	Reflecting reducing interest in repayment loans for SERC with boroughs	(130)
Revenue Funding of Debt	Reflecting rising repayment of principal in repayment loans for sites with PWLB	21
Concession Accounting Adjustment	Reflecting adjustments agreed with auditors for the last accounts	(86)
		267

13. PAYT / FCL split

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

13.2 The PAYT also includes an element for the recovery of SERC financing costs, depreciation, rates and concession accounting adjustments etc.

13.3 The breakdown of the budget between PAYT and FCL activities is as follows:

PAYT (disposal cost)	2020/21 £000's	2021/22 £000's	Change £000's
Waste Transport and Disposal	40,661	43,871	3,210
PAYT Levy (disposal)	(40,661)	(43,871)	(3,210)
Total	0	0	0

PAYT (SERC cost)	2020/21 £000's	2021/22 £000's	Change £000's
Depreciation (SERC)	6,486	6,889	403
Financing Costs (SERC)	4,103	4,078	(25)
Premises (SERC)	1,225	1,247	22
Concession Accounting Adjustment (SERC)	(3,645)	(3,772)	(127)
PAYT Levy (SERC)	(8,169)	(8,442)	(273)
Total	0	0	0

FCL	2020/21 £000's	2021/22 £000's	Change £000's
Waste Transport and Disposal	7,255	6,492	(763)
Employees	2,173	2,316	143
Premises	1,382	1,373	(9)
Supplies and Services	900	968	68
Depreciation	2,292	2,351	59
Financing	1,257	1,152	(105)
Revenue funding of Debt	920	941	21
Concession Accounting Adjustment	(651)	(610)	41
Non Levy Income	(2,085)	(2,113)	(28)
FCL Levy	(13,443)	(12,870)	573
Total	0	0	0

13.4 Note the PAYT has been split to show its two main components.

14. Levy Setting

14.1 The levy to boroughs is made up of 3 parts

1. PAYT (disposal) – Rates (£/tonne) for different materials which reflect the average prices paid to contractors, charged to boroughs initially on the basis of budgeted tonnes but then reconciled and adjusted (with rebate/charge) at the end of each quarter to reflect the actual tonnages.
2. PAYT (SERC) – this is the apportioned recharge of SERC costs. The cost is initially apportioned and charged on the basis of budgeted tonnes then at the end of every quarter recalculated using the actual tonnage with any adjustment being rebated/charged to the borough.
3. FCL (fixed) – this is the recharge for all other costs (i.e. HRRC, overheads etc) on the basis of boroughs tax base from their final approved CTB1 returns.

The only minor change to this year's levy setting is in relation to apportioning the FCL. Following feedback from boroughs during the 2020/21 budget exercise the final borough approved Council Tax base will be used instead of the provisional October figure. This final published figure was felt by most boroughs to be a more accurate method for apportioning the fixed costs.

Details of these follow in the next two sections.

15 PAYT Levy Income

15.1 As identified above the PAYT is made up of two components and therefore the PAYT levy is too. Combined the PAYT levy will total £52.3 million (from the table above £43,871 plus £8,442).

15.2 The table below shows the proposed disposal rates for waste in 2021/22.

Material (Disposal)	2020/21 £ per tonne	2021/22 £ per tonne
Residual	102.46	104.91
Gully	54.43	55.93
Food	10.35	10.92
Green	29.16	29.09
Mixed food and green	49.50	50.45
Wood	42.84	42.37
Rubble	45.93	45.19
Soil	45.95	45.95
Gypsum	93.93	93.93
Mattresses (per mattress)	4.55	4.41

15.3 In addition to this, the Authority manages non-household waste from HRRC sites and incurs transport costs. On a similar basis the average transport charges for 2021/22 are provided below.

Material (Transport)	2020/21 £ per tonne	2021/22 £ per tonne
Residual (collected)	8.18	8.34
Other recyclables (collected)	12.11	10.93

15.4 These rates represent the average cost to the Authority for the disposal and transport of materials. They reflect the blended price paid to a number of contractors.

15.5 These rates will be applied to the 2021/22 tonnage forecasts from boroughs and result in a monthly charge to them. Each quarter end a reconciliation exercise will take place to adjust for the actual amount of waste that each borough delivers, so boroughs only pay for the volume of waste actually disposed.

15.6 Using tonnage forecasts from boroughs, the PAYT charges for 2021/22 are as follows:

Borough	2020/21 PAYT disposal charge £000's	2021/22 PAYT disposal charge £000's	Increase £000's
Brent	7,311	7,928	617
Ealing	8,391	8,775	384
Harrow	5,345	6,108	763
Hillingdon	8,658	8,002	(656)
Hounslow	6,322	7,657	1,335
Richmond	4,634	5,401	767
Total	40,661	43,871	3,210

15.7 It is worth noting that the above levies use borough forecasts for the volumes of waste, including any implications from service changes. The borough's PAYT tonnage forecasts for residual waste, the largest component of PAYT, are provided below:

Borough	2020/21 budgeted tonnage	2021/22 budgeted tonnage	Growth tonnage
Brent	69,659	73,980	4,321

Ealing	80,061	81,141	1,080
Harrow	48,619	54,898	6,279
Hillingdon	70,489	67,552	(2,937)
Hounslow	59,060	69,732	10,672
Richmond	42,845	48,544	5,699
Total	370,733	395,847	25,114

15.8 It is worth repeating that should borough waste volumes be higher or lower than forecast, then each quarter they will be charged or refunded a sum to ensure they pay only for what is actually delivered.

15.9 The second, PAYT (SERC) component relates to the £8.4 million SERC cost, equivalent to £21.47 per tonne (2020/21: £22.20). This will initially be apportioned and levied on the basis of 2021/22 budgeted residual waste tonnages excluding gully waste. A quarterly exercise will then adjust this sum to reflect the actual residual tonnages delivered that quarter with a reimbursement or additional charge. The initial apportioned annual charge is summarised below.

Borough	2020/21 PAYT SERC charge £000's	2021/22 PAYT SERC charge £000's	Growth £000's
Brent	1,527	1,568	41
Ealing	1,771	1,733	(38)
Harrow	1,080	1,178	98
Hillingdon	1,564	1,450	(114)
Hounslow	1,281	1,473	192
Richmond	946	1,040	94
Total	8,169	8,442	273

16. FCL Income

16.1 The FCL charge primarily relates to the costs of managing the treatment and disposal of household waste delivered to HRRC sites. It also includes the Authority's administration and nets off other income. These costs are apportioned to the boroughs.

16.2 The apportionment calculation initially uses provisional Council Tax base figures provided by the boroughs. However, when charging, the FCL costs will be apportioned using the final borough approved Council Tax base, per feedback from boroughs. Borough Council Tax base figures may not all be published in time for the January Authority meeting and therefore the FCL charges will be finalised before the start of the new year.

16.3 On this basis the draft FCL (fixed) charge is as follows:

Borough	2020/21 FCL charge £000's	Provisional 2021/22 Council Tax base	2021/22 FCL charge £000's	Change £000's
Brent	2,214	98,176	2,216	2

Ealing	2,740	104,520	2,359	(381)
Harrow	2,054	89,044	2,010	(44)
Hillingdon	2,333	101,038	2,281	(52)
Hounslow	2,024	87,775	1,981	(43)
Richmond	2,078	89,612	2,023	(55)
Total	13,443	570,165	12,870	(573)

16.4 The FCL (fixed) sum will not change over the course of the year. The Authority bears any loss or surplus resulting from overspend or underspend.

17. Other Income

17.1 The 2021/22 budget is £2.1 million, which is a little better than 2020/21. An increase in trade waste income is the main growth item resulting in this improvement.

17.2 The majority of the income is from trade waste (£1.5 million) and the proposed main trade/DIY charges per tonne at Abbey Road are provided below. Note that charges are being introduced for difficult to treat and handle materials:

Type of waste	2020/21 £	2021/22 £
Trade waste residual and wood	160.00 for account customers and £165.00 for others	160.00 for account customers and £165.00 for others
Trade waste recycling	80.00	80.00
Asbestos (Households only)	272.00	272.00
Mattresses (per mattress)	10.00	15.00
Bulky items	218.00	218.00
Gas bottles from commercial sources	N/A	5.00
Fire extinguishers from commercial sources	N/A	5.00
Fridges from commercial sources	N/A	40.00

17.3 Further charges may be introduced during the year in response to market conditions and where appropriate in consultation with LB Brent. It is recommended that delegated authority be given to the Treasurer to change charges in year should the need arise.

17.4 Other income includes an agency fee which passes on the costs of running the Abbey Road HRRC to the local borough. This is being maintained at current levels.

18. Capital

18.1 The new capital budget requirements for 2021/22 are listed below:

- CCTV, Fire and Automatic Number Plate Reading technology for Abbey Road (£130,000)
- Solar Panels at Abbey Road (£36,000)
- New mobile plant at Abbey Road for sorting bulky waste (£40,000)

- Victoria Road bulking Shed (additional £1,000,000) – increase bulking and sorting capacity to enhance and localise material value and reduce whole system bulking costs.
- New weighbridge software (£20,000)
- Textile/Nappy collection facilities (£10,000)

18.2 The capital budgets represent infrastructure requirements to deliver ongoing services (CCTV, plant, weighbridge) and also new initiatives providing better value (e.g. less carbon, increased recycling) for the Authority (solar panel, bulking shed, textile facility).

18.3 It is worth noting the following existing capital budgets. These are balances remaining on budgets for capital works still in progress/to be commenced, which were previously approved by the Authority and will be rolled forward until completion or eliminated if not required.

- Resurface of access roads at Transport Avenue and Victoria Road (£290,000)
- Construction of a bulking facility at Victoria Road (£1.0 million)
- Abbey Road improvements (£371,000)

19 Reserves

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

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

19.3 For 2021/22 the proposal for reserves is cautious given the uncertainties resulting from the pandemic and Brexit.

19.4 So other than the £3 million already set aside for borough food waste projects no further disbursement is proposed.

19.5 So considering reserves in overall terms, identifying known risks facing an Authority provides a useful basis for determining a suitable level of reserves for managing risk. The specific risks and potential costs and likelihood that could be associated with them are as follows:

Risk Description	Mitigations	Likelihood	Financial Risk (£000’s)
The budget is based on assumptions of indexation/ inflation, particularly in relation to contracts. There is a risk of higher costs due to higher than anticipated indexation/inflation particularly given uncertainties of Brexit and its impact on the	Use of reputable forecasts e.g. HM Treasury	Medium	£2,500 (representing approx. 5% of WTD costs)

waste markets			
Whilst the contractor bears most of the risk in the event of the loss/closure of a transfer station, in major events like this there is a possibility of unforeseen additional costs in implementing and operating alternative arrangements. Therefore it would be prudent to set aside something for these uncertainties.	Contract terms, contractor business continuity plans and contingency arrangements, insurances	Low	£1,300 (representing 2 weeks of residual waste disruption in our biggest contract)
An extremely challenging insurance market for the waste sector leading to increased premiums where costs are borne by the Authority	Gradually building reserves to self insure activities where possible	Medium	£1,200 (representing 50% rise in premiums given previous experience of 35%)
Borough FCL tonnages are higher than budgeted resulting in an under-recovery of HRRC disposal costs through the FCL charge which is fixed	Using data and working closely with borough colleagues to try and forecast tonnages accurately	High	£1,000 (based on residual FCL tonnages at 20% in excess of budgeted levels)
Risks / costs will arise from the complex PPP contract as a result of terms that are unclear or ambiguous in relation to the day to day operation and running of services.	Team and professional advisors with experience and knowledge of detailed contract terms	Medium	£700 (based on previous experience of contractual issues)
From time to time, a new market will emerge for recycling of specific waste streams (as opposed to landfill) e.g. carpets. The Authority tests and uses these markets cautiously, however these new markets carry a risk of both market and supplier failure. Should this arise there will be additional costs in making new arrangements to redirect and dispose of waste.	Principally a range of requirements under the procurement rules including competitive procurement, credit checks, scrutiny at various levels including Authority meetings	High	£300 (based previous experience with mattresses and carpets markets)
With a large number of competitors ready to receive trade waste, there is a risk that price competition could lead to a reduction in planned trade and DIY income despite more competitive pricing	Ongoing monitoring of trade income and market place	Medium	£400 (representing 25% of trade income)
Target level for reserves			£7,400

19.6 The target level of reserves for 2021/22 of £7.4 million compares to £5.1 million in 2020/21 and reflects an emphasis on the volatile waste volumes due to the pandemic, financial risks relating to the economic climate (inflation, Brexit) and ensuring business continuity.

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

19.8 The forecast reserve position for the year ending 31 March 2021 is:

	£000s
Reserves available to manage risks 31 March 2020 per accounts	11,048
Forecast deficit for 2020/21 per period 8 budget monitoring report	(200)
Set aside for borough food waste projects	(3,000)
Forecast position for 31 March 2020	7,848

19.9 Provided that no risks materialise and something close to the £7.8 million forecast position is achieved for 2020/21, the Authority will be above its target level of by £0.5 million. However it is prudent to retain all reserves until the very significant current uncertainties of post pandemic outlook and post brexit position are clarified.

20 Medium and Long Term Plan

20.1 The plan has been updated to incorporate the proposed budget and uses base assumptions of 0.5% for the annual growth in residual tonnages and RPIX of 2.1%. The key outputs can be found in Appendix 1 and this shows a healthy financial position. The assumptions are then flexed to identify the key factors effecting the Authority's finances. This identifies the residual waste tonnages movement as the key strategic factor determining the growth in costs and levies. To a much lesser extent inflation is also an important factor.

20.2 The key messages from the plan are consistent with last year and are positive.

- The volume of residual waste is the key driver of spend/levies so should be a key area of strategic focus
- The effect of inflation is dampened by the PPP contract
- The Authority will be debt free at the end of the plan and will maintain healthy cash balances to manage any liquidity risk

21 Financial Implications

21.1 These are included in the report.

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

22 Legal Implications

22.1 There are no legal implications of this report

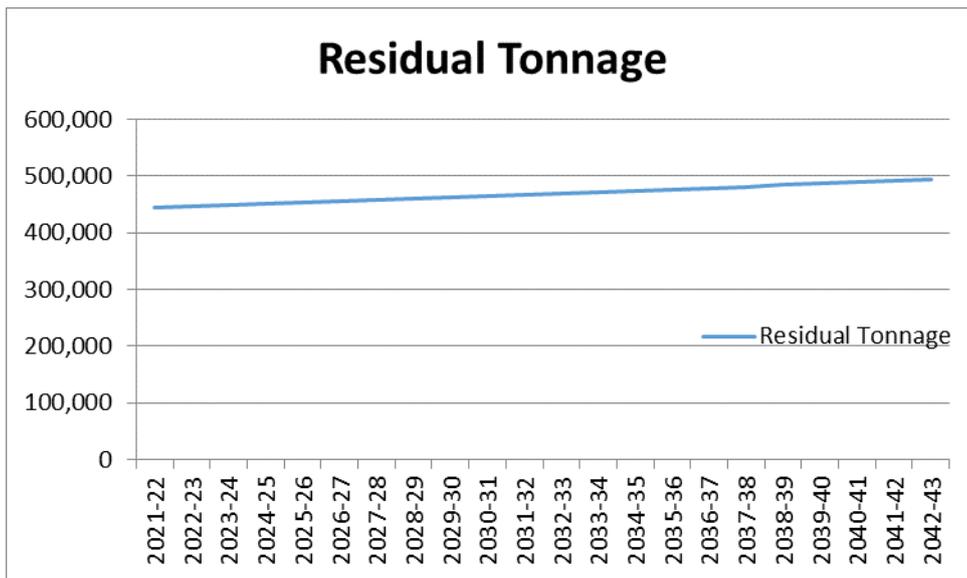
Contact Officers	Jay Patel, Head of Finance	01895 54 55 11
	jaypatel@westlondonwaste.gov.uk	
	Ian O'Donnell, Treasurer	
	ianodonnell@westlondonwaste.gov.uk	
	Emma Beal, Managing Director	01895 54 55 15
	emmabeal@westlondonwaste.gov.uk	

Appendix 1

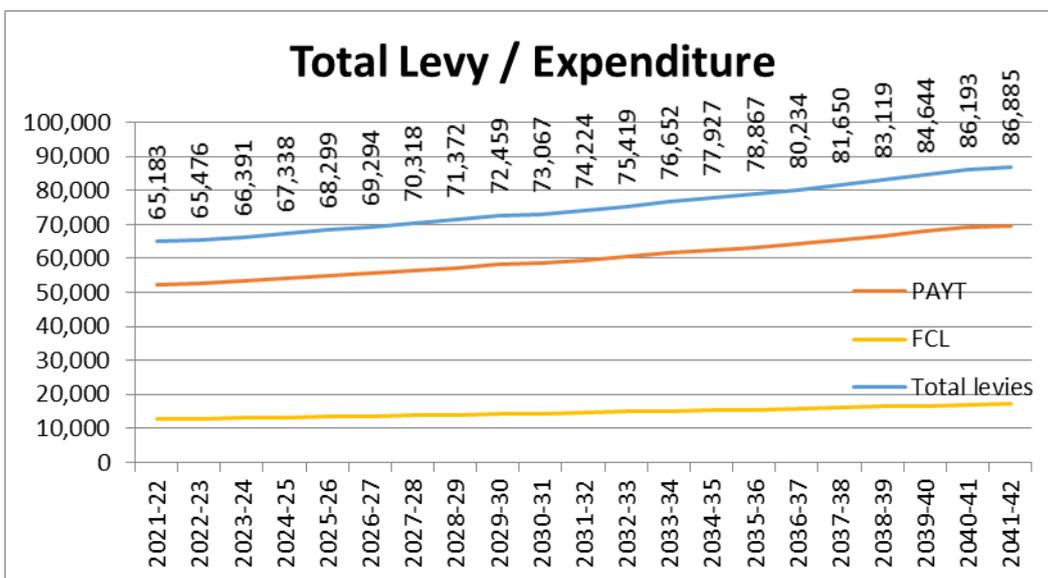
Outputs

Using the proposed budget and base assumptions, the medium and long term financial model then gives us some outputs, for example, how our costs (and consequently levies to boroughs) change over time, or how our loan balance changes over time. The main outputs are provided below and illustrate that effecting residual waste tonnages is the key.

Tonnage – The chart below illustrates the impact of the base assumption of 0.5% annual growth in residual tonnage. Over the life of the plan, the residual tonnage rises from 444,814 to 493,930 tonnes, although the impact of this growth could be mitigated by all boroughs implementing plans to increase the capture of food waste.



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

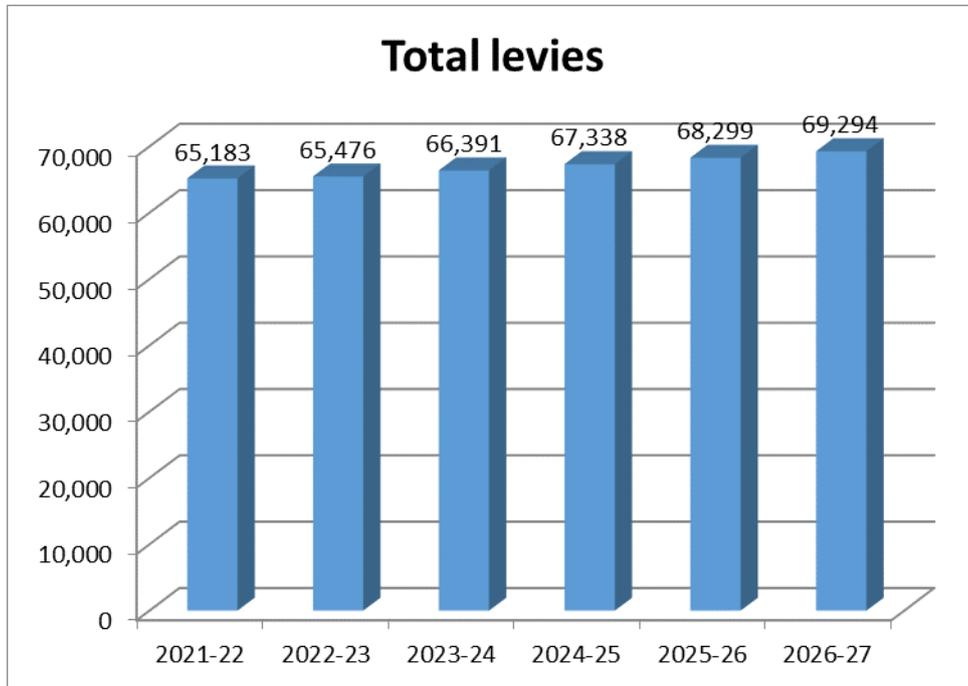


This chart above illustrates an average annual growth of 1.4% over the long-term which is significantly lower than the 2.6% underlying growth from general contract inflation RPIX (2.1%) and annual growth in tonnages (0.5%).

This growth is contained as a result of the way the PPP contract is structured. The contract is for up to 300,000 tonnes of waste with the first 235,000 tonnes having pricing uplifts essentially capped at up to 1.5%. This significantly dampens the effect of inflation over the whole life of the contract.

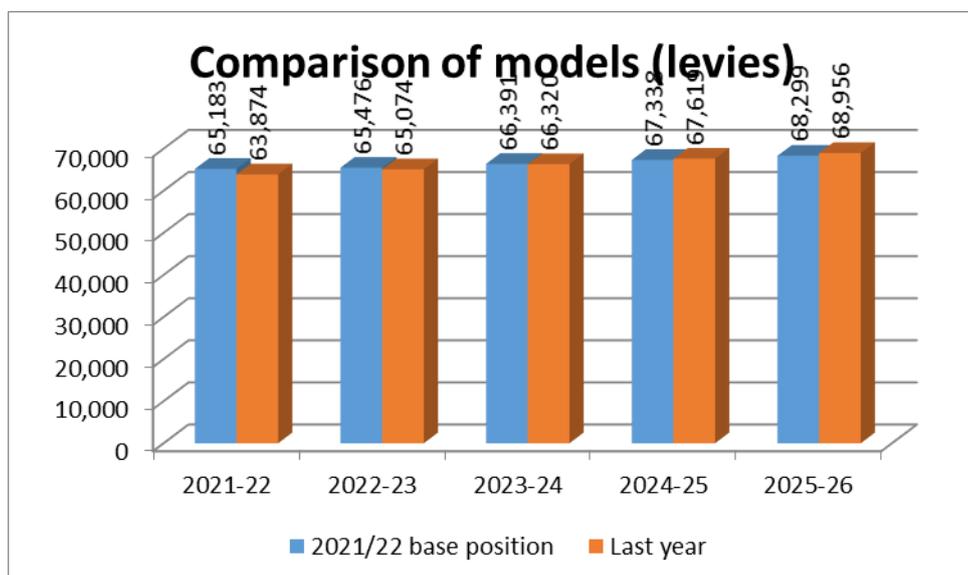
It should be noted that projects like the MRF procurement and HRRC services have a net nil/neutral effect as costs and revenues will be passed on to relevant boroughs directly.

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

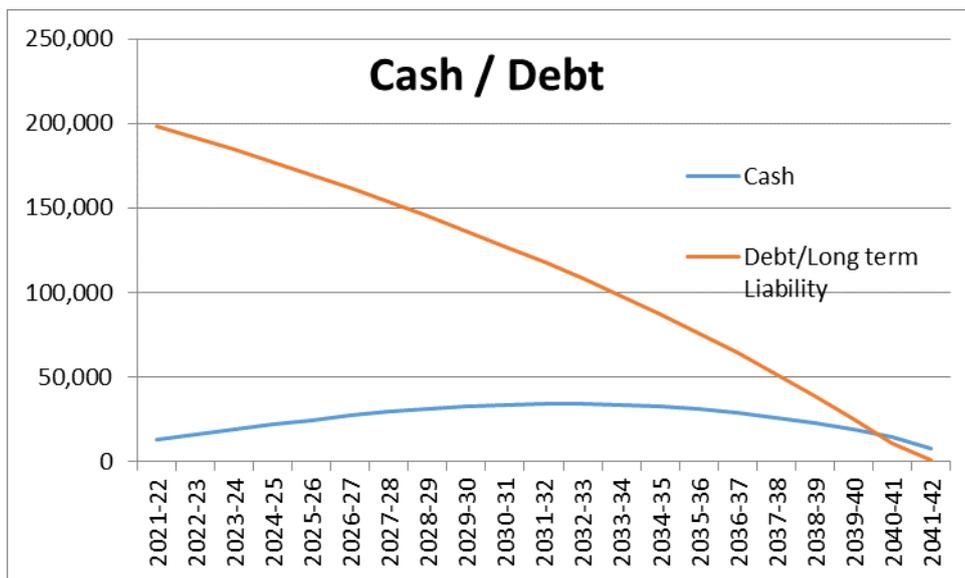


The table above shows an average growth in levies of 1.2% per year over the next 5 years. Boroughs may want to consider using this as an estimate of the increase in the WLWA levies within their medium term financial plans.

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



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



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

Sensitivity Analysis

The table below illustrates the impact on growth of costs/levies of differing assumptions for the key business driver, the residual tonnage growth with underlying price inflation remaining at 2.1%.

Residual waste growth assumption	Average rise in costs / levies over 5 years	Average rise in costs / levies over life of plan
-5%	-3%	-4.8%
-2%	-0.7%	-1.3%
-1%	0.1%	-0.2%
0%	0.8%	0.9%
0.5% base	1.2%	1.4%
1%	1.6%	2.0%
2%	2.4%	3%

This illustrate the impact that could be achieved by even small reductions in long term residual waste growth – a 1% reduction in waste would more than offset the long term inflationary increases and result in falling costs/levies.

Contracts and operations 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.

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 continues to well. Performance against the contract targets is excellent, with landfill diversion for 2019/20 at 99.99% (target 96.1%) and recycling of residual waste at 5.71% (target 2.1%).

Wasteflows into the contract have increased and remained high since HRRCs re-opened after lockdown. The year-to-date contract waste inputs are currently 1.8% above forecast, and this difference is expected to increase in future months as the behavioural trend of higher household waste generation is projected to continue. Please see the Budget Monitoring Report for more information on the potential financial impacts of this trend.

WLWA and Suez are progressing a programme of projects for improving the efficiency of the transfer stations, including upgrades to waste loading and lifting equipment, improved fire suppression, extra tipping and bulky space, and speeding up vehicle movements. The waste compactors are due to be fully replaced at both transfer stations in 2021.

South Gloucestershire Environmental Health Authority have issued an Abatement Notice in regard to an ongoing noise issue from SERC that takes effect from the 9th October. Suez has been in constant contact with both the Parish Council and South Gloucestershire Environmental Health Authority regarding the noise issue. A presentation and time frame for the suggested rectification work have been produced and discussed with the South Gloucestershire Environmental Health team.

3. Viridor residual waste contract (Lakeside)

Lakeside ERF has been operating well since scheduled maintenance took place in September. There are no issues to report.

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.

Food waste was up to 6% higher than forecast during the first national lockdown, however in the past six weeks levels have dropped to the same as last year. This is likely a result of schools re-opening in September. It highlights the importance of the food waste projects (see the Projects Update) to increase participation in food waste services.

The London Borough of Hammersmith and Fulham is currently trialling separate food waste collections and is managing the collected material through this contract.

5. Green waste and mixed organics contracts

These contracts are:

- CountryStyle Recycling Ltd contract – green waste
- West London Composting Ltd contract – green waste and mixed organic waste.

Both contracts continue to perform well. Green and mixed organics waste inputs are back to a comparable level with previous years after an initial dip caused by the closure of HRRCs in the first lockdown.

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 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 performing 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. Abbey Road HRRC and WTS

Improvements continue to be made at the site which is managed by WLWA on behalf of Brent. Physical improvements include re-concreting of the lead road up to the transfer station and the planting/seeding of hedges and wild flowers to improve biodiversity and the site's look and feel.

The site continues to develop culturally, away from a tip and towards a resource hub. As part of this journey, an area has been developed for storing reusable items prior to re-sale and staff are focusing on high quality conversations with the public - including delivery on a survey of residents bringing non-recyclables to better understand their waste management behaviours. New signage is also being developed explaining what happens to customers' waste and recyclables.

Covid-19 controls were re-examined in light of increased prevalence of the virus. Controls were tightened, particularly around face coverings (both indoors and at key points outdoors), increased ventilation of rooms, reduced occupancy levels, and increased cleaning of surfaces. Slightly fewer vehicles are allowed on to the HRRC at any one time, however the number of booking slots has remained the same.

The site was recently inspected by the Environment Agency, which gave excellent feedback and described the Abbey Road as spearheading how such sites should be run.

9. Other West London HRRCs

Four out of six HRRCs are using a booking system for residents, procured by WLWA. This has led to effective control of visitor flow and reduced on-site queuing whilst also providing useful

data on how far visitors are travelling and what they are bringing. This new information helps us identify opportunities to optimise sites and identify issues with kerbside collection systems.

A number of joint (cross-Borough) improvement initiatives are currently being developed, please see the Projects Update for more information.

10. Health and Safety

In addition to the aforementioned review of Covid-19 controls, further work has been undertaken to strengthen the Health and Safety culture at Abbey Road. This includes the introduction of a new hazard reporting system where staff are encouraged to complete hazard reporting cards located around the site. The cards can be submitted anonymously in order to maximise participation.

Risk assessments continue to be reviewed and refined and further attention will be given to the waste transfer station risk assessments going forwards.

Health and Safety is a key topic in all meetings with contractors, and there are currently no significant incidents to report.

11. Financial Implications

The impacts of coronavirus have led to changes in waste flows, notably a significant increase in residual waste managed by the Authority. Please refer to the budget monitoring report (waste transfer and disposal line) for the current projected impact at year-end.

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

12. Staffing Implications

None.

13. 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.

14. 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.

Contact Officers	Tom Beagan, Head of Service Delivery tombeagan@westlondonwaste.gov.uk	01895 545516
	Sarah Ellis, Operations Manager, sarahellis@westlondonwaste.gov.uk	01895 545515

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WEST LONDON WASTE AUTHORITY

Report of the Contracts Manager

4 December 2020

Procurement update

SUMMARY

This report provides an update on changes to the Authority's Procurement Rules

RECOMMENDATION(S) The Authority is asked to:

- 1) Agree the WLWA Procurement Rules

1. Introduction

At the Authority meeting in June 2020 the WLWA Procurement Update provided the proposed changes to the procurement authorisation tables which form part of the WLWA procurement rules and provide a summary of the key requirements that must be adhered to for all procurements.

Annexe 1 contains the Procurement Rules for approval. The Procurement Rules document sets out WLWA's procurement principles, rules and objectives and acts as an over arching procurement strategy document.

Annexe 2 contains the Procurement Operating Procedures which provide detail on the procurement processes and procedures, and roles and responsibilities for WLWA officers to follow. The Procurement Operating Procedures are for noting by Members.

2. Health and Safety - None

3. Financial Implications - These Procurement Rules provide a framework to help ensure that all works and services are procured in a way that delivers best value for money for the Authority

4. Staffing Implications - None.

5. Legal Implications – The requirements of the Public Contracts Regulations are incorporated within the Procurement Rules.

6. Joint Waste Management Strategy Implication - The draft Procurement Rules are designed to help deliver the Authority's Joint Waste Management Strategy policies, particularly 'Effective and efficient operations focused on where we want to be in the future'.

Contact Officers	Beth Baylay, Contracts Manager, bethbaylay@westlondonwaste.gov.uk Tom Beagan, Head of Service Delivery tombeagan@westlondonwaste.gov.uk	01895 545516 01895 545514
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Annexe 1

WEST LONDON WASTE AUTHORITY

Contract and Procurement Rules

05 November 2020

1. Contracts and Procurement Authorisation Table for the Procurement of Works

	Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
1.	Less than £5,000	Obtain and retain a minimum of one quote.	Though not required, evidence of exploring solutions is strongly advised.	Responsible Officer	No	Quotation(s) and any evidence of premarket engagement to be kept in the central file.	None NO WAIVER REQUIRED	Project / Budget Manager
2.	£5,000 to £50,000	Advertised through Dynamic Purchasing System (DPS). OR Supplier selected through Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required. OR Minimum of three solutions with quotations required.	Obtain a minimum of three solutions with quotes.	Responsible Officer	If over £25,000 consider advertising on, e.g. Contracts Finder or DPS.	Notify the Contracts and Procurement Manager at the outset of procurement. Minimum of 3 solutions with quotations obtained. All documentation and evidence of any premarket engagement to be kept in the central file. Circumstances where only one suitable provider exists need to be notified to the Contracts and Procurement Manager for consideration.	Contracts and Procurement Manager to log evidence. NO WAIVER REQUIRED	Budget holder

¹ Contracts should not be artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

² Decision to award must be made by a separate individual to the Responsible Officer that is making the recommendation to award.

Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
<p>3. Works Contracts</p> <p>£50,000 to £1million</p> <p>(Noting this is below EU Threshold for Works)</p>	Same as item 2.	Approach to be determined by PRB	Manager / Responsible Officer.	Same as item 2.	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Business case proposals developed as appropriate for project size/complexity.</p> <p>All documentation and evidence of any premarket engagement to be kept in the central file.</p> <p>Circumstances where only one suitable provider exists will be discussed by the Procurement Review Board as part of the Strategic Procurement meetings.</p>	Business Case to be approved by the Procurement Review Board prior to procurement commencement.	<p>Procurement Review Board</p> <p>Contracts to be signed by members of the Senior Management Team</p>
<p>4. Works Contracts</p> <p>£1million to EU Threshold for Works (£4,733,252)</p>	Same as item 3.	Same as item 3.	Responsible Officer Same as item 3.	Same as item 3.	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Request for Quotation (RFQ) documents will include: terms & conditions, service specification, method statement questions, pricing document, information to tenderers including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p>	Business Case to be approved by the Procurement Review Board prior to procurement commencement	<p>Procurement award report to Members is required</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts over 1 million to be Sealed.</p>

Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
5. Works Contracts Over EU Threshold for Works (£4,733,252)	<p>Advertised through DPS</p> <p>OR</p> <p>Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required.</p> <p>OR</p> <p>Formal OJEU tender process required tendered in accordance with PCR.</p>	<p>Most economically advantageous tender must be selected, achieving Best Value and Value for Money for the Authority to be determined by PRB</p>	<p>Manager / Responsible Officer</p>	<p>Yes</p> <p>Formal OJEU tender process required.</p> <p>Use of E-Procurement portal is mandatory.</p> <p>Procurement must also be advertised on Contracts Finder.</p>	<p>Formal tender documents to be prepared pursuant to the PCR.</p> <p>ITT/ITPD documents will include: terms & conditions of the contract, service specification, method statement questions, pricing document, and information to tenderers, including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p> <p>OJEU and contracts finder contact notice and Contract Award Notice.</p>	<p>Business Case to be approved by the Procurement Review Board prior to procurement commencement</p>	<p>Procurement award report to Members is required.</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts to be Sealed</p>

2. - Contracts and Procurement Authorisation Table for the Procurement of Services

	Total Aggregate Contract Value ³	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ⁴
1.	Less than £5,000	Obtain and retain a minimum of one quote.	Though not required, evidence of exploring solutions is strongly advised.	Responsible Officer	No	Quotation(s) and any evidence of premarket engagement to be kept in the central file.	None NO WAIVER REQUIRED	Project / Budget Manager
2.	£5,000 to £50,000	<p>Advertised through Dynamic Purchasing System (DPS).</p> <p>OR</p> <p>Supplier selected through Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required.</p> <p>OR</p> <p>Minimum of three solutions with quotations required.</p>	Obtain a minimum of three solutions with quotes.	Responsible Officer	If over £25,000 consider advertising on, e.g. Contracts Finder or DPS.	<p>Notify the Contracts and Procurement Manager at the outset of procurement.</p> <p>Minimum of 3 solutions with quotations obtained.</p> <p>All documentation and evidence of any premarket engagement to be kept in the central file.</p> <p>Circumstances where only one suitable provider exists need to be notified to the Contracts and Procurement Manager for consideration.</p>	<p>Contracts and Procurement Manager to log evidence.</p> <p>NO WAIVER REQUIRED</p>	Budget holder

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³ Contracts should not be artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

⁴ Decision to award must be made by a separate individual to the Responsible Officer that is making the recommendation to award.

Total Aggregate Contract Value ³	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ⁴
<p>3. Supplies & Services Contracts</p> <p>£50,000 to EU Threshold for Supplies and Services (£189,330)</p>	<p>Same as item 2.</p>	<p>Approach to be determined by PRB</p>	<p>Manager / Responsible Officer.</p>	<p>Same as item 2.</p>	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Business case proposals developed as appropriate for project size/complexity.</p> <p>All documentation and evidence of any premarket engagement to be kept in the central file.</p> <p>Circumstances where only one suitable provider exists will be discussed by the Procurement Review Board as part of the Strategic Procurement meetings.</p>	<p>Business Case to be approved by the Procurement Review Board prior to procurement commencement.</p>	<p>Procurement Review Board</p> <p>Contracts to be signed by members of the Senior Management Team</p>
<p>4. Supplies & Services Contracts</p> <p>Over EU Threshold for Supplies and Services (£189,330)</p>	<p>Advertised through DPS</p> <p>OR</p> <p>Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required.</p> <p>OR</p> <p>Formal OJEU tender process required tendered in accordance with PCR.</p>	<p>Most economically advantageous tender must be selected, achieving Best Value and Value for Money for the Authority to be determined by PRB</p>	<p>Manager / Responsible Officer</p>	<p>Yes</p> <p>Formal OJEU tender process required.</p> <p>Use of E-Procurement portal is mandatory.</p> <p>Procurement must also be advertised on Contracts Finder.</p>	<p>Formal tender documents to be prepared pursuant to the PCR.</p> <p>ITT/ITPD documents will include: terms & conditions of the contract, service specification, method statement questions, pricing document, and information to tenderers, including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p> <p>OJEU and contracts finder contact notice and Contract Award Notice.</p>	<p>Business Case to be approved by the Procurement Review Board prior to procurement commencement</p>	<p>Procurement award report to Members is required.</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts over 1 million to be Sealed</p>

3. INTRODUCTION

The West London Waste Authority undertakes a range of procurements each year as part of its Annual Procurement Plan.

The Contracts and Procurement Authorisation Tables set out in sections 1 and 2 (above) of this Procurement Strategy document a summary of the key requirements that must be adhered to for all procurements. These tables provide the governance structure for West London Waste Authority to procure works, goods and services and are designed to ensure compliance with Public Procurement Regulations 2015.

A Procurement Operating Procedures document will accompany the Contract and Procurement Rules and provides further detail on procurement procedure for WLWA officers to follow.

4. OUR CORE PRINCIPLES

The purpose of this Procurement Strategy document is to provide clarity and guidance and sets the framework for the WLWA procurement rules and procedures. Our Procurement Strategy document supports the delivery of WLWA's Annual Procurement Plan and is underpinned by a commitment to four overarching principles.

WLWA has a strategic aim to embed an agile and flexible approach to procurement across its business areas to enable the delivery of strong partnership working with both its borough partners and suppliers - to ensure customer satisfaction. The approach that WLWA takes to the strategic design and delivery of procurement is defined in a set of key principles:

- **Innovation and agility** – procuring services in an agile way based on the outcome required rather than product specification to ensure a more flexible and collaborative experience for WLWA, boroughs and suppliers.
- Ensuring **low carbon and social value** are an intrinsic part of procurement
- **Effective and efficient delivery** without compromising WLWA's ability to take strategic decisions
- **Transparency, fairness and proportionality** within the procurement process

5. OUR PROCUREMENT RULES

Our strategic vision for procurement is underpinned by a commitment to the above overarching principles and will be fulfilled through delivery of the following. We will:

- Deliver economic and environmental value through procurement
- Secure best value for WLWA, ensuring contracts are of a good quality and are competitively but sustainably priced
- Ensure compliance with legislation, and relevant guidance issued by the Cabinet Office

6. OUR PROCUREMENT OBJECTIVES

- Develop a more commercially-focused procurement culture - ensuring officers are equipped with the knowledge, training, and practical skills needed to derive maximum benefit from procurement practices

- Develop the ability to move with and get the best out of the market at any given time
- Demonstrate efficiency savings through better contract management
- Procure strategically and collaboratively to demonstrate efficiency savings
- Ensure all contracts are scrutinised and strategically managed post award to deliver maximum value
- Develop more informed decision making and responsibility at a lower officer level

These rules and objectives are designed to open conversations and aid decision making and provide purpose to the WLWA procurement procedures.

Annexe 2

WEST LONDON WASTE AUTHORITY
Procurement Operating Procedures

05 November 2020

Index

1. Contracts and Procurement Authorisation Table for the Procurement of Works
2. Contracts and Procurement Authorisation Table for the Procurement of Services
3. Introduction
4. Scope
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1. Contracts and Procurement Authorisation Table for the Procurement of Works

Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
1. Less than £5,000	Obtain and retain a minimum of one quote.	Though not required, evidence of exploring solutions is strongly advised.	Responsible Officer	No	Quotation(s) and any evidence of premarket engagement to be kept in the central file.	None NO WAIVER REQUIRED	Project / Budget Manager
2. £5,000 to £50,000	Advertised through Dynamic Purchasing System (DPS). OR Supplier selected through Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required. OR Minimum of three solutions with quotations required.	Obtain a minimum of three solutions with quotes.	Responsible Officer	If over £25,000 consider advertising on, e.g. Contracts Finder or DPS.	Notify the Contracts and Procurement Manager at the outset of procurement. Minimum of 3 solutions with quotations obtained. All documentation and evidence of any premarket engagement to be kept in the central file. Circumstances where only one suitable provider exists need to be notified to the Contracts and Procurement Manager for consideration.	Contracts and Procurement Manager to log evidence. NO WAIVER REQUIRED	Budget holder

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¹ Contracts should not be artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

² Decision to award must be made by a separate individual to the Responsible Officer that is making the recommendation to award.

Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
<p>3. Works Contracts</p> <p>£50,000 to £1million</p> <p>(Noting this is below EU Threshold for Works)</p>	Same as item 2.	Approach to be determined by PRB	Manager / Responsible Officer.	Same as item 2.	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Business case proposals developed as appropriate for project size/complexity.</p> <p>All documentation and evidence of any premarket engagement to be kept in the central file.</p> <p>Circumstances where only one suitable provider exists will be discussed by the Procurement Review Board as part of the Strategic Procurement meetings.</p>	Business Case to be approved by the Procurement Review Board prior to procurement commencement.	<p>Procurement Review Board</p> <p>Contracts to be signed by members of the Senior Management Team</p>
<p>4. Works Contracts</p> <p>£1million to EU Threshold for Works (£4,733,252)</p>	Same as item 3.	Same as item 3.	Responsible Officer Same as item 3.	Same as item 3.	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Request for Quotation (RFQ) documents will include: terms & conditions, service specification, method statement questions, pricing document, information to tenderers including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p>	Business Case to be approved by the Procurement Review Board prior to procurement commencement	<p>Procurement award report to Members is required</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts over 1 million to be Sealed.</p>

5.

Total Aggregate Contract Value ¹	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ²
Works Contracts Over EU Threshold for Works (£4,733,252)	<p>Advertised through DPS</p> <p>OR</p> <p>Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required.</p> <p>OR</p> <p>Formal OJEU tender process required tendered in accordance with PCR.</p>	Most economically advantageous tender must be selected, achieving Best Value and Value for Money for the Authority to be determined by PRB	Manager / Responsible Officer	<p>Yes</p> <p>Formal OJEU tender process required.</p> <p>Use of E-Procurement portal is mandatory.</p> <p>Procurement must also be advertised on Contracts Finder.</p>	<p>Formal tender documents to be prepared pursuant to the PCR.</p> <p>ITT/ITPD documents will include: terms & conditions of the contract, service specification, method statement questions, pricing document, and information to tenderers, including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p> <p>OJEU and contracts finder contact notice and Contract Award Notice.</p>	Business Case to be approved by the Procurement Review Board prior to procurement commencement	<p>Procurement award report to Members is required.</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts to be Sealed</p>

2. - Contracts and Procurement Authorisation Table for the Procurement of Supplies and Services

Total Aggregate Contract Value ³	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ⁴
1. Less than £5,000	Obtain and retain a minimum of one quote.	Though not required, evidence of exploring solutions is strongly advised.	Responsible Officer	No	Quotation(s) and any evidence of premarket engagement to be kept in the central file.	None NO WAIVER REQUIRED	Project / Budget Manager
2. £5,000 to £50,000	Advertised through Dynamic Purchasing System (DPS). OR Supplier selected through Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required. OR Minimum of three solutions with quotations required.	Obtain a minimum of three solutions with quotes.	Responsible Officer	If over £25,000 consider advertising on, e.g. Contracts Finder or DPS.	Notify the Contracts and Procurement Manager at the outset of procurement. Minimum of 3 solutions with quotations obtained. All documentation and evidence of any premarket engagement to be kept in the central file. Circumstances where only one suitable provider exists need to be notified to the Contracts and Procurement Manager for consideration.	Contracts and Procurement Manager to log evidence. NO WAIVER REQUIRED	Budget holder

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³ Contracts should not be artificially underestimated or disaggregated into two or more separate Contracts where the intent is to avoid the application of the Contract Procedure Rules or Public Procurement Regulations.

⁴ Decision to award must be made by a separate individual to the Responsible Officer that is making the recommendation to award.

Total Aggregate Contract Value ³	How many quotes are required?	How should WLWA approach the market?	Who leads the procurement?	Should the Contracts be formally advertised?	Documentation Required	Governance Process	Who must approve contract award? ⁴
<p>3. Supplies & Services Contracts</p> <p>£50,000 to EU Threshold for Supplies and Services (£189,330)</p>	<p>Same as item 2.</p>	<p>Approach to be determined by PRB</p>	<p>Manager / Responsible Officer.</p>	<p>Same as item 2.</p>	<p>A contract must be put in place which will depend upon the value and complexity of the procurement.</p> <p>Business case proposals developed as appropriate for project size/complexity.</p> <p>All documentation and evidence of any premarket engagement to be kept in the central file.</p> <p>Circumstances where only one suitable provider exists will be discussed by the Procurement Review Board as part of the Strategic Procurement meetings.</p>	<p>Business Case to be approved by the Procurement Review Board prior to procurement commencement.</p>	<p>Procurement Review Board</p> <p>Contracts to be signed by members of the Senior Management Team</p>
<p>4. Supplies & Services Contracts</p> <p>Over EU Threshold for Supplies and Services (£189,330)</p>	<p>Advertised through DPS</p> <p>OR</p> <p>Borough Framework or local/national Frameworks where permitted. Terms of Framework Agreement to be followed noting that mini-competitions may be required.</p> <p>OR</p> <p>Formal OJEU tender process required tendered in accordance with PCR.</p>	<p>Most economically advantageous tender must be selected, achieving Best Value and Value for Money for the Authority to be determined by PRB</p>	<p>Manager / Responsible Officer</p>	<p>Yes</p> <p>Formal OJEU tender process required.</p> <p>Use of E-Procurement portal is mandatory.</p> <p>Procurement must also be advertised on Contracts Finder.</p>	<p>Formal tender documents to be prepared pursuant to the PCR.</p> <p>ITT/ITPD documents will include: terms & conditions of the contract, service specification, method statement questions, pricing document, and information to tenderers, including evaluation criteria.</p> <p>The financial status of the bidder to be considered as part of tender evaluation. Requirement for a bond or guarantee to be considered.</p> <p>OJEU and contracts finder contact notice and Contract Award Notice.</p>	<p>Business Case to be approved by the Procurement Review Board prior to procurement commencement</p>	<p>Procurement award report to Members is required.</p> <p>Chief Officers and Members to approve contract award if contract value over 1 million</p> <p>All Contracts over 1 million to be Sealed</p>

Key Requirements:

- Borough Select Lists are any list that a constituent borough maintains and that contains the names of contractors, suppliers, consultants and the like from whom works, goods, supplies, services, etc. can be obtained without the need to advertise or otherwise seek expressions of interest. Generally competitive quotes or tenders will still be necessary when using names contained within a Borough Select List. In all cases, an Authority's Contracts and Procurement Rules must still be complied with. The Authority may ask a number of companies from these lists to submit quotations to optimise the outcome

Procurement Rules

Please note that an EU compliant procurement must be carried out above the EU thresholds with the necessary publication of the contract advert on OJEU and Contracts Finder.

- No commitment must be given to a Supplier for goods or services prior to a Purchase Order or equivalent document being raised.
- Financial disaggregation of Estimated Procurement Value in order to avoid compliance with these and the Public Procurement Regulations is prohibited.
- All Contracts, whether income or expenditure, should be captured on the Authority's Contracts Register as required by the Transparency Code.

3. INTRODUCTION

- 3.1. These Procurement Operating Procedures (the “**POP**”) must be read line with the WLWA Procurement Rules (the “**Procurement Rules**”).
- 3.2. The West London Waste Authority (the “**Authority**”) undertakes a range of procurements each year
- 3.3. Together, the Procurement Rules and the POP provide the governance structure for the Authority to procure works, goods and services.
- 3.4. The mandatory Procurement Rules and the POP apply to everyone who commissions or procures contracts on behalf of the Authority, including external consultants and third party providers.
- 3.5. Together, the Procurement Rules and the POP are designed to ensure compliance with the Authority’s Constitution, Financial Rules, Policies, the Public Procurement Regulations 2015 (the “**PCRs**”) and English law.
- 3.6. The Contracts and Procurement Authorisation Tables set out in sections 1 and 2 of both the Procurement Rules and the POP (the “**Authorisation Tables**”) provide a summary of the key requirements that must be adhered to for all procurements. However, all Officers are strongly advised to read the rest of the POP and Procurement Rules in their entirety for further guidance and to seek the advice and support of the Contracts and Procurement Manager as appropriate.
- 3.7. If officers fail to comply with the Procurement Rules and/or the POP, which lay down minimum mandatory requirements when engaging in procurement activity, disciplinary action may be considered by the Authority.
- 3.8. Members and Officers have a duty to report non-compliance of the Procurement Rules and/or the POP to an appropriate senior manager and any one of the following: the Finance Director, Treasurer or Clerk. Non-compliance with these Procurement Rules and/or the POP will be monitored and recorded by the Procurement Review Board.

4. SCOPE

- 4.1. The Procurement Rules and the POP apply to all Procurement activities including the receipt of income or where funding is received by the Authority from external sources.
- 4.2. A Contract includes any agreement to provide supplies, services or works in exchange for a consideration (which is usually payment). These contracts include but are not limited to:

- 4.2.1. Purchase orders (or equivalent documents);

- 4.2.2. Leasing arrangements;
- 4.2.3. Engaging agency workers;
- 4.2.4. Engaging outside experts or consultants;
- 4.2.5. Service Contracts; and
- 4.2.6. Works Contracts.

4.3. The following contracts are **exempt** from the Procurement Rules:

- 4.3.1. Employment contracts;
- 4.3.2. Contracts relating solely to the disposal or acquisition of an interest in land including leasehold interests;
- 4.3.3. Inter Authority Agreements and Service Level Agreements with the Constituent Boroughs.

4.4. Framework Agreements that have been established by other Public Sector Bodies that are lawfully accessible to the Authority should be used in accordance with the terms and conditions of the relevant Framework Agreement.

5. DETERMINING CONTRACT VALUE

- 5.1.** The procurement approach which needs to be followed for each procurement depends upon the estimated value of the Contract to be let over its entire term including any potential extensions.
- 5.2.** Before commencing a purchasing or tendering process an estimate of the value of the Contract must be prepared. If known in advance it must be included in the Annual Procurement Plan.
- 5.3.** The Contract Value should be based on a genuine estimate of the value of all payments to be made, or potentially to be made, to the contractor for the whole of the Contract period including any potential extension period(s).
- 5.4.** Contracts must not be unnecessarily disaggregated to avoid the application of the PCRs, the POP and/or the Procurement Rules.
- 5.5.** To comply with the PCRs, the Authority is required to divide large contracts into lots with the aim of enhancing competition. If the Authority is unable to do so, it must document the main reasons for its decision **not** to subdivide into lots.
- 5.6.** Where a Contract is to be let that does not involve the making of payments by the Authority for the provision of a service (e.g. where the Authority is receiving income from a contractual arrangement or is procuring a service that is not paid for by the Authority);

Legal and Procurement advice may be sought in estimating the Contract value.

6. COMPLIANCE

6.1. The Responsible Officer must consider the public sector equality duty and whether a full Equalities Impact Assessment is required.

6.2. All contracts must be documented in writing.

Procurement Rules

6.3. All contracts over £25,000 in value over the life of the Contract must be recorded on the Authority's Contracts Register. The Contracts and Procurement Manager must ensure that the Contracts Register is updated at the end of the Procurement process.

6.4. The Responsible Officer must consult with the Contracts and Procurement Manager as to whether legal advice should be sought on the terms and conditions of each contracts.

6.5. Where an Officer is involved in procurement project of £100,000 and above, the officer must ensure that they complete a confidentiality agreement and a declaration of interest. This must then be returned to the Managing Director. A declaration does not automatically exclude anyone from the procurement process; it alerts the procurement lead and allows them to manage the procurement accordingly.

6.6. Where a supplier or an undertaking related to a supplier has advised the Authority, or has otherwise been involved in the preparation of the procurement procedure, the Authority must have regard for this and ensure that soft market testing and consultation with bidders is structured and ensure that competition is not distorted by the participation of that supplier in the procurement.

6.7. Unrestricted and full direct on line access free of charge to the procurement documents must be available from the date of the publication in the Official Journal of a Contract Notice or the date on which an invitation to confirm interest is sent

7. ROLES AND RESPONSIBILITIES

7.1. Responsibilities of the Procurement Review Board (PRB)

The Procurement Review Board or PRB is made up of the Managing Director, Finance Director, Senior Management Team (SMT) and the Contracts and Procurement Manager.

The PRB provides strategic direction and monitors the implementation of the WLWA Procurement Strategy. It has overarching responsibility to ensure compliance with procurement strategy and regulations and

The PRB will be responsible for:

- 7.1.1 Compliance with the Authority's Constitution, Financial Rules, Policies, the Public Procurement Regulations 2015 (the "PCRs") and English law.
- 7.1.2 Reviewing and approving all business cases seeking approval to commence procurement to the value set out in the Contract and Procurement Authorisation Tables
- 7.1.3 Providing a collective decision regarding each appropriate procurement route
- 7.1.4 Adding an additional level of scrutiny and rigour to procurement decision making
- 7.1.5 Reviewing and approving all business cases seeking approval to the value set out in the Contract and Procurement Authorisation Tables.
- 7.1.6 Tracking cost and carbon savings and Social Value delivered through procurement
- 7.1.7 Promoting compliance with procurement regulations and discussing continuous improvement.
- 7.1.8 Promoting proactive management of contracts and reviewing contracts at the PRB from time to time.

7.2. The Managing Director shall:

- 7.2.1. Be responsible for the purchasing undertaken by the Authority and providing the associated information required for reporting purposes;
- 7.2.2 Ensure that Members, Procurement Review Board and any Project Board set up for the Procurement, are consulted as necessary on issues arising as part of a Procurement exercise;
- 7.2.3 Be responsible for ensuring that all procurements are appropriately scoped and follow an appropriate Procurement exercise;
- 7.2.4 Be accountable to the Authority for the performance of his/her duties in relation to Procurement;
- 7.2.5 Comply with the Authority's decision making processes;
- 7.2.6 Designate a Responsible Officer for leading each Procurement in excess of £25,000;
- 7.2.7 Take immediate action in the event of breach of these Regulations in order to rectify such breach; and
- 7.2.8 Ensure the integrity of the Procurement process.

7.3 Responsibilities of the Contracts and Procurement Manager:

The Contracts and Procurement Manager will be responsible for:

- 7.3.1 Developing the annual procurement plan
- 7.3.2 Routine short-term materials procurements to:
- 7.3.3 Actively tracking the market and ensuring best value for materials from HRRC sites
- 7.3.4 Increase recycling and waste reduction
- 7.3.5 Monitoring contract expiry to ensure agreement coverage for key, complex and critical spend across the organisation
- 7.3.6 Maintaining audit trails

7.3.7 Reporting of procurements, extensions, waivers and contract variations

7.4 Responsibilities of all Officers Undertaking Procurements:

- 7.4.1 All officers involved in procurements are responsible for familiarising themselves with the Authority's Procurement Rules and POP.
- 7.4.2 All officers involved in procurements are responsible for seeking financial, legal, Procurement and HR advice as appropriate;
- 7.4.3 All officers must declare to their line manager any interest, which could, or be seen to, influence their judgement in any Procurement or Contract matter; and
- 7.4.4 All officers must report to their line manager or other responsible senior officer any concerns about improper conduct or breach of procedures during a Procurement exercise.

7.5 Role and Responsibilities of the Officer Leading the Procurement

The officer designated as the Officer Leading the Procurement is responsible for:

- 7.5.1 Ensuring the integrity of the Procurement process;
- 7.5.2 Where necessary, seeking appropriate advice to ensure compliance with these Procurement Rules and the POP;
- 7.5.3 Formulating an appropriate strategy for the Procurement;
- 7.5.4 Ensuring that there is appropriate analysis of the service requirement, risks associated with the Procurement, the estimated Contract value, timescales, procedure and documentation to be used;
- 7.5.5 Consulting with the Constituent Boroughs if appropriate and ensuring that their views are reflected in the Procurement process as appropriate;
- 7.5.6 Ensuring that the officers involved in the Procurement process understand the service requirement and the strategy to be adopted for the Procurement;
- 7.5.7 Quantifying any cost savings arising from the Procurement and ensuring these are reported and delivered;
- 7.5.8 Ensuring the capture and reporting of appropriate data and information through the contract.
- 7.5.9 Complying with the Authority's approvals and decision making processes;
- 7.5.10 Ensuring that all Invitation to Tender documents clearly describe the Evaluation Criteria, sub criteria and weighting and that the tender evaluation is based strictly on the published criteria and weighting;
- 7.5.11 Compliance with record keeping requirements;

- 7.5.12 Ensuring that value for money is achieved;
- 7.5.13 Ensuring that a business continuity plan is in place and, where considered necessary, appropriate security (such as a bond or guarantee) is taken to protect the Authority in the event of non-performance of the Contract;
- 7.5.14 Ensuring that the contractor has sufficient and appropriate security protocols in place for the storage, use and transmission of sensitive data where this is necessary for the performance of the Contract;
- 7.5.15 Ensuring that a framework for the management of the Contract is put in place prior to Contract award;
- 7.5.16 Ensuring that the Authority's Contract register is updated when the Contract is awarded;
- 7.5.17 Ensuring that the opportunity and award is published on Contracts Finder where necessary; and
- 7.5.18 Providing information about the Contract that is required to be published under access to information and contract award notice requirements.

7.6 Project Boards

- 7.6.1 For significant and complex procurements the Authority may, on recommendation of the PRB, set up a Project Board to manage the Procurement.
- 7.6.2 Membership of a Project Board shall be decided by the Authority and will usually include some or all of the Authority's officers, one of whom will normally be appointed by the Authority as Chair of the Board.
- 7.6.3 Other members will usually be senior officers of the Constituent Boroughs, although the Authority may appoint Project Board members from other bodies such as central government.

8 AUTHORISATION FOR COLLABORATIVE ARRANGEMENTS

- 8.3 The Authority can proceed with procurements that have been undertaken through collaborative arrangements with other public bodies:
 - 8.3.1 Each collaborative Procurement will have a lead or contracting authority. This is the body that will be responsible for letting and awarding the Contract. The Procurement process will usually be undertaken in accordance with that body's contracting regulations.
 - 8.3.2 Each participating authority's role and responsibilities in any collaborative Procurement must be clearly defined.
 - 8.3.3 The responsibilities of officers of this Authority will vary depending on whether:

- The Authority is designated as the contracting authority or whether another body is the contracting authority;
- It is intended that the Authority **will** use the Contract for the provision of goods or services;
- The Authority is engaged in a collaborative Procurement exercise to award a Contract that it may utilise for the provision of goods and services.

8.4 West London Waste Authority as the Contracting Authority

Where it is proposed that West London Waste Authority will be the contracting authority for the Procurement:

- 8.4.1 Authorisation to commence the Procurement process must be obtained in accordance with the Procurement Rules and the POP;
- 8.4.2 The Procurement must be undertaken in accordance with these Procurement Rules, the POP and this Authority's Procurement documentation;
- 8.4.3 The Project Team that leads the procurement must consult with legal and/or the Contracts and Procurement Manager;
- 8.4.4 The roles and responsibilities of the participating authorities must be clearly defined and any necessary written agreements or memoranda of understanding entered into;
- 8.4.5 The Procurement timetable should allow for the participating authorities to obtain necessary approvals in accordance with their regulations;
- 8.4.6 There should be appropriate consultation with the participating authorities on the Procurement process; and
- 8.4.7 Authorisation to award the Contract must be obtained in accordance with the Procurement Rules.

8.5 Collaborative Procurement where the Authority is not the Contracting Authority

- 8.5.1 If the Authority is committed to using the Contract once it has been awarded, authority to participate in the Procurement process must be obtained prior to the placing of any notice advertising the Procurement.
- 8.5.2 The Responsible Officer must ensure that the PRB are provided with an opportunity to comment on the approach to the Procurement and specification.
- 8.5.3 Once the Contract has been awarded by the contracting authority, approval to draw down goods or services from the Contract must be obtained.
- 8.5.4 If the Authority is not committed to using the Contract, approval to draw down goods or services from the Contract must be obtained before the Contract is awarded.

9 SCOPING

- 9.1 Before commencing a procurement procedure, Responsible Officers may conduct market consultations with a view to preparing the procurement and informing suppliers of their procurement plans and requirements.
- 9.2 Market consultations must not have the effect of distorting competition and must not result in a violation of the principles of non-discrimination and transparency. Officers may, for example, seek or accept advice from independent experts or authorities or from market participants.
- 9.3 The Responsible Officer must state how the procurement will meet social value considerations on a case by case basis (for example - employment, training, apprenticeships, use of SME's and local Suppliers).

10 EVALUATION

- 10.1 All officers must take appropriate measures to ensure that the evaluations of all Procurements are conducted fairly and transparently.
- 10.2 The Responsible Officer must ensure that all Contracts are awarded based on evaluation of whole system costs
- 10.3 All Invitation to Tender documents must clearly describe the evaluation criteria, sub criteria and weighting and all tender evaluations must be based strictly on the published criteria and weighting.
- 10.4 The evaluation notes of each evaluator must explain adequately the reasons behind the scores they have awarded to each tenderer and must strictly follow the published evaluation criteria and process. The evaluation process must ensure the evaluator notes provide a full, transparent, and fair summary of the discussions that led to the scores.
- 10.5 All evaluation moderation meetings must keep a complete record and comprehensive notes of each point made and of any changes made as a result of moderation and the reasons why. The notes must adequately reveal the panel's reasons or reasoning for the positive and negative points made during the meeting, and in the notes.
- 10.6 Evaluators' original score sheets will not always be enough evidence to show the reasons why the evaluating group reached their consensus scores during a moderated discussion. The notes of moderation meetings should track the thinking of the evaluation panel to enable tenderers to scrutinise the marks awarded and the Authority's reasons.
- 10.7 In every procurement exercise where a contract is substantial and complex the need for transparency requires the Authority to disclose reasons for awarding contracts in a clear and unequivocal fashion.

11 INFORMATION GOVERNANCE

- 11.1 When procuring, the Responsible Officer must ensure due diligence checks are carried out to provide sufficient guarantees that the Supplier's technical and organisational security measures for handling and protecting information and data are appropriate, suitable and lawful. This is a requirement under Data Protection Legislation.
- 11.2 Evidence of these checks, copies of policies and guarantees provided by the Supplier must be retained by the Responsible Officer who is managing the contract and should be regularly reviewed throughout the life of the contract.
- 11.3 Contract managers must ensure appropriate security measures are applied to prevent the unauthorised or unlawful processing of personal data or accidental loss or destruction of, or damage to, personal data.
- 11.4 Officers must ensure that contracts with providers that involve the processing of personal data contain clauses as required by the Data Protection Legislation.

12 PROCUREMENT METHODS

- 12.1 Responsible Officers must treat suppliers equally and without discrimination and must act in a transparent and proportionate manner.
- 12.2 The default position in acquiring Works, Supplies and Services should always be open competition through competitive tendering. Please refer to the Contracts and Procurement Authorisation Tables in sections 1 and 2 of these CPRs to determine the Procurement process that should be used.
- 12.3 All opportunities for Works, Supplies and Services over £25,000 if advertised must be published on Contracts Finder in accordance with the Contracts and Procurement Authorisation Tables.
- 12.4 The E-Procurement portal must be used for any Procurement where the lifetime value of the Contract exceeds the EU procurement thresholds.
- 12.5 The use of Selection Questionnaires is only required for contract values above the EU Thresholds. Suitability Assessment Questions may be asked as appropriate for contract values below the EU Threshold.

Frameworks

- 12.6 Framework agreements may offer access to a single supplier or to multiple suppliers who can provide a service, services or particular goods. Each framework agreement will set out the process for drawing services off the framework and there will be restrictions as to the extent to which the Authority can vary the service specification, any service level agreements, terms and conditions or other contractual documents.

- 12.7 Framework Agreements that have been established by other Public Sector Bodies that are lawfully accessible to the Authority should be used strictly in accordance with the terms and conditions of the relevant Framework Agreement. The Responsible Officer should consult with the Contracts and Procurement Manager prior to procuring from a Framework Agreement.
- 12.8 Following consultation with the Contracts and Procurement Manager, but before calling off from a Framework Agreement, requisite authority needs to be sought for such contract in accordance with the Authorisation Tables.
- 12.9 The Authority may utilise the corporate contracts of any of the constituent boroughs for the provision of goods or services that need to be purchased from time to time.
- 12.10 Where a potential framework agreement has been identified:
- Legal advice must be sought to confirm that the framework agreement can be used by the Authority;
- The scope of the services that can be drawn off the framework agreement and their associated service levels and terms and conditions need to be investigated to ensure they meet the Authority's needs; and
- The process for using the framework agreement must be understood and complied with.

Dynamic Purchasing System

- 12.11 The West London Waste Authority Dynamic Purchasing System (DPS) is hosted via the ProContract system (London Tenders Portal, www.londontenders.org). The DPS provides a record of suppliers that are pre-approved through Selection Questionnaire (SQ) and are considered capable of carrying out the required offtake arrangements within each Lot and material category.
- 12.12 The maximum total value of all call-off contracts for the DPS will be approximately £10 million per annum. The DPS will remain open for the contract period of ten years, terminating in 2029 unless terminated by the authority.

12. SPECIALIST PROCUREMENT REQUIREMENTS – WASTE SERVICES

- 12.1 Procurement of all waste services must be compliant with the requirements of the Greater London Authority (GLA) Act 1999 as amended by the GLA Act 2007.
- 12.2 The Mayor for London must be informed in writing of the Authority's intention to procure waste services a minimum of 108 days before an OJEU notice is issued. Any direction provided by the Mayor for London in response to such notice of intention must be complied with by the Authority under the GLA Act 1999.

13. EXTENSIONS AND VARIATIONS

- 13.1. Contracts may only be extended if the following provisions are met:
 - 13.1.1. The original Contract was awarded on a Procurement Rules compliant competitive tender or quotation process and includes an option to extend;
 - 13.1.2. The extension or variation is in accordance with the terms and conditions of the existing Contract. Input from the Contracts and Procurement Manager should be sought to confirm this is the case and to support the drafting of the extension and/or variation documents;
 - 13.1.3. If the initial Contract was subject to the EU tender procedure, that the extension option was declared within the OJEU Contract Notice;
 - 13.1.4. The Contract has not been extended beyond the approved extension period; and
 - 13.1.5. Approval has been sought and obtained from the Procurement Review Board following submission of a Business Case detailing the Contract Extension requirements.
- 13.2. In the event that the provisions of 13.1.1 to 13.1.5 are not met then a Waiver must be sought in accordance with section 14 (Waivers) or alternatively a new Procurement must commence.
- 13.3. Regulation 72 of the PCRs permits an amendment, extension or renewal of an existing Contract without triggering a new Procurement exercise in the following cases:
 - 13.3.1. The original Contract includes a “clear, precise and unequivocal review clause”. The overall nature of the Contract must not be altered as a result of the change;
 - 13.3.2. New Services, Supplies and Works need to be purchased from the Supplier and a change of Supplier cannot be realistically made for economic or technical reasons and would cause significant inconvenience or substantial duplication of the Authority’s costs. This is subject to the provision that each change does not increase the Contract’s value by more than 50 per cent as a result;
 - 13.3.3. Circumstances have arisen that the Authority could not reasonably have foreseen and that require an amendment to the existing Contract. The Contract’s overall nature must not be altered and the Contract’s value must not increase by more than 50 per cent as a result of any change;
 - 13.3.4. A new Supplier is required to replace the Supplier originally party to the Contract, either because this is the result of corporate restructuring, including takeover, merger, acquisition or insolvency leading to a universal or partial succession of the original Supplier, or because this change was envisaged in a review clause in the original Contract. This provision cannot be relied on if the Supplier is being replaced for a different reason;
 - 13.3.5. The value of the modification is both below the EU Procurement Thresholds and is less than 10 per cent of the initial Contract value (where the contract is for Supplies or Services) or less than 15 per cent of the initial Contract value, in the case of a

Works Contract. More than one change can be made under this provision provided the cumulative value of the modifications does not exceed EU Procurement Thresholds.

- 13.3.6. The proposed modifications are insubstantial. This does not include any modifications that result in any of the following:
- i. The Contract would become materially different;
 - ii. The scope of the Contract would extend considerably;
 - iii. The outcome of the initial Procurement procedure would have been different had the modification been implemented at that time. For example, other tenders would have been accepted or other candidates would have been admitted;
 - iv. The economic balance would shift in favour of the Supplier; or
 - v. A new Supplier would replace the original Supplier in a circumstance not provided for in paragraph 14.3.4 above.

13.4 Officers must consult with the Contracts and Procurement Manager to confirm if any of the circumstances set out in section 14.3 above apply, permitting a Contract amendment, extension or renewal and must also comply with the Authorisation Tables.

13.5 A Contract Variation Notice needs to be sent to OJEU in the case of Contract variations permitted and made in accordance with paragraphs 14.3.2 and 14.3.3 above.

13.6 In the event that the provisions of paragraph 14.3 are not met then a waiver must be sought in accordance with section 15 (Waivers) or alternatively a new Procurement must commence.

14. WAIVERS

14.1. Circumstances may arise where permission is required to waive one or more of the Procurement Rules. Waivers are reserved for exceptional circumstances and will only be approved where good and sufficient reason has been demonstrated. A Waiver will not be granted simply on the grounds of convenience or because of inadequate forward planning.

14.2. The Authority can only waive the Procurement Rules established by the Authority. The Authority cannot waive UK law or EU Procurement Regulations.

14.3. Waivers (in whole or in part) from the requirements set out in the Procurement Rules may only be obtained by completing a Waiver Business Case which is available from the Contracts and Procurement Manager.

14.4. The Waiver Business Case must be submitted to the Contracts and Procurement Manager

for initial consideration. If the Contracts and Procurement Manager is satisfied that the Waiver Business Case meets the requirements of this section of the Procurement Rules, the Waiver Business Case shall be submitted to the Procurement Review Board for review.

- 14.5. The Procurement Review Board must be satisfied that special circumstances exist which warrant a waiver being permitted. Such Waiver Business Case must set out in detail the terms of any waiver from the requirements set out in the Procurement Rules.
- 14.6. Waivers to any of the Authority's Procurement Rules must be sought in advance of any contractual agreement, order placement, use of Works, Services or purchase of Supplies.
- 14.7. Any Waiver can only be granted for a maximum period of 12 (twelve) months unless it can be demonstrated that any longer period is in the best interest of the Authority.
- 14.8. Any Waiver can only be granted where the value of the waiver is below the relevant EU Threshold.
- 14.9. The circumstances under which a Waiver can be agreed are limited to the following circumstances:
 - 14.9.1. **Sole Supplier:** It can be proven that there is only one Supplier who can deliver the Supplies or Services. (It is considered better practice to issue a tender to evidence that there is only one Supplier capable of delivering such Supplies or Services);
 - 14.9.2. **Demonstrable Best Interest:** It can be demonstrated that it is in the Authority's best interest and this is clearly demonstrated in the Waiver report. (For example, the Authority is seeking to redesign service provision or exploring internal / external collaboration opportunities and therefore direct award to the incumbent provider is required for an intervening period only);
 - 14.9.3. **Emergency:** There is a clear need to provide a service or a product immediately in the instance of a sudden unforeseen crisis; the immediate risk is to health, life, property or environment (for example, Natural Disaster; Pandemic, Civil Unrest; Provider going into administration);
 - 14.9.4. **Service Imperative:** Demonstrable circumstance that is exceptional: For example, an unanticipated delay during the tender process or Strategy and / or Spec and service design not completed when tender needed to begin for unforeseen reasons. For the avoidance of doubt, a Waiver will not be granted simply on the grounds of convenience or because of inadequate forward planning; and/or
 - 14.9.5. **Extension as a Waiver:** Where an extension to a Contract is being sought but it is not possible under the current terms and conditions of the Contract.

For any queries not covered within the Procurement Rules and the POP, please contact the Contracts and Procurement Manage

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 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.

The Projects team primary focus for the next 12 months is delivery of the Food Waste Investment Fund which was approved to deliver the Boroughs Business Cases and the associated waste and carbon reduction across the system.

- Regular engagement with Environment Directors and their teams
- Food data dashboard design for monitoring trend and performance
- Procurement of the infrastructure for critical path delivery

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 combined approach, please see Appendix 1.

Officers have identified potential opportunities 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
- Site infrastructure (LED lighting, weighbridge, CCTV, security)

Officers will update the procurement register if any of the projects are viable following analysis of data from Boroughs and market testing.

The Projects and Waste Minimisation teams are working with the team at Abbey Rd to pilot new ways of working to meet the minimum 65% diversion from residual/recycling rates targets as an exemplar blueprint for wider waste operations.

Officers are working on collections consultancy services for several Boroughs for rerouting and new service design. This work is building on the current sensor smart routing projects and informing on operational efficiencies and potential infrastructure development works.

This development work is designed to ensure the infrastructure in the region can be optimised for the medium and long term with sufficient capacity and flexibility to deliver on the recycling targets, the outcomes of the Resources and Waste Strategy and enhance the green recovery.

4. **Risk** – The development of Projects is inherently linked to the identification of risk and opportunity within existing operations, technological and legislative change. The following risks are expected to deliver change.

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.

There is expected to be an impact on the collections fleet from 2030 due to the legislative change regarding internal combustion vehicles.

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** – The Projects and Waste Minimisation teams are leading the development of change projects and as such we are seeking to up skill the members of both teams. This will ensure we have both the technical skill and capacity to manage the rate of change required and capitalise on the opportunities arising in the short to medium term.

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.

Contact Officers	Peter Tilston, Projects Director petertilston@westlondonwaste.gov.uk	01895 545510
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Mildred Jeakins, Waste Minimisation Manager 01895 546623 mildredjeakins@westlondonwaste.gov.uk	Emma Beal, Managing Director 01895 545515 emmabeal@westlondonwaste.gov.uk
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Annex 1

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 and the development and delivery of circular economy projects. These include absorbent hygiene products, HRRC reuse, library of things and HRRC data analysis.

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Budget Monitoring Report Period 7 (October)

SUMMARY

This report provides an update on financial and operational matters

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the current financial position, forecast for 2020/21
- 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

	P07 Budget £ 000s	P07 Actual £ 000s	P07 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
Expenditure						
Employees	1,267	1,291	23	2,173	2,266	93
Premises	1,521	1,578	57	2,607	2,645	38
Waste Transport and Disposal	27,951	28,806	855	47,917	49,253	1,336
MRF Waste Transport and Disposal	0	1,016	1,016	0	2,031	2,031
Supplies and Services	525	1,041	516	900	1,546	646
Depreciation	5,121	5,129	8	8,778	8,792	14
Financing and Other	3,663	3,666	3	6,280	6,285	5
Concession Adjustment	(2,506)	(2,506)	0	(4,296)	(4,296)	0
	37,543	40,021	2,478	64,359	68,522	4,163
Income						
Levies	(36,326)	(37,523)	(1,197)	(62,273)	(64,041)	(1,767)
MRF Service Charge	0	(1,016)	(1,016)	0	(2,031)	(2,031)
Trade and Other	(1,216)	(1,393)	(176)	(2,085)	(2,251)	(165)
	(37,543)	(39,932)	(2,389)	(64,359)	(68,323)	(3,964)
(Surplus) / Deficit	0	89	89	0	199	199

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

Whilst the overall deficit for both P7 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.

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 off-setting variances in both MRF WTD costs and MRF 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. A summary of the key points follow.

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, particularly during June and July. For the period to P7 collected residual waste spending was £1.3 million more than budgeted reflecting increased waste volumes of 5%.

Similarly, food, mixed organic and green collections spending combined were £0.3 million 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 £1.2 million for the period to P7. 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. Following re-opening the picture for individual HRRC sites are varied with some seeing lower volumes and others higher.

Residual waste is the main component of HRRC waste costs and during the period this was £0.2 million 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.

So, in terms of the year's forecast of WTD costs, these have been built by focussing on the main waste streams (which account for the vast majority of the spend) and by separately considering the collections activity (PAYT) and HRRC activity (FCL).

For residual waste collections (PAYT) the forecast uses the current level of activity i.e. average for July to October where waste flows were a little more stable. This level has been projected to the end of the year.

The resulting forecast for residual waste collections gives by far the largest forecast variance of £1.9 million representing 5% 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 £1.8 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. Using volumes from July to October for forecasting the variance for the year is projected to be an underspend of £0.8 million.

Moving on to other key variances, there are two to note.

Firstly, the FCL now also includes the commencement of a dry mixed recycling (DMR) contract procured for LB Ealing 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 £2.0 million which will be offset by income from LB Ealing of £2.0 million.

Secondly, Supplies and Services includes £0.6 million for the Authority’s share of an increase in the SERC insurance premium. Under the PPP contract the risk of increases in the insurance premium is shared. The contractor is responsible for all the increase up to a threshold. The amount above the threshold is then shared with the Authority. It should be noted that the waste sector faces a very challenging insurance market and premiums are likely to rise in coming years.

2. KPIs for 2020/21

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.

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.

Contact Officers	Jay Patel, Head of Finance jaypatel@westlondonwaste.gov.uk Ian O'Donnell, Treasurer	01895 54 55 10
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ianodonnell@westlondonwaste.gov.uk	
Emma Beal, Managing Director	01895 54 55 10
emmabeal@westlondonwaste.gov.uk	

Appendix 1

Pay As You Throw	Period 07				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	22,213	23,500	1,287	5% more waste	38,079	39,992	1,913	average of July to October used to forecast rest of year
Waste - Food	188	223	35		322	381	59	average of July to October used to forecast rest of year
Waste - Mixed Organic	491	642	151	31% more waste	842	1,014	172	average of July to October used to forecast rest of year
Waste - Green	489	585	95	growth for some boroughs offset by later start to collections in other boroughs	839	958	119	average of July to October used to forecast rest of year
Waste - Other	339	244	(95)	much lower volume of mattresses	581	486	(95)	much lower volume of mattresses
Depreciation	3,784	3,784	0		6,486	6,486	0	
Financing	2,393	2,393	0		4,103	4,103	0	
Premises	714	714	(0)		1,225	1,225	(0)	
Concession Accounting Adjustment	(2,126)	(2,126)	0		(3,645)	(3,645)	0	
Levy Income	(28,485)	(29,682)	(1,197)	reflecting increased collection volumes	(48,831)	(50,598)	(1,767)	reflecting increased volumes
PAYT Net Expenditure	0	276	276		0	402	401	

Fixed Cost Levy	Period 07				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,267	1,291	23		2,173	2,266	93	
Premises	807	864	57		1,383	1,420	38	
Waste - Residual	2,920	2,737	(183)	closure of HRRCs to public	5,006	4,678	(328)	average of July to October used to forecast rest of year
Waste - Green	228	157	(71)	closure of HRRCs to public	391	313	(78)	average of July to October used to forecast rest of year
Waste - Wood	603	412	(191)	closure of HRRCs to public	1,034	806	(228)	average of July to October used to forecast rest of year
Waste - Other	481	307	(174)	closure of HRRCs to public	824	626	(199)	average of July to October used to forecast rest of year
Waste - MRF	0	1,016	1,016	DMR for Ealing	0	2,031	2,031	DMR for Ealing
Supplies and Services	525	1,041	516	WLWA's share of the increase in SERC insurance premium is £663k	900	1,546	646	WLWA's share of the increase in SERC insurance premium is £663k
Depreciation	1,337	1,345	8		2,292	2,306	14	
Financing	733	736	3		1,257	1,262	5	
Revenue Funding of Debt	537	537	0		920	920	0	
Concession Accounting Adjustment	(380)	(380)	0		(651)	(651)	0	
Trade Waste and Other Income	(1,216)	(1,393)	(176)	increased trade waste	(2,085)	(2,251)	(165)	
MRF Income	0	(1,016)	(1,016)	DMR for Ealing	0	(2,031)	(2,031)	DMR for Ealing
Levy Income	(7,841)	(7,841)	0		(13,442)	(13,442)	0	
Fixed Cost Levy Net Expenditure	0	(187)	(187)		0	(202)	(202)	

Appendix 2

KPI No	Measure	2020/21 Target	Outturn	Comments	Apr	May	Jun	Jul	Aug	Sep	Oct	Red Threshold / RAG rating
Efficiency												forecast performance not on target is amber, if poorer than this red threshold then red
KPI1	Total waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% of 546,443	562,116		39,979	45,361	50,086	50,058	44,462	48,544	46,291	> +/- 10% is red
KPI2	Total kgs waste per dwelling	+/- 5% of 848	872		745	795	841	864	856	864	864	> +/- 10% is red
KPI3	HRRC reuse, recycling, composted % (Abbey Road)	40%	37%	04/11/20 - Asked for ideas from Arron	Site closed	45%	43%	39%	31%	32%	30%	Red = below 19/20 actual (36%)
KPI4	HRRC diversion from residual waste % (Abbey Road)	60%	58%	04/11/20 - Asked for ideas from Arron	Site closed	65%	65%	65%	56%	52%	47%	Red = below 55%
KPI5	Borough HRRC Average reuse, recycling, composted % (excl Abbey Road)	40%	23%	This fig 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. 17/11 - SE note - there's something wrong with the Richmond data, their recycling and diversion rates are far too low	Sites closed	20%	24%	25%	23%	25%	20%	Red = below 19/20 actual (29%)
KPI6	Borough HRRC Average diversion from residual waste % (excl Abbey Road)	60%	41%	This fig includes some very good performances of over 70% diversion at Ealing sites. There are errors in the Hounslow data in PowerBi.	Sites closed	35%	40%	44%	44%	43%	39%	Red = below 55%
KPI7	Trade debt as proportion of non levy income	Max of 8% (1 month)	6%	The Authority started a new DMR contract for a constituent borough and recently issued bills (not overdue) account for 12.4% of this debt %. This large value arrangement (compared to all others) skews the calculation of this KPI.	5.4%	4.3%	5.4%	4.7%	4.3%	4.3%	15.7%	> 16% (2 months debt)
KPI8	Average days to pay creditors	Max of 30 days	17		6	7	12	7	33	28	29	>35 days
KPI9	Number of audit actions or recommendations overdue	0	0		0	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%	100.00%	99.99%	99.99%	Below target
KPI11	Recycling rate for residual waste	2.00%	6%		5.69%	5.58%	5.47%	5.46%	5.59%	5.66%	5.71%	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%	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	0	0	0	If goes above 1 then is red
KPI14	Safety observations and closeout actions	10 per month	30	required number of observations made during this timeframe	0	0	0	0	10	10	10	Below target
Environment												
KPI15	EA reported incidents at rail transfer stations	0	0		0	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	0	0	0	If goes above 1 then is red
Education												
KPI17	Number of people engaged at events	4,000	523	Very few events due to pandemic - first online engagements in August, outdoor events	0	0	0	0	173	3	129	2,800 and under (70% of target)
KPI18	Engagement on social media	9,000	3,237	Limited events due to pandemic reducing engagement	413	147	153	146	100	426	503	6,300 and under (70% of target)
KPI19	Skills plan items completed	100	101	Significant L&D booked for later in year	0	2	7	1	0	15	26	< 80
KPI20	Number of visitors to our website	75,000	224,652	Booking systems & bulky waste launches have increased online traffic significantly	8,245	13,699	14,415	15,553	27,467	27,747	23,921	52,500 and under (70% of target)
KPI21	Number of nappy pack requests	300	151	Scheme on hold due to pandemic - no packs given out since April and no new requests since mid-October	17	12	15	5	17	14	8	210 and under (70% of target)

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

WEST LONDON WASTE AUTHORITY

Report of the Managing Director and Head of Service Delivery

4 December 2020

Joint Municipal Waste Management Strategy Update

SUMMARY

This report provides an update on the carbon reduction element of our new Joint Municipal Waste Management Strategy for the Authority and the Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames for the years 2020-2035.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Approve the key messages on waste carbon savings (appendix 1).

1. Background – The Authority and Boroughs committed in 2005 to a Joint Municipal Waste Management Strategy (JMWMS) which included waste prevention, reuse, recycling, infrastructure and contracts. The action plans were reviewed and updated in September 2017 and approved by the Authority. The remaining key aims were to support boroughs to deliver a 50% recycling target and to ensure availability of appropriate waste treatment and recycling infrastructure to meet future needs.

The Authority has developed a five-year Business Plan which was approved in March 2020 and commits to review the JMWMS from 2020-2035 in partnership with the constituent Boroughs.

2. Strategic Outcomes – In September 2019, the Authority members shared their Borough priorities. The strategic outcomes created are:

- Effective and efficient operations focused on - **WHERE WE WANT TO BE IN THE FUTURE**
- Our climate emergency response is to focus on - **NO MORE WASTE**
- Recognise the only workforce we have is our - **RESIDENTS and COLLEAGUES**
- Tackling clean streets and flytipping because – **WASTE IS A CRIME**
- We can't wait for legislation – **BE PROACTIVE**
- Joined up and consistent - **USING HIGH-QUALITY DATA**

3. Future Vision - In October 2019 the Borough Environment Directors held a future-vision workshop which is being developed through the West London Environment Directors Board. The outcomes include:

- Financial stability
- Better transport
- Carbon neutral by 2030
- Smart City Models
- A Virtual Single Waste Authority
- Greening communities

- Collaborative models in the sub-region and pan London

4. Policy context – The JMWMS must consider the wider policy context, which includes the following targets:

- Carbon neutral by 2030 (Borough Climate Emergency targets)
- 65% recycling: by 2035 (UK Government target) by 2030 (GLA target)
- Net-zero greenhouse gas emissions by 2050 (UK Government target)
- Zero vehicle emissions by 2050

5. Our climate emergency response is to focus on No More Waste – The main difference between our past and future decarbonisation programmes is that we need each resident and business to actively participate, this is not something we can do in the background with no impact on people’s daily lives

Circular economy – Waste reduction is the biggest decarbonisation activity we can undertake to remove waste from Energy from waste (EfW). The Waste Minimisation team has, since 2010 focused our attention on the waste hierarchy to minimise cost, reduce waste and reduce our carbon impact. The decarbonisation materials identified in the waste minimisation plan are food waste, textiles and single use plastics. In 2021 we will be adding a circular economy plan to support green recovery. Reports from the UK resources council indicate that for every £1 invested in circular economy projects, £2.40 social value can be realised. WLWA will use these projects to understand and demonstrate how this benefit can be achieved in west London.

Increasing recycling – WLWA waste composition analysis completed each year and most recently in March 2020 identifies the scale of non recyclable packaging, it indicates that houses are very good recyclers whereas properties with communal bins need more assistance. The Plastics Tax and Extended Producer Responsibility legislation will unlock the current economic and technical barriers to increasing recycling by focusing primarily on the amount of “non-recyclable” recyclables in our current waste stream. In addition, West London Waste and Borough partners have projects ongoing to understand what we can do to assist people in properties with communal bins to increase recycling.

Increasing composting – WLWA has invested £3m in food waste projects to double the amount of food waste collected. Residents using the food waste recycling service reduce their food waste, reducing food waste decarbonises all the way along the supply chain and has a significant impact. The Projects Update provides more detail on the progress of food waste collection projects.

Energy from waste – WLWA has completed a significant decarbonisation programme by removing waste from landfill (demonstrated in the road to net zero presentation appended) and moving towards more recycling, composting and energy from waste. EfW is a net improvement on fossil fuel energy through the energy grid. To stay carbon neutral as the grid decarbonises we must extract the most carbon costly and easily recyclable materials from EfW. Decarbonisation meetings with Suez our residual waste services contractor (SERC) and Viridor (Lakeside contract) have confirmed compatibility with our circular economy, waste minimisation and recycling projects and the need to explore carbon capture and storage. WLWA has much more residual waste than is guaranteed in its contracts which enables us to always focus on waste reduction and recycling in preference to energy from waste.

6. Environment Bill – The Environment Bill 2019-21 is in the committee stage in the House of Commons until the beginning of December 2020. Consultations on the regulations relating to consistency, extended producer responsibility and deposit return schemes are expected in March 2021.

7. Next steps

To develop our collective understanding of what good will look like in 2035 is the next step for the JMWMS development and describing how the necessary changes will affect various themes:

- **People**, e.g. flats, houses, businesses, public realm, access to facilities, collection systems, managing change,
- **Infrastructure**, e.g. space for sorting, waste reduction, reuse, recycling, niche materials, organic waste, commercial waste,
- **Technology**, e.g. decarbonising, chemical recycling, approach to risk, costs and benefits, legislation, efficiency, data,
- **Legislation**, e.g. Commercial waste, reuse, extended producer responsibility, deposit return schemes,
- **Partners**, e.g. Government departments including Defra, HCLG, BEIS; Contractors, Producers (supply chain), consumers.

8. Financial Implications – These are incorporated in the annual process of long-term financial planning and budget setting. Increasing participation in food waste recycling to deliver long term cost and carbon savings is vital to manage the increased cost of additional waste resulting from Covid 19.

9. Legal Implications – A legal requirement exists for two-tier areas (including in Greater London) to have a JMWMS and keep it under review. Before formulating policies as part of the strategy, authorities must carry out such consultation as they consider appropriate. Furthermore, authorities must have regard to any guidance given by the Secretary of State, the most recent of which was published in 2005 and has since been archived. The 2005 guidance is very prescriptive, but as the guidance is almost fifteen years old and is archived, it would be reasonable to consider that it is no longer a live document that authorities must consider when writing a new JMWMS. The law also requires that the waste authorities for two-tier areas in London ‘have regard to the Mayor’s municipal waste management strategy’, the current version of which is the 2018 London Environment Strategy (LES).

In summary, the Boroughs are required to have a JMWMS, keep it under review, consult as deemed appropriate and have regard to the LES. It should also be a high-level document to provide a strong vision whilst maintaining sufficient flexibility to meet the evolving requirements of national and regional policies.

10. Impact on Joint Municipal Waste Management Strategy – Included in the report

Contact Officers	Tom Beagan, Senior Contracts Manager tombeagan@westlondonwaste.gov.uk	01895 545516
	Emma Beal, Managing Director emmabeal@westlondonwaste.gov.uk	01895 545515

- 1. The WLWA climate emergency response is to focus on No More Waste**
 - a) No more waste needs each resident and business to actively participate, it is not something we can do in the background
 - b) Reducing waste per household is the biggest decarbonisation activity we can undertake
- 2. The WLWA Waste Minimisation Plan supports decarbonising by focusing on food waste, textiles and single use plastics**
 - a) WLWA has invested £3m in Borough food waste projects to double the amount of food waste collected.
 - b) Residents using the food waste recycling service reduce their food waste, reducing food waste decarbonises all the way along the supply chain
- 3. To increase recycling West London Waste and Borough partners are focusing on food waste projects and properties with communal bins.**
 - a) The Plastics Tax and Extended Producer Responsibility legislation is needed to unlock the current economic and technical barriers to recycling
- 4. Energy from waste is not “bad”, it is the sheer amount of waste thrown away every day that is bad**
 - a) WLWA has more residual waste than is guaranteed in contracts and stays focused on waste reduction and recycling in preference to energy from waste.
 - b) The WLWA waste minimisation plan will assist Energy from Waste to be carbon neutral as the grid decarbonises by removing fossil carbon
 - c) WLWA has completed a significant decarbonisation programme by removing waste from landfill. The next phase is carbon capture and storage for materials we cannot extract from energy from waste.

The road to net zero

Emma Beal, Managing Director



West London Waste

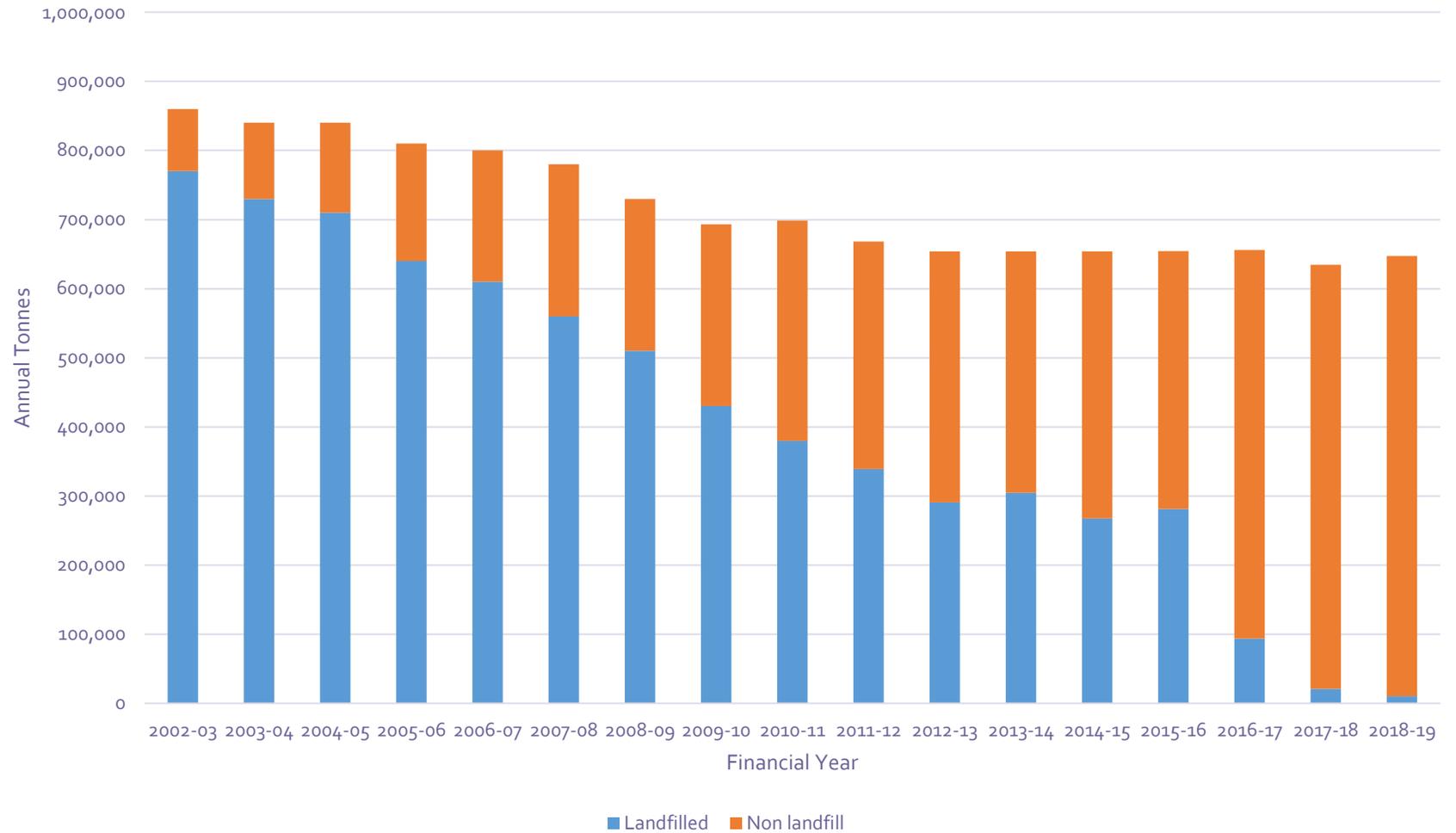
Treating waste as a valuable resource

Long term carbon reduction plan

Divert waste from landfill

78
Diverting from treatment needs a material by material approach

Landfill diversion



Increasing recycling

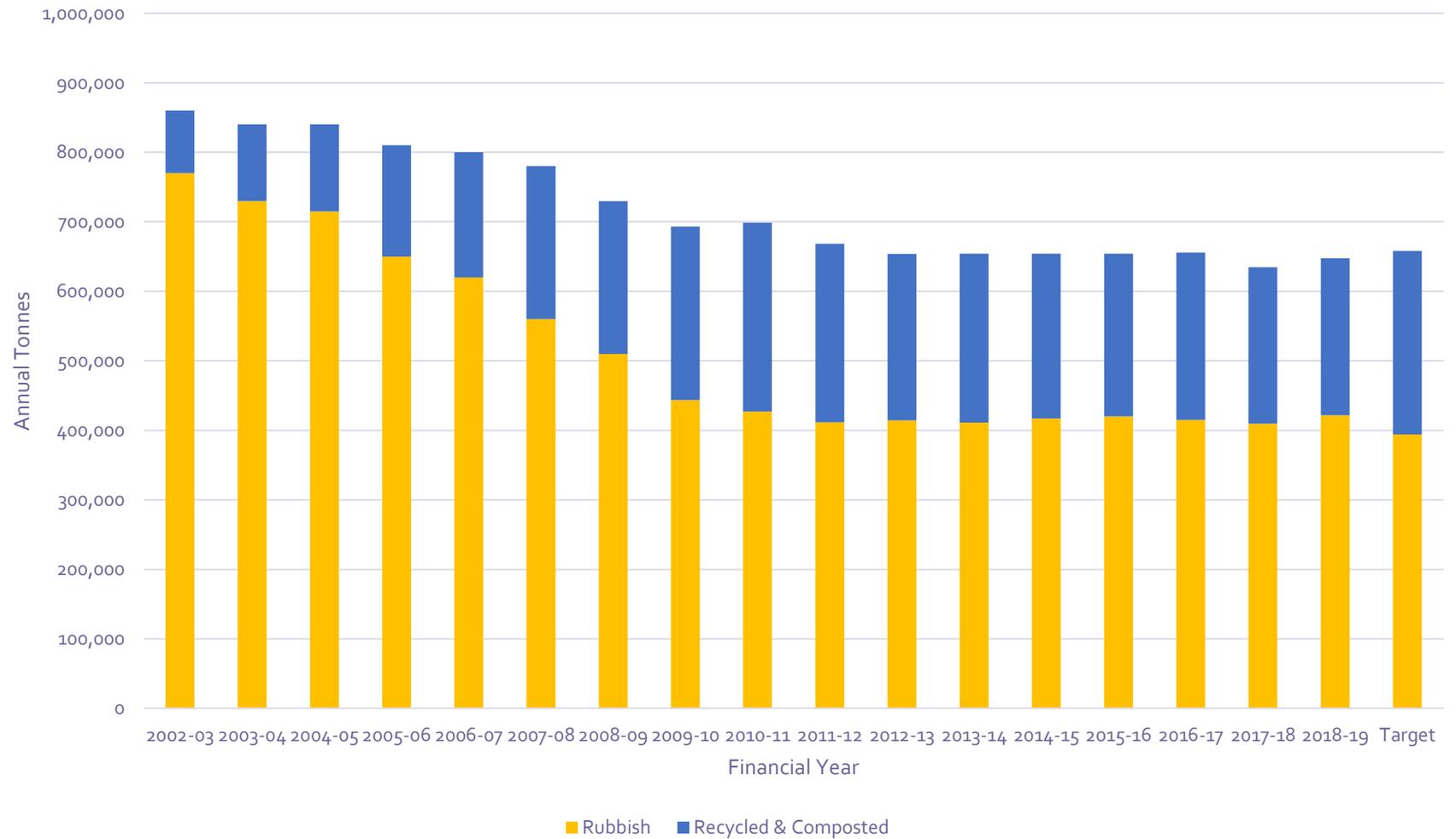
Lessons learned:

The important role of the householder

79 The economic barriers to increasing recycling

Recycling is a method of reducing waste

Recycling trends



West London Waste

Treating waste as a valuable resource

Waste Reduction

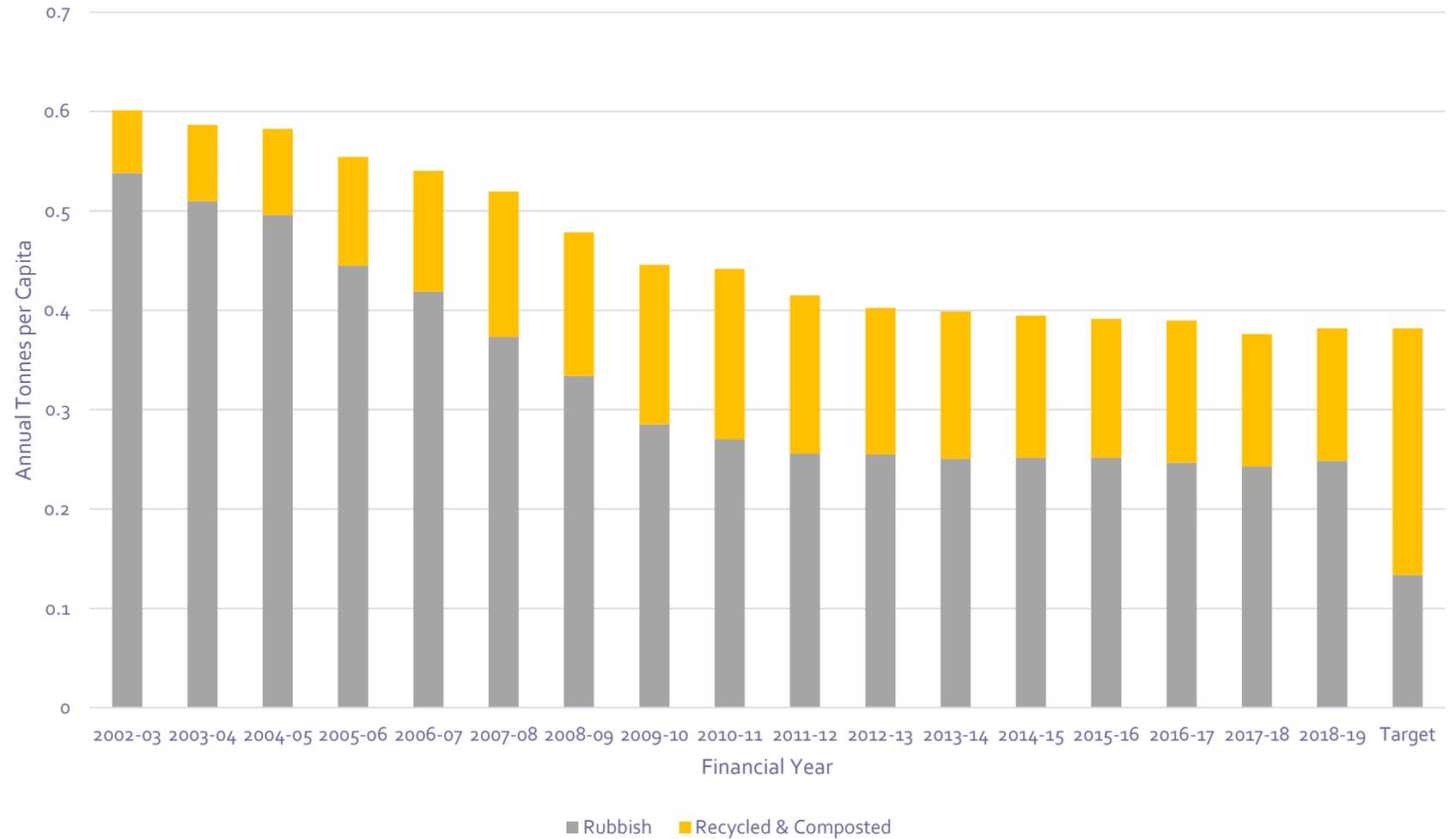
Per Capita view demonstrates 1/3 of the waste has disappeared

08 To reach 65% recycling:

Measure waste reduction

Rubbish needs to be halved again

Per Capita trends



West London Waste

Treating waste as a valuable resource