

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: BUDGET AND LEVY 2020/21

REPORT OF: FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 13 FEBRUARY 2020

SUMMARY OF REPORT:

This report provides an update on the Authority's finances in the current year. It concludes that the Authority is forecast to have a revenue balance of £5.540m at 31 March 2020, i.e. an increase of £0.290m compared with the update to the Authority in December 2019.

A detailed assessment of the budget and resource requirements for 2020/21 indicates that including some financing costs relating to the North London Heat and Power Project, the net budget requirement is £71.789m. This is an increase of £2.286m (3.29%) compared with the 2019/20 budget.

After use of the forecast revenue balance of £5.540m the Authority's 2020/21 budget will require funding of £66.248m by constituent councils. This report recommends that £9.105m is funded through the non-household waste charging arrangement and £1.915m through the household waste charging arrangement, leaving £55.229m to be funded through the levy. The total levy for 2020/21 consists of a base element of £50.345m and a Re-use and Recycling Centres (RRC) element of £4.884m. The overall levy represents an increase of 3.85% compared to 2019/20.

The Members' Finance Working Group met on 23 January to examine the assumptions that underpin the current budget forecast and the levy and to consider an early draft of the budget calculations in this report. Comments made by Members in these meetings as well as comments made by Borough Directors of Finance in a meeting on 17 January are reflected in this report.

The report also contains proposals for Prudential indicators and the basis for calculating the Minimum Revenue Provision in the coming year.

NORTH LONDON WASTE AUTHORITY

RECOMMENDATIONS:

The Authority is recommended to:

- A. Satisfy itself that the proposed budget will be sufficient to meet the net expenditure requirements for the year ahead and agree the 2020/21 budget.
- B. Agree to use revenue balance of £5.540m to support the 2020/21 budget.
- C. Agree the levy for 2020/21 as laid out in table 5.
- D. Authorise the Financial Adviser to make the arrangements for collection of the levy and charges for non-household and household waste.
- E. Approve the Prudential Indicators and the basis for calculating the Minimum Revenue Provision as laid out in sections 6 and 7.
- F. Approve the per tonne charge for non-household and chargeable household residual and recyclable waste as follows:
 - Residual £87.63
 - Dry Recyclable £70.81
 - Food £25.48
 - Green £48.85
 - Mixed Organics £76.35
- G. Note the medium-term budget forecasts for 2021/22, 2022/23 and 2023/24

SIGNED: Jon Rowney, Financial Adviser

DATE: 3 February 2020

1. INTRODUCTION

- 1.1. At the Authority's meeting on 2 December 2019, Members were provided with a view of the financial position including an assessment of the budget and resource requirements for 2020/21 and the net budget requirement was forecast to be £71.314m.
- 1.2. The December review drew attention to the budget issues that would need to be addressed at this meeting and noted that the Members' Finance Working Group (MFWG) would meet in January. In addition, officers would consult with borough Directors of Finance on the underpinning budget assumptions.
- 1.3. The MFWG met on 23 January and considered a draft of the underpinning information in this report. The Group acknowledged that it was important that the Authority agree a budget that is sufficiently robust and flexible to meet its statutory operational obligations and to ensure that sufficient funding was available to support the North London Heat and Power Project.
- 1.4. Officers met with borough Directors of Finance on 17 January. Consideration was given to the Authority's budget and resource requirements for 2020/21.
- 1.5. This report provides an updated review of the 2019/20 budget and presents for consideration a draft budget for 2020/21. It also provides budget and levy medium term forecasts for 2021/22 to 2023/24.
- 1.6. The draft budget for 2020/21 contains a net expenditure requirement of £71.789m, an increase of 3.85% compared to the 2019/20 budget. This will be funded by non-household waste charges of £9.105m, household waste charges of £1.915m and a levy of £55.229m (consisting of a base element of £50.345m and a Re-use and Recycling Centre (RRC) element of £4.749m). The levy for each borough is shown below in table 1.

Table 1	2019/20 Levy		2020/21 Proposed Levy		Total estimated levy change (Column 4 minus Column 5)		
	(Headline Levy) (1)	(including balances) 2	Headline Levy 3	Balances Available 4	Budgeted Levy 5	£'000	%
Column	£'000	£'000	£'000	£'000	£'000	£'000	%
Barnet	11,862	10,371	13,054	(704)	12,350	1,979	19.08
Camden	6,460	5,556	6,574	(879)	5,695	139	2.50
Enfield	7,638	7,135	7,604	(598)	7,006	(129)	(1.81)
Hackney	7,964	6,998	8,120	(1,044)	7,076	78	1.11
Haringey	8,473	8,019	8,721	(714)	8,007	(12)	(0.15)
Islington	6,756	5,986	7,029	(665)	6,364	378	6.31
Waltham Forest	9,404	9,117	9,666	(936)	8,730	(387)	(4.24)
Total	58,557	53,182	60,768	(5,540)	55,228	2,046	3.85

1.7. This report contains sections as follows:

- Section 2 Review of the 2019/20 Revenue Budget.
- Section 3 2020/21 Draft Budget.
- Section 4 Apportionment of the 2020/21 levy.
- Section 5 Medium Term Forecast for 2021/22 to 2023/24.
- Section 6 Prudential Indicators.
- Section 7 Minimum Revenue Provision
- Section 8 Advice on Reserves and Balances.
- Section 9 Conclusion.
- Section 10 Comments of the Legal Adviser.

Appendix A 2019/20 supporting information and tables.

Appendix B 2020/21 supporting information and tables

Appendix C Medium Term Forecast for 2021/22 to 2023/24.

2. REVIEW OF THE 2019/20 REVENUE BUDGET

2.1. At its meeting on 7 February 2019 the Authority agreed a budget of £69.504m to be financed by using balances of £5.377m, charges to boroughs for non-household waste and chargeable household waste of £9.111m and £1.834m respectively, and a levy of £53.182m.

2.2. In subsequent reviews, Members have been advised of the following changes to outturn compared to the budget:

Table 2	£m
Higher level of balances brought forward from 2018/19	(2.844)
Electricity Income Claim	(1.510)
Landfill Tax	(0.125)
Savings on Corporate Support costs	(0.157)
Revenue Funding - Capital Programme	(1.953)
Capitalisation of NLHPP costs	(0.835)
Organic and dry recyclable waste	0.201
Resuse and Recycling Centres	0.152
Residual Waste Treatment Contracts	0.534
Deterioration in sales prices of recyclable material	0.419
Decrease in chargeable waste income	0.868
Total	<u>(5.250)</u>

2.3. A further detailed review of the budget has identified further changes, the net effect of which is estimated to increase the level of surplus revenue balances likely to be available at 31 March 2020 by a further £0.290m to £5.540m. An analysis of the 2019/20 budget and forecast outturn is shown in Table A1 in appendix A. Tables A2 to A4 contain the latest tonnage forecasts for the current year, Tables A5 and A6

show the impact on balances held by the Authority on behalf of the boroughs and tables A7 and A8 provide an analysis by borough breakdown of chargeable waste income. Details of the most significant changes identified by this update are shown in paragraphs 2.4 to 2.12 below. The numbers in brackets in the following paragraph titles show the effect that the variance has on net expenditure compared to the second budget review through increased expenditure and decreased income (+) or decreased expenditure and increased income (-).

2.4. Transport, Disposal and Landfill Tax: (+ £0.253m)

- 2.4.1. A key variable in this budget is the amount of residual waste delivered to the Authority by the boroughs. Following completion of the December report, Authority officers held a series of meetings with their constituent borough counterparts to discuss tonnage forecasts. The forecast for each borough is set out in table A2 in appendix A, reflect the outcomes of these meetings. The key message from these meetings is that over the past few months, tonnages have increased. It is too early to say whether this is a continuing trend or a temporary increase.
- 2.4.2. Total residual waste delivered to the Authority in 2019/20 is forecast to be 587,731 tonnes. This is 6,206 tonnes (1.07%) greater than the budget and 3,414 tonnes (0.58%) greater than forecast in December.
- 2.4.3. Within the variations in the total tonnage there are changes to the proportions processed through Edmonton and Hendon. Much of Barnet's residual waste is delivered to the Hendon waste transfer station as is around half of Camden's. Changes in the tonnages from these boroughs will have a direct impact on the sums the Authority must pay to have waste processed at the EfW facility at Greatmoor, Buckinghamshire. This is the Authority's most expensive method of disposal so when circumstances permit, LondonEnergy Ltd (LEL) transports waste from Hendon for processing at Edmonton. The maximum tonnage that is possible under the existing lease is approximately 50,000 tonnes per annum.
- 2.4.4. The Authority's contract with LEL provides for a price review each December based on changes in the Retail Price Index (RPI). The 2019/20 budget allowed for an increase of 2.9% in December 2019 and the third review assumed 2.5%. The December 2018 RPI increase was 2.2% and this has been used in all relevant calculations in this report.
- 2.4.5. Allowing for all of the above changes, the cost of transporting and treating residual waste in 2019/20 is forecast to be £37.681m which is £0.253m higher than reported in December.

2.5. Biodegradable and MRF Waste Services: (- £0.159m)

- 2.5.1. The latest forecast data agreed with constituent boroughs concludes that the Authority is expecting to have 111,722 tonnes of dry recyclable waste accepted by its MRF providers in 2019/20. This is 1,577 tonnes (1.39%) lower than budgeted but is 587 tonnes (0.53%) greater than reported in December. A breakdown of the accepted tonnage, by borough, is included in Table A3 in the appendix. The cost of processing the

contaminated tonnage is included in the residual waste budgets discussed above and the price for treating waste at Bywaters until the end of March have been included. Compared with the December report, expenditure on transporting and processing mixed dry-recyclates is estimated to increase by £0.163m.

- 2.5.2. Boroughs have forecast deliveries of organic wastes totalling 43,778 tonnes, a reduction of 2,289 tonnes (4.80%) compared to the budget but is an increase of 483 tonnes (1.10%) from the December report. Expenditure on the biodegradable wastes service is forecast to be £1.821m, £0.011m greater than the December report.

2.6. Transfer Stations and Other Sites (-£0.070m)

- 2.6.1. The budget included an amount for repairs and maintenance as a result of a joint review with the London Borough of Islington. The review is not yet complete, so the budget has been transferred to 2020/21

2.7. Revenue Funding of the Capital Programme (-£0.119m)

- 2.7.1. At the time that this report was written, the Authority had not borrowed to fund the early costs of the North London Heat and Power Project, although borough Directors of Finance have been consulted on borrowing from the Public Works Loan Board at the Local Infrastructure Rate. In addition, the lease of the EcoPark has been re-planned to later in the current financial year. As a result, the forecast has been reduced by £0.119m to reflect lower interest payments.

2.8. Reuse and Recycling Centres (-£0.047m)

- 2.8.1. Tonnes received at the RRCs that the Authority is responsible for have been slightly lower than previously forecast and the forecast has been reduced. LEL operating costs are anticipated to be in line with previous forecasts.

2.9. Income from the sale of Recyclates: (+ £0.131m)

- 2.9.1. As mentioned in paragraph 2.5.1, there is forecast to be a small increase in the tonnage of mixed dry recyclates in the current financial year compared to the December review. Prices achieved in the market by the Authority's MRF contractors in the first half of the year averaged £13.22 per tonne. This is £2.92 lower than budgeted. The forecast has been revised downwards to reflect the lower prices achieved and the revised income assumptions from Bywaters for the last quarter of the financial year

2.10. Contingency (-£0.400m)

- 2.10.1. The budget contained an amount towards issues that might arise as a result of Brexit if waste could not be exported to other EU countries. This is no longer expected to have a financial impact to the Authority. Members are aware that LondonEnergy Ltd have received a less favourable

insurance proposal for 2020 so it is proposed that the contingency be rolled forward into 2020/21 to provide some protection for this eventuality.

2.11. Charges to Boroughs for Non-Household Waste: (- £0.043m)

2.11.1. The boroughs have informed the Authority that they expect to send 94,276 tonnes of residual waste compared with the December report of 93,931 tonnes. Additionally, the boroughs expect to deliver 10,422 tonnes of mixed dry recyclable waste and 1,510 tonnes of biodegradable waste compared with the December report tonnage of 9,969 and 1,473 respectively. The menu price levy calculation arrangements also apply to chargeable waste and the changes in the Authority's costs discussed in this report have resulted in some reductions in the price per tonne on which the Authority bases its assessment of chargeable waste income.

2.11.2. Boroughs make on account payments to the Authority during the year based on the original estimate. Any additional sums due or refunds are determined as part of the 2019/20 final accounts process. Table A7 in Appendix A provides an analysis by borough. The table indicates that all boroughs could receive a refund.

2.12. Charges to Boroughs for Chargeable Household Waste: (- £0.096m)

2.12.1. The latest declarations by the boroughs indicate that residual waste tonnage has increased from the December report to 18,699 tonnes, an increase of 1,168 tonnes. Recycling tonnages are largely unchanged.

2.12.2. Estimated charges for the year are reported in table A8 and indicate that most boroughs will be in line for a refund but there may be an additional charge for Islington and Waltham Forest.

2.13. Balances at 31 March 2019

2.13.1. The menu price-based levy requires the Authority to attribute all of its costs to the boroughs and to hold borough specific balances. A positive balance for a borough can be used to support a future year's levy but if negative it will be recovered through an addition to a future year's levy.

2.13.2. Tables A5 and A6 in Appendix A show how in-year levy balances might be apportioned between the boroughs, based on the current forecast, and how these might be used to reduce the levy in 2020/21.

2.14. Overview

2.14.1. Allowing for the factors outlined above, the total net expenditure in 2019/20 for the Authority is estimated to be £66,077. This represents a reduction of £0.153m compared with the December budget update. Taking into account an increase in forecast income from non-household and household charges since December of £0.139m, the revenue surplus at 31 March 2020 is currently forecast to be £5.540m, an increase of £0.290m since the December budget update.

3. 2020/21 DRAFT BUDGET

- 3.1. Compared to the 2019/20 budget, the proposed budget for 2020/21 is an increase £2.286m (3.29%). Since then, revenue balances identified in paragraph 2.13.1 above, have arisen and can be used to reduce the levy. The projected year on year change to the levy and charges is summarised in table 3 below.

Table 3	2019/20 Budget	2020/21 Forecast	Variance	Variance
not updated	£'000	£'000	£'000	%
Charges - non-household	9,111	9,105	(6)	(0.07)
Charges - household	1,834	1,915	81	4.42
Levy	53,182	55,229	2,047	3.85
Total	64,127	66,249	2,122	3.31

- 3.2. As per table 3 above, there is a forecast increase in the overall levy of 3.85%. Although the Authority's net budget requirement is forecast to increase in 2020/21 by £2.286m (3.29%), The change in the mix of household and chargeable wastes causes the levy rise to be greater.
- 3.3. The Authority's draft budget is included at table B1 in Appendix B. The draft budget includes the following factors:

3.4. Inflation

- 3.4.1. The majority of the Authority's contracts are linked to changes in the Retail Price Index (RPI) with the most significant of these linked to the December Index. The increase in RPI in December 2019 was 2.2%. The summary of independent forecasts published by HM Treasury in January 2020 estimates the December 2020 annual RPI increase at 2.5% and the draft budget reflects this level of increase in the relevant costs. Other categories of expenditure particularly those subject to an RPI increase in April 2020 have been increased by 2.5%.

3.5. Employee Resources

- 3.5.1. The employee resource budget is based on 44.60 full time equivalent posts. It includes provision for a 2.0% pay award in April 2020. Some of these staff can be capitalised and a prudent estimate has been included.

3.6. Transport and disposal

- 3.6.1. The 2020/21 draft transport and disposal budget is based on a residual waste stream of 587,615 tonnes, i.e. an increase of 116 tonnes (0.02%) over the 2019/20 forecast outturn. This very modest increase reflects detailed discussions with officers from all constituent boroughs.

- 3.6.2. The overall increase in this budget of £1.805m compared to 2019/20 reflects effect of the 2.2% increase in contract prices from January 2020 plus an allowance of 2.5% for a price increase in January 2020. It also reflects assumptions about the amount of residual waste that LEL is able to transport from Hendon for processing at Edmonton. This will be transferred to Edmonton at the higher gate fee presented to the Member Finance Working Group in November.

3.7. Landfill Tax

- 3.7.1. The standard rate of landfill tax will rise from £91.35 to £94.15 per tonne on 1 April 2020.

3.8. Biodegradable and MRF Waste Services

- 3.8.1. The draft budget reflects the intention of the constituent boroughs to deliver 43,058 tonnes of biodegradable waste to the Authority in 2020/21. Compared with the latest forecast for 2019/20, this represents a year on year decrease of 726 tonnes (-1.64%). A breakdown of the tonnage forecast by borough can be found in table B3 in appendix B
- 3.8.2. Boroughs have indicated that they will need treatment capacity for 114,526 tonnes of dry recyclable material in 2020/21, an increase of 2,803 (2.51%) tonnes compared to the latest 2019/20 forecast. The budget assumes that all waste is sent to Biffa for treatment. The tonnage forecasts for each borough are included in table B4 in the appendix.
- 3.8.3. If all rejected recycling was able to be processed (forecast at 1,618 tonnes in 2020/21), the recycling rate would increase by 0.2%.

3.9. Re-use and Recycling Centres

- 3.9.1. The draft budget provides for the operation of seven Re-use and Recycling Centres. Increased costs in the budget reflect an inflated cost based on the estimated outturn for 2019/20. Authority officers are continuing to work with their counterparts at LEL to agree a fixed price detail to provide certainty for both the Authority and LEL.
- 3.9.2. The amounts charged to the relevant boroughs through the 2020/21 levy will also reflect the forecast additional balances at 31 March 2019. An analysis by borough is provided in table B5 in Appendix B.

3.10. Waste Prevention Programme

- 3.10.1. The draft budget provides for the proposals presented to the Members' Recycling Working Group on 21 January and the Residual Waste Reduction plan elsewhere on this agenda.

3.11. Recycling Communications

- 3.11.1. The residual Waste Reduction Plan elsewhere on this agenda includes details of a major new recycling communications campaign to tackle the

source of recycling contamination. The plan will be developed with officers from the 7 constituent boroughs.

3.12. Recycling Initiatives

3.12.1. The Authority has the power to pay third party re-use and recycling credits. The budget has been based on claims paid in the first two quarters of the 2019/20 financial year.

3.13. North London Heat and Power Project

3.13.1. The budget forecast reflects the resources required to deliver the ongoing project in 2020/21. It is anticipated that as the project moves from the planning stage to construction, an increasing element of the staffing and consultancy costs can be accounted for as capital expenditure.

3.14. Revenue Funding – Capital Programme

3.14.1. The budget forecast provides for the financing of:

the Authority's investment in LondonEnergy Ltd
the acquisition of Pinkham Way
the acquisition of Land adjacent to the EcoPark for the North London Heat & Power Project
the future acquisition of the RRC site at Western Road
the future construction of the laydown area the new Resource Recovery Facility and the replacement Energy Recovery Facility
the possible and the refurbishment of existing RRC sites and the development of a new waste transfer station.

3.14.2. The borrowing assumptions were discussed with borough Directors of Finance at their meeting on 17 January. Directors concurred that interest costs should be minimised as much as possible and that the borrowing should be managed within the Authority's overall cash flow requirements.

3.15. Income from the sale of Recyclates

3.15.1. The Authority has taken an increased share of the income price risk in the new recycling contract. The budget assumes an average price per tonne of £20.00 Forecasting global market prices is notoriously difficult and there is a risk that prices will not hold.

3.16. Non-household Waste Charges

3.16.1. Following upon discussions with boroughs officers the Authority is expecting to receive 106,302 tonnes in 2020/21 comprising 93,778 tonnes of residual waste, 10,821 tonnes of dry recyclable waste 368 tonnes of mixed organic waste, 1,297 tonnes of food waste and 38 tonnes of green waste.

- 3.16.2. Based on the advised tonnages the estimated cost to the boroughs is £9.105m. The proposed costs per tonne are included in table 4 below and the costs to individual boroughs are shown in table B7 in appendix B.

Table 4	Price Per tonne £
Residual	87.63
Biodegradable	70.81
Green	48.85
Food	25.48
Mixed Dry	76.35
Recyclable	

3.17. Chargeable Household Waste

- 3.17.1. Boroughs have advised the Authority that they expect to collect 22,743 tonnes of chargeable household waste comprising 18,726 tonnes of residual waste, 2,738 tonnes of dry recyclates, 713 tonnes of mixed organic waste, 563 tonnes of food waste and 3 tonnes of green waste.
- 3.17.2. The estimated cost to the boroughs, based on the advised tonnages is £1.914m. The proposed costs per tonne are included in table 4 above and the costs to individual boroughs are shown in table B8 in appendix B.

3.18. Contingency

- 3.18.1. Previous sections of this report have advised Members of the robustness of individual budget heads to meet the Authority's statutory waste disposal obligations. Whilst these budgets are soundly based, the Authority needs to consider how it would fund any additional costs. In particular, if there are concerns about the level of the waste stream delivered to the Authority by constituent councils, its ability to generate income from the sale of recycling, its ability to transfer tonnages by rail once the current agreement at Hendon ends or its ability to ensure that there are sufficient resources to fund the costs of The North London Heat and Power Project.
- 3.18.2. In coming to a view on this, Members should bear in mind that once the levy is set the Authority would not be in a position to secure additional funds from its constituent councils. Because over three-quarters of the Authority's expenditure in any year in the life of the budget and medium term plan is driven by the amount of waste collected by the constituent boroughs, it has limited scope to make compensating savings for additional costs that may arise in meeting its waste disposal obligations. Although the Authority has responsibility for the disposal of the waste from its constituent councils, it has no direct control over the volumes of waste entering the waste stream. A variance to the budgeted tonnages could arise by either a higher than expected growth in the waste stream or

constituent councils not recycling as much as forecast. These factors place greater emphasis on the need to have robust budgets and adequate contingencies to deal with such eventualities.

3.18.3. Members will also be aware that the Local Government Act 2003 places a formal duty on the Financial Adviser to report to Members on the adequacy of the Authority's reserves (see section 8 below). There is a degree of uncertainty about the scale of a number of budget pressures in the coming year. This is particularly the case for income generated from the sale of recyclates as well as electricity compensation payments that the Authority pays to LEL. The latter is strongly influenced by prevailing electricity prices. It is proposed to include a base contingency provision of £2.379m. In addition to this amount, £0.400m has been carried forwards from 2019/20 as described in paragraph 2.10.

3.18.4. Unspent contingency budgets will be reviewed each quarter and returned to the boroughs through the calculation of balances.

4. LEVY APPORTIONMENT ARRANGEMENTS

4.1. All boroughs formally agreed to adopt a menu-price based levy for 2016/17 onwards.

4.2. Table 5 below, summarises the estimated levy impact for each council after any balances available have been taken into account (further details of the calculation for 2020/21 can be found in tables B5 and B6 in Appendix B):

	2019/20 Levy			2020/21 Forecast Levy			Total estimated levy change (Column 6 minus Column 3)	
	Base	RRC	Total	Base	RRC	Total		
	(1) £'000	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	£'000	%
Barnet	9,138	1,233	10,371	11,374	977	12,351	1,980	19.09
Camden	5,165	391	5,556	5,052	643	5,695	139	2.50
Enfield	7,096	39	7,135	6,973	34	7,007	(128)	(1.79)
Hackney	6,741	257	6,998	6,829	246	7,075	77	1.10
Haringey	7,320	699	8,019	7,179	828	8,007	(12)	(0.15)
Islington	5,220	766	5,986	5,558	805	6,363	377	6.30
Waltham Forest	7,670	1,447	9,117	7,380	1,351	8,731	(386)	(4.23)
Total	48,350	4,832	53,182	50,345	4,884	55,229	2,047	3.85

5. MEDIUM TERM FORECAST FOR 2020/21 TO 2022/23

5.1. The medium-term forecast allows for inflation at 2.5% year on year. Tonnage forecasts are assumed to remain flat with no growth in the residual waste stream.

Although prudent provision has been made for these costs, the Authority's budget is exposed to a number of factors outside its control. A 1% variance in inflation could add or subtract costs of approximately £0.7m in a full year. Similarly, a 1% variation in tonnages could have a further impact of £0.6m per annum.

- 5.2. The Authority's contract with LEL includes an annual price adjustment, which is linked to the sale value of electricity obtained by the Company. The medium-term forecasts reflect what officers consider to be a reasonable assumption about future sale prices. A 0.1p per kilowatt-hour change in electricity prices would add or subtract approximately £0.2m in a full year.
- 5.3. The outlook for the levy has been discussed with both the Member Finance Working Group and Borough Directors of Finance. The medium-term forecast assumes that there will be no balances at the end of 2020/21. Appendix C contains the medium-term forecast and shows that the net expenditure requirement is forecast to increase to £74.715 (4.11%) in 2021/22, £77.285m (3.44%) in 2022/23 and £95.688m (23.81%) in 2023/24.
- 5.4. If no balances are available to support budgets for 2021/22 and beyond, net expenditure and levies are forecast as in table 6 below.
- 5.5. During the year, the Authority might generate balances which will reduce the levy. As a comparator, this time last year, the budget forecast for 2020/21 with no balances available, contained a forecast increase of 11.19% (which has now reduced to 3.85%).

Table 6	2020/21	2021/22	Variance	
	Proposed Levy	Forecast Levy	£'000	%
	£'000	£'000	£'000	%
Barnet	12,351	13,690	1,339	10.84
Camden	5,695	6,881	1,186	20.83
Enfield	7,007	8,036	1,029	14.69
Hackney	7,075	8,524	1,449	20.48
Haringey	8,007	9,157	1,150	14.36
Islington	6,363	7,351	988	15.53
Waltham Forest	8,731	10,129	1,398	16.01
Total	55,229	63,768	8,539	15.46

Table 7	Net Expenditure	Base Levy	RRC Levy	Total	Increase
	£'000	£'000	£'000	£'000	%
2021/22	75,494	58,900	4,868	63,768	15.46
2022/23	78,084	60,925	4,989	65,914	3.37
2023/24	96,508	75,778	5,114	80,892	22.72

5.6. It should be noted that the 2021/22 levy apportionment in tables 6 and 7 is based on forecast household waste tonnages for each borough. The forecasts have been informed by the boroughs' own forecasts of their plans for both residual waste and recycling activity in 2020/21 and the amount of recyclable materials that they plan to send to the Authority for treatment. The table therefore provides a guide based on current information.

6. PRUDENTIAL INDICATORS

6.1. The Authority determines its capital investment needs to meet its service obligations. In doing so, it must have regard to *The Prudential Code for Capital Finance in Local Authorities*. The Code is designed to ensure that local authorities have capital investment plans that are affordable, prudential and sustainable. To demonstrate that they have fulfilled these objectives the Code sets out indicators that must be used.

6.2. Indicators for Affordability

6.2.1. The Authority's capital programme for 2020/21 to 2022/23 includes:

- 6.2.1.1. Purchase of the Western Road RRC.
- 6.2.1.2. Acquisition of lease for EcoPark land.
- 6.2.1.3. Commencement of the preliminary works to construct the Resource Recovery Facility, EcoPark House and the Energy Recovery Facility at the Edmonton EcoPark.
- 6.2.1.4. Possible acquisition of waste transfer station should the opportunity arise, and refurbishment works at existing RRC sites.

6.2.2. Based on this capital programme of £306.9m (2019/20 to 2022/23) the following ratios of financing costs to net revenue stream are recommended for approval: -

Ratio of Financing Costs to Net Revenue Stream					
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	13.98%	12.90%	12.51%	12.04%	13.45%

For the Authority, Net Revenue Stream is the Levy.

6.2.3. The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have been previously taken by the Authority are:

Impact on the NLWA Levy					
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
£m	Nil	-2.072	-3.373	-3.670	-21.274

6.3. Indicators for Prudence

6.3.1. The Capital Financing Requirement measures the underlying need to borrow. The Code provides that over the medium-term net external borrowing does not exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for the current and next two years. This provides assurance that borrowing will be incurred only for capital purposes. I confirm that the Authority met this requirement in 2019/20 and no difficulties are envisaged in 2020/21 or subsequent years. The following Capital Financing Requirements are therefore recommended for approval:

Capital Financing Requirement					
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
£m	69	109	164	221	322

6.3.2. The Code requires that treasury management is carried out in accordance with good practice. The prudential indicator is that a local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. Members will be aware that the Authority's cash resources are pooled with those of LB Camden and that LB Camden undertakes treasury management activities on the Authority's behalf. Camden has adopted this code and its treasury management policies and procedures conform to the Code's requirements. Officers are satisfied that through the arrangement that the Authority has with LB Camden that treasury management activities undertaken on behalf of the Authority also meet the requirements of this Code.

6.4. Indicators for capital expenditure, external debt and treasury management

6.4.1. In 2019/20, the Authority began the construction of the laydown area and continued to plan for the construction of new facilities. Planned capital expenditure for 2019/20 to 2022/23 is as follows:

- 6.4.1.1. Purchase of the Western Road RRC.
- 6.4.1.2. Acquisition of lease for EcoPark land.
- 6.4.1.3. Commencement of preliminary works to construct the Resource Recovery Facility and EcoPark House at the Edmonton EcoPark.
- 6.4.1.4. Possible acquisition of a waste transfer site should the opportunity arise, and refurbishment works at existing sites.

6.4.2. Accordingly, the following estimated capital expenditure is recommended:

Capital Expenditure					
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m	6	45	61	75	126

6.4.3. The following two Prudential Indicators (PI's) govern the Authority's ability to borrow funds in the money markets or from the Public Works Loans Board. They must be set at a level that allows headroom for the capital programme to be achieved. The following authorised limits for external debt are recommended for approval:

Authorised Limit for External Debt					
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m					
Borrowing	150	150	200	250	350
Other long term liabilities	Nil	1	1	1	1

6.4.4. The following operational boundaries for external debt are recommended for approval:

Operating Boundary for External Debt					
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m					
Borrowing	150	150	200	250	350
Other long term liabilities	Nil	1	1	1	1

6.4.5. The following prudential indicators are relevant for setting a treasury management strategy. The Authority has currently only taken fixed interest loans, but the indicators are set at a level that will enable the Authority to react to changing circumstances that may favour the use of variable rate loans.

Net Principal re Fixed Rate Borrowing					
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m	150	150	200	250	350

Net Principal re Variable Rate Borrowing					
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m	Nil	150	200	250	350

6.4.6. In order to ensure flexibility in the loans that might be taken it is recommended that the following maturity structure of fixed rate borrowing is set for 2020/21. Given the Authority's particular investment needs, the limits provide maximum flexibility for short-term borrowing.

Maturity Structure of fixed rate borrowing during 2020/21	Upper Limit %	Lower Limit %	Current %
Under 12 months	100	0	33
12 months and within 24 months	100	0	0
24 months and within 5 years	100	0	33
5 years and within 10 years	100	0	33
10 years and above	100	0	0

6.4.7. The indicators will be kept under review.

7. MINIMUM REVENUE PROVISION

7.1. The Authority is required to set aside a sum from revenue each year for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). Regulations require that the sum set aside is prudent and associated guidance provides several methodologies that local authorities can adopt. Whichever method an authority chooses, the regulations require that it be formally adopted each year.

7.2. For 2020/21, the Authority is recommended to adopt a method for all existing borrowing (for the purchase of shares in LEL in 2010) that makes provision in equal instalments over the estimated life of the asset concerned. This is unchanged from the methodology adopted for 2019/20.

7.3. For all future borrowing for the NLHPP, the Authority is recommended to calculate the MRP on an annuity basis over the estimated life of the asset. This approach is similar to many domestic mortgages and will allow the annual charge for MRP to be smoothed so that it is at a consistent level each year rather than paying a flat MRP charge each year with a slowly reducing amount of interest.

8. ADVICE ON RESERVES AND BALANCES AND ROBUSTNESS OF THE BUDGET PROCESS

8.1. Advice is usually provided at this time on the level of reserves and balances available to the Authority, and on the robustness of the estimates that have been used to arrive at the proposed budget. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Financial Adviser) to report to the Authority on:

8.1.1. The adequacy of the proposed reserves

8.1.2. The robustness of the budget

8.2. The level of balances and the robustness of estimates are closely linked. Balances and reserves should be set at a level that takes account of the financial risks facing the Authority; the greater the level of uncertainty, the more likely balances will be

needed. A budget is prepared on the best information available at the time, and inevitably includes some uncertainty.

- 8.3. It is important that in setting the budget Members take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and in setting an overall strategy for the budget. This involves, for example, ensuring that only resources likely to be available in the long-term are used to accomplish long-term objectives.
- 8.4. Taking account of the issues raised above, and the proposed retention of revenue balances, the Authority's budget estimates (including contingencies) are sufficiently robust to deal with the current risks and uncertainties facing the Authority. Future budgets will need to be considered on merit and where necessary, strengthened in a period of greater instability.

9. CONCLUSION

- 9.1. The detailed budgets are soundly based and allow for the inclusion of prudent levels of contingency in both the 2019/20 revised budget and the 2020/21 draft budget. The budgets as set out in this report should be sufficiently robust to meet the Authority's expenditure requirements over this period.
- 9.2. The Authority is forecast to have surplus balances of £5.540m at 31 March 2020. The reasons for this position are set out in this report. The report to the December meeting stated that it was likely that there would be an increase of 5.23% in the levy for 2020/21. Since then, Authority officers have reviewed underpinning assumptions and have liaised with the Members' Finance Working Group and borough Directors of Finance. Both groups were content with the proposed approach and the 2020/21 proposed budget reflects this approach. Members will be advised of progress against the budget in regular budget review reports to the Authority.
- 9.3. The Authority is in a position to agree the 2020/21 levy at £55.229m (comprising a base levy element of £50.345m and an RRC element of £4.884m). In total, this represents an increase of 3.85% compared with the 2019/20 levy.

10. COMMENTS OF THE LEGAL ADVISER

- 10.1. The Authority may in accordance with Regulation 3(1) of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006, issue levies on its constituent councils to meet all liabilities falling to be discharged by it for which no provision is otherwise made.
- 10.2. The amount to be levied by the Authority in respect of any financial year from each of its constituent councils is determined in accordance with Regulation 4 by apportioning the total amount to be levied either in such proportions as all the constituent councils may agree or in absence of such agreement, by a combination of:
 - 10.2.1. Apportioning costs in proportion to the tonnage of household waste delivered by each of council; and

10.2.2. For non-household waste and other costs, apportioning costs on the basis of the council tax base.

10.3. All the constituent councils have agreed through the Inter Authority Agreement entered into in 2015 that alternative levy apportionment arrangements will apply from 2015/16 and the menu pricing arrangements referred to above are set out in that Inter Authority Agreement. This meets the requirements of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006.

List of documents used:

Report to the Authority 7 February 2019 – Revenue Budget and Levy 2019/20

Report to the Authority 21 June 2019 – 2018/19 Revenue and Capital Budgets Final Outturn and 2019/20 Budget Update

Report to the Authority 2 December 2019 – 2019/20 Budget Update

2019/20 budgetary control and 2020/21 budget working papers

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APPENDIX A: 2019/20 FORECAST OUTTURN AND FORECAST BALANCES

Table A1 below provides a summary of the current financial position against budget and with a comparison between the December and February Forecasts:

Table A1	2019/20 Budget	2019/20 December Forecast	2019/20 Current Forecast	Variance
	£'000	£'000	£'000	£'000
Expenditure				
Main Waste Disposal Contract (ex RRC Waste)	36,961	35,985	36,230	245
Landfill Tax	1,568	1,443	1,451	8
Composting Services	1,922	1,810	1,821	11
MRF Services	7,837	8,150	8,298	148
Transfer Stations and Other Sites	1,681	1,681	1,611	(70)
Corporate and other Support Service Costs	2,651	2,490	2,465	(25)
Strategy and Services Team	621	614	599	(15)
Waste Reduction Programme – New Initiatives	500	511	511	0
Joint Communications Initiative	83	83	83	0
Recycling Initiatives	239	239	219	(20)
North London heat and Power Project	1,615	780	780	0
Revenue Funding – Capital Programme	8,930	6,977	6,858	(119)
	64,608	60,763	60,926	163
Reuse and Recycling Centres				
Residual Waste	935	862	855	(7)
Landfill Tax	127	120	119	(1)
Operating Costs	3,479	3,711	3,672	(39)
	4,541	4,693	4,646	(47)
Total Expenditure	69,149	65,456	65,572	116
Income				
Rents	(119)	(119)	(119)	0
Sale of Recyclates	(2,221)	(1,802)	(1,671)	131
Other Income	0	0	0	0
Interest on Balances	(40)	(40)	(40)	0
	(2,380)	(1,961)	(1,830)	131
Net Expenditure	66,769	63,495	63,742	247
Contingency	2,735	2,735	2,335	(400)
Total Net Expenditure	69,504	66,230	66,077	(153)
Financed By				
Use of Balances	(5,377)	(8,221)	(8,221)	0
Charges to Boroughs (Non-household waste)	(9,111)	(8,399)	(8,441)	(42)
Charges to Boroughs (Chargeable Household Waste)	(1,834)	(1,678)	(1,773)	(95)
2017/18 Levy - Base Element	(48,350)	(48,350)	(48,350)	0
- HWRC Element	(4,832)	(4,832)	(4,832)	0
Total Levy	(53,182)	(53,182)	(53,182)	0
Total Resources Available	(69,504)	(71,480)	(71,617)	(137)
Estimated Additional Revenue Balances at 31 March 2020	0	(5,250)	(5,540)	(290)

Tonnage Forecasts

The tonnage tables A2-A4 have been reviewed based on actual tonnage delivered over the past 12 months and adjusted where officers, after consultation with borough counterparts, are aware of planned service changes.

Table A2 – 2019/20 residual waste tonnage forecast

	2018/19 Actual Tonnes	2019/20 Budget Tonnes	2019/20 Forecast Tonnes	Change %
Barnet	102,616	100,128	105,997	+5.86
Camden	76,617	77,192	74,975	-2.87
Enfield	90,239	89,372	94,107	+5.30
Hackney	89,608	90,251	89,196	-1.17
Haringey	73,266	74,210	73,525	-0.92
Islington	79,020	79,268	79,092	-0.22
Waltham Forest	71,413	71,104	70,839	-0.37
Total	582,779	581,525	587,731	+1.07

Table A3 – Organic recycling tonnage forecast

	2018/19 Actual Tonnes	2019/20 Budget Tonnes	2019/20 Forecast Tonnes	Change %
Barnet	16,279	14,000	12,935	-7.60
Camden	4,118	4,208	4,078	-3.09
Enfield	0	0	0	+0.00
Hackney	6,848	6,884	7,254	+5.37
Haringey	5,274	5,896	5,709	-3.17
Islington	4,567	6,335	4,585	-27.62
Waltham Forest	8,981	8,670	9,216	+6.30
Total	46,067	45,993	43,778	-4.82

Table A4 – Mixed dry recycling tonnage forecast

	2018/19 Actual Tonnes	2019/20 Budget Tonnes	2019/20 Forecast Tonnes	Change %
Barnet	26,940	29,000	26,539	-8.48
Camden	18,707	20,251	18,079	-10.72
Enfield	0	0	0	+0.00
Hackney	17,481	18,113	18,252	+0.77
Haringey	15,964	15,031	16,841	+12.04
Islington	15,171	14,808	16,234	+9.63
Waltham Forest	15,833	16,096	15,776	-1.99
Total	110,096	113,299	111,722	-1.39

Re-use and Recycling Centre (RRCs) Balances:

Under the menu-price based levy, the net costs of operating each RRC is attributed to boroughs in accordance with a visitor survey. Under or overspends continue to be attributable to individual sites and are carried forward to the levy calculation in the following year so the net cost to each borough in any year also reflects the changes in its balance position.

In setting the budget and levy for 2019/20, the Authority estimated that it would have balances of £0.291m to offset the cost of RRCs in 2018/19. The 2018/19 outturn produced balances at 31 March 2019 of £0.334m, an increase of £0.043m.

The Authority's purchase of the Western Road RRC is not expected to take place until late 202 at the earliest.

Table A5 below provides a summary of the current financial position for each borough:

Table A5	Change in RRC Balances at 1 April 2019 (As reported in Budget June)	Total Operating Costs – 2019/20 Original Budget	Total Operating Costs - 2019/20 Current Forecast	Change in 2019/20 Total Operating Costs	Estimated RRC Balances at 31 March 2020 (Column 1 plus 4)
	£'000	£'000	£'000	£'000	£'000
Barnet	(13)	1,177	1,070	(107)	(120)
Camden	75	473	514	41	116
Enfield*	0	34	34	0	0
Hackney	(6)	236	241	5	(1)
Haringey	28	638	710	72	100
Islington	(6)	738	765	27	21
Waltham Forest	(35)	1,245	1,299	54	19
Total	43	4,541	4,633	92	135

* The Authority does not manage Enfield's RRC; the cost of disposing of this site's residual waste is included in Enfield's base levy.

RRC balances of £0.135m owed to the Authority will be taken into account in calculating the RRC element of the 2020/21 levy.

Base Levy Balances at 31 March 2020

The menu-price based levy requires the Authority to attribute all of its costs to the boroughs and to hold borough specific balances. A positive balance for a borough can be used to support a future year's levy but if negative will be recovered through an addition to the levy. The following table sets out the forecast balance position excluding RRCs. It should be

noted the costs in columns 2 and 3 are those that are attributable to the levy; they do not include the costs of processing non household and chargeable household waste. The 2019/20 levy included estimated balances of £5.668m which enabled the Authority to set a base levy of £48.350m. Since the levy is fixed for the year, the additional balances arising from the 2018/19 outturn feed into the estimated balance at 31 March 2020 and can be taken into account together with any in-year savings when the Authority determines its 2020/21 levy.

Table A6	Additional balance at 1 April 2019 (reported In June)	2019/20 Budget Levy Costs	2019/20 Levy Costs - Current Forecast	Forecast Change in 2019/20 Levy Costs	Estimated Balance at 31 March 2020 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(339)	10,686	10,441	(245)	(584)
Camden	(457)	5,988	5,450	(538)	(995)
Enfield	(337)	7,605	7,345	(260)	(597)
Hackney	(532)	7,728	7,216	(512)	(1,044)
Haringey	(412)	7,835	7,433	(402)	(814)
Islington	(361)	6,017	5,692	(325)	(686)
Waltham Forest	(449)	8,159	7,653	(506)	(955)
Total	(2,887)	54,018	51,230	(2,788)	(5,675)

Charges to Boroughs for Non-Household Waste:

Although charges for non-household waste must be separate from the levy, the calculation methodology for these charges is set out in the provisions of the menu-price based levy.

Forecast charges to boroughs for the disposal of non-household waste in 2019/20 compared with the original budget assumptions are shown in the table below:

Table A7	2019/20 Budget Estimate	2019/20 Current Forecast	Estimated Variance
	£'000	£'000	£'000
Barnet*	1,044	1,015	(29)
Camden*	2,352	2,115	(237)
Enfield	857	782	(75)
Hackney*	1,880	1,753	(127)
Haringey *	302	266	(36)
Islington *	2,561	2,408	(153)
Waltham Forest	115	101	(14)
Total	9,111	8,440	(671)

* Including income from non-household recyclable wastes.

Charges to Boroughs for Chargeable Household Waste:

Forecast charges to Boroughs for the disposal of Chargeable household waste in 2019/20 compared with the original budget assumptions are shown in the table below

Table A8	2019/20 Original Estimate £'000	2019/20 Current Forecast £'000	Estimated Variance £'000
Barnet*	203	185	(18)
Camden*	472	451	(21)
Enfield	127	116	(11)
Hackney*	537	514	(23)
Haringey *	238	227	(11)
Islington *	257	265	8
Waltham Forest	0	15	15
Total	1,834	1,773	(61)

APPENDIX B: 2020/21 BUDGET FORECAST OF LEVY & CHARGES

Table B1 below provides a summary of the 2020/21 budget forecast:

	2019/20 Budget	2020/21 Budget Forecast	Variance
	£'000	£'000	£'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	36,961	38,766	1,805
Landfill Tax	1,568	1,438	(130)
Biodegradable Waste Services	1,922	1,707	(215)
MRF Services	7,837	10,012	2,175
Transfer Stations and Other Sites	1,681	1,904	223
Corporate and other Support Service Costs	2,651	2,994	343
Strategy and Services Team	621	601	(20)
Waste Prevention Programme	500	519	19
Recycling Communications	83	200	117
Recycling Initiatives	239	246	7
North London Heat and Power Project	1,615	1,414	(201)
Revenue Funding – Capital Programme	8,930	6,912	(2,018)
	64,608	66,713	2,105
Reuse and Recycling Centres			
Residual Waste	935	876	(59)
Landfill Tax	127	123	(4)
Operational Costs	3,479	3,750	271
	4,541	4,749	208
Total Expenditure	69,149	71,462	2,313
Income			
Rents	(119)	(121)	(2)
Sale of Recyclates	(2,221)	(2,291)	(70)
Interest on Balances	(40)	(40)	0
	(2,380)	(2,452)	(72)
Net Expenditure	66,769	69,010	2,241
Contingency	2,735	2,779	44
Total Net Expenditure	69,504	71,789	2,285
Financed By			
Use of Balances	(5,377)	(5,540)	(163)
Charges to Boroughs (Non-household waste)	(9,111)	(9,105)	6
Charges to Boroughs (Chargeable Household Waste)	(1,834)	(1,915)	(81)
Levy - Base Element	(48,350)	(50,345)	(1,995)
- RRC Element	(4,832)	(4,884)	(52)
Total Levy	(53,182)	(55,229)	(2,047)
Total Resources Available	(69,504)	(71,789)	(2,285)
Estimated Revenue Balances at 31 March	0	0	0

Tonnage Forecasts

The tonnage tables A2-A4 have been reviewed based on actual tonnage delivered over the past 12 months and adjusted where officers, after consultation with borough counterparts, are aware of planned service changes.

Table B2 – 2019/20 residual waste tonnage forecast

	2018/19 Actual Tonnes	2019/20 Forecast Tonnes	2020/21 Budget Forecast Tonnes	Change %
Barnet	102,616	105,997	110,873	+4.60
Camden	76,617	74,975	75,329	+0.47
Enfield	90,239	94,107	89,434	-4.97
Hackney	89,608	89,196	89,106	-0.10
Haringey	73,266	73,525	73,582	+0.08
Islington	79,020	79,092	79,049	-0.05
Waltham Forest	71,413	70,839	70,242	-0.84
Total	582,779	587,731	587,615	-0.02

Table B3 – Organic recycling tonnage forecast

	2018/19 Actual Tonnes	2019/20 Forecast Tonnes	2020/21 Forecast Tonnes	Change %
Barnet	16,279	12,935	12,000	-7.23
Camden	4,118	4,078	4,078	+0.00
Enfield	0	0	0	+0.00
Hackney	6,848	7,254	7,344	+1.24
Haringey	5,274	5,709	5,735	+0.45
Islington	4,567	4,585	4,585	+0.00
Waltham Forest	8,981	9,216	9,316	+1.09
Total	46,067	43,778	43,058	-1.64

Table B4 – Mixed dry recycling tonnage forecast

	2018/19 Actual Tonnes	2019/20 Forecast Tonnes	2020/21 Forecast Tonnes	Change %
Barnet	26,940	26,539	27,500	+3.62
Camden	18,707	18,079	18,473	+2.18
Enfield	0	0	0	+0.00
Hackney	17,481	18,252	18,162	-0.50
Haringey	15,964	16,841	17,726	+5.25
Islington	15,171	16,234	16,276	+0.26
Waltham Forest	15,833	15,776	16,389	+3.89
Total	110,096	111,722	114,526	+2.51

Re-use and Recycling Centre Levy

The amounts charged to the relevant boroughs through the 2020/21 levy allow for the balances that arose from the closure of the 2018/19 accounts and forecast additional balances from 2019/20.

Table B5	Forecast balances at 1 April 2020 £'000	2020/21 Estimated costs £'000	2020/21 Estimated Levy £'000
Barnet	(120)	1,097	977
Camden	116	527	643
Enfield	0	34	34
Hackney	(1)	247	246
Haringey	100	728	828
Islington	21	784	805
W. Forest	19	1,332	1,351
Total	135	4,749	4,884

Base Levy

The amounts charged to the relevant boroughs through the 2020/21 base levy allow for the additional balances that arose from the closure of the 2018/19 accounts and forecast additional balances from 2019/20.

Table B6	Forecast balances at 1 April 2020 £'000	2020/21 Estimated Levy Requirement £'000	2020/21 Estimated Levy £'000
Barnet	(584)	11,958	11,374
Camden	(995)	6,047	5,052
Enfield	(597)	7,570	6,973
Hackney	(1,044)	7,873	6,829
Haringey	(814)	7,993	7,179
Islington	(686)	6,244	5,558
W. Forest	(955)	8,335	7,380
Total	(5,675)	56,020	50,345

Non-household Waste Charges

The cost to boroughs in 2020/21 is estimated to be: -

Table B7	2020/21 Estimated Tonnes	2020/21 Estimated Cost £'000
Barnet*	11,700	1,020
Camden*	26,823	2,286
Enfield	9,625	843
Hackney*	22,717	1,896
Haringey *	4,086	351
Islington *	30,104	2,600
Waltham Forest	1,248	109
Total	106,302	9,105

* Including tonnages and income from non-household recyclable wastes.

The final charges will be calculated as part of the 2019/20 final accounts process and reported to the Authority in June 2020. Any under or over payment by boroughs will be collected from or repaid to boroughs at the conclusion of the final accounts process.

Chargeable Household Waste

The cost to boroughs in 2020/21 is estimated to be:

Table B8	2020/21 Estimated Tonnes	2020/21 Estimated Cost £'000
Barnet	1,140	200
Camden	5,667	487
Enfield	1,431	125
Hackney	6,783	558
Haringey	2,881	245
Islington	3,455	284
Waltham Forest *	184	16
Total	21,541	1,915

* Including tonnages and income from non-household recyclable wastes.

Waltham Forest has indicated that it does not collect such waste.

Arrangements for the settling of over or under payments by the boroughs are the same as for non-household waste

APPENDIX C: MEDIUM TERM BUDGET FORECAST FOR 2020/21 TO 2022/23

	2021/22 Budget Forecast £'000	2022/23 Budget Forecast £'000	2023/24 Budget Forecast £'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	41,477	42,247	43,041
Landfill Tax	1,474	1,511	1,548
Biodegradable Waste Services	1,745	1,941	1,981
MRF Services	10,262	10,518	10,781
Transfer Station and Other Sites	1,939	1,975	2,012
Corporate and Other Support Service Costs	3,068	3,145	3,224
Operations Team	616	631	647
Waste Prevention Programme	532	545	559
Joint Communications Initiative	200	0	0
Recycling Initiatives	252	258	265
North London Heat and Power Project	1,450	1,487	1,524
Revenue Funding – Capital Programme	7,606	8,785	25,401
	70,621	73,043	90,983
Reuse and Recycling Centre Expenditure			
RRC Residual Waste	898	920	943
RRC Landfill Tax	126	129	132
RRC Operations	3,844	3,940	4,039
Revenue Funding – Capital Programme	0	0	0
	4,868	4,989	5,114
Less			
Income			
Rents	(125)	(128)	(131)
Sale of Recyclates	(2,291)	(2,291)	(2,291)
Interest on Balances	(40)	(40)	(40)
	(2,456)	(2,459)	(2,462)
Net Expenditure	73,033	75,573	93,635
Contingency	2,461	2,511	2,873
Total Net Expenditure	75,494	78,084	96,508
Percentage change in net expenditure	5.16%	3.43%	23.60%
Financed by:			
Use of Balances	0	0	0
Charges to Boroughs (Non-household waste)	(9,691)	(10,048)	(12,915)
Charges to Boroughs (Chargeable household waste)	(2,036)	(2,124)	(2,701)
Estimated Levy – RRC Element	(4,868)	(4,989)	(5,114)
Estimated Levy – Base Element	(58,900)	(60,925)	(75,778)
Total Estimated Levy	(63,768)	(65,914)	(80,892)
Total Estimated Resource Requirement	(75,495)	(78,086)	(96,508)
Percentage Increase in the Levy	15.46%	3.37%	22.72%