

## **NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** 2020/21 BUDGET UPDATE

**REPORT OF:** THE FINANCIAL ADVISER

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 24 SEPTEMBER 2020

### **SUMMARY OF REPORT:**

This report is the second in the current year on the Authority's finances. It concludes that the Authority is forecast to reduce net expenditure in 2020/21 by £0.398m. The make-up of tonnage between borough collected household waste, which is recharged to boroughs through the levy, and chargeable waste types has changed as a result of lockdown. This is forecast to result in a refund to boroughs for household and non-household waste, but an increase in household waste costs.

The forecast includes a revenue surplus of £1.678m at 31 March 2021, i.e. a decrease of £1.225m compared with the June budget update.

The report also provides a budget and levy forecast for 2021/22. It concludes that should current conditions continue, and factoring in the lower surplus to reduce balances, the overall levy could increase by £9.440m or 17.1% in 2021/22.

A further review of the 2020/21 budget together with an updated assessment of the budget and resource requirements for 2021/22 will be reported to the Authority in December.

### **RECOMMENDATIONS:**

The Authority is recommended to:

- A. Note this review of the 2020/21 revenue budget
- B. Note that a further update of the 2020/21 budget will be reported to the Authority meeting in December together with an updated assessment of the budget and resource requirements for 2021/22

**SIGNED: Jon Rowney, Financial Adviser**

**DATE: 14 September 2020**

## **1. INTRODUCTION**

- 1.1. This report contains a review of the 2020/21 budget and an emerging assessment of the prospects for 2021/22 including the budget and levy forecast.
- 1.2. Tables detailing the forecast 2020/21 outturn and 2021/22 budget forecast are set out in Appendix A. The Appendix also contains other key budget information including forecast balances.

## **2. 2020/21 REVENUE BUDGET UPDATE**

- 2.1. At the Authority meeting in June, Members were advised that the 2019/20 outturn had included a revenue surplus of £2.903m at 31 March 2019, which is available to support the 2021/22 budget and levy.
- 2.2. Members were advised that in 2020/21, there were changes in the residual and recycling waste streams due to lockdown, with an increase in household (collected at the kerbside) waste and a reduction in chargeable household waste (borough collected waste from educational and healthcare establishments, for example) and non-household (borough collected commercial waste) waste types. However, at the time of writing the report, not enough data was available to predict the future effect of these changes and it was noted that that this report would contain a more detailed update, which is included in the paragraphs below:

## **3. SEPTEMBER BUDGET UPDATE**

### **Financial Savings and Pressures**

- 3.1. The latest forecast for 2019/20 has identified a reduction in outturn of £0.398m. The majority of changes in this forecast relate to changes driven by COVID-19 and lockdown. This has changed the types of waste being delivered to the Authority. The effects on each borough are different depending on their own boroughs. As an example, the table below shows the increase or decrease in the residual waste tonnages for each borough, split between household residual waste and chargeable household and non-household residual waste combined.

	Household forecast movement		Chargeable & non-h'hold forecast movement	
	(tonnes)	Change (%)	(tonnes)	Change (%)
Barnet	7,877	8.5%	- 1,829	-13.6%
Camden	304	0.6%	- 3,600	-13.2%
Enfield	2,648	3.4%	- 2,004	-18.1%
Hackney	8,334	12.9%	- 6,906	-28.3%
Haringey	2,658	4.0%	- 330	-5.7%
Islington	- 417	-0.9%	- 1,588	-5.5%
Waltham Forest	7,113	10.8%	- 316	-22.1%
<b>Total</b>	<b>28,517</b>	<b>6.2%</b>	<b>- 16,573</b>	<b>-14.7%</b>

3.2. The net effect of the forecast changes reduces the amount of income that is received from charges and increases the amount of income that is attributable to the levy. This increase in the levy cost reduces the balances available to the Authority to offset against the 2021/22 levy. As a result, balances available for 2021/22 are forecast to reduce by £1.225m to £1.678m.

3.3. The following paragraphs address these and other smaller changes that have been identified in this forecast and where necessary, any mitigating actions.

#### **Transport and Disposal: (+£0.989m)**

3.4. As a result of lockdown, the Authority has received differing proportions of waste to those budgeted, which was prepared under pre-COVID-19 conditions. Residual waste for the year is forecast to increase by 1.73% (10,172 tonnes) compared to budget. This figure is the overall tonnage, made up of household, non-household and chargeable household waste.

3.5. Household waste tonnage forecast however has increased by 6.16% (28,517 tonnes) as per the table in paragraph 3.1. However, chargeable household waste and non-household waste combined, are forecast to be lower by 16,573 tonnes (14.73%)

3.6. A breakdown of the total residual waste forecast by borough can be found in Appendix A at table A2. It should be emphasised however that this is an early forecast. Authority Officers will refine these forecasts and consult with borough officers when preparing further budget updates for consideration in December 2020 and February 2021. Further explanation of the tonnage changes can be found in the Strategy and Services report elsewhere on the agenda.

3.7. The increased tonnage has generated increased costs of disposal at both the EcoPark (£0.346m) and via Hendon (£0.080m). The increase in cost has largely

been mitigated by increasing the assumptions for tonnage being transferred to the EcoPark which has been increased to reflect favourable conditions so far in the current financial year.

- 3.8. The increased residual waste tonnage has also been reflected in the electricity income claim which is partially linked to the amount of electricity produced. The budget assumed a 3-week closure over the summer which has been re-planned. Therefore, the assumptions relating to the production of electricity have been increased and estimated at an additional £0.108m.
- 3.9. The early weeks of lockdown saw a marked increase in contaminated household recycling. When the contamination level exceeds contract levels, it is rejected by our contractor and must be disposed of. These rejections are recorded as residual waste tonnage in the budget and forecast, and the forecast for 2020/21 is anticipated to increase by £0.208m.
- 3.10. LondonEnergy Ltd (LEL) staff at Reuse and Recycling Centres (RRCs) were redeployed into other areas while the centres were closed. To reflect this, £0.180m has been transferred from the RRCs to the main contract.
- 3.11. In preparation for the forthcoming budget process, officers will liaise with their borough counterparts to determine whether the early year waste stream changes are likely to continue for the remainder of 2020/21 and beyond. The outcome of this review together with an up-to-date assessment by boroughs of their recycling ambitions will help inform an assessment of the impact that this could have on the Authority's 2021/22 waste treatment services and budget requirements. Conclusions from these discussions will be reported to the December meeting of the Authority.

#### **Organic Waste and MRF Services: (+£0.470m)**

- 3.12. Tonnage projections suggest that food waste and mixed food and green waste delivered to the Authority will be greater than budgeted. However, there is a marked decrease in green waste delivered, compared to budget. Together, these variances are forecast to generate a saving of £0.348m compared to budget. A breakdown of the forecasts for each waste type, by borough, is provided in Appendix A at table A3, A4 and A5.
- 3.13. Tonnages of dry recyclable material processed by the Authority's Materials Recovery Facility (MRF) providers are forecast to be 1.2% less than budgeted. In addition, assumptions relating to the tonnages that are required to be bulked and transported. Together, these items have generated a saving of £0.122m compared to the budget. A breakdown of the forecast by borough is provided in Appendix A at table A6.

### **Transfer Stations (+£0.574)**

- 3.14. The forecast includes a portion of rent and associated costs for a new transfer station to replace the existing facility at Hendon. It is assumed that the Hendon site will be retained until the end of March to facilitate the transfer of operations.

### **Corporate and Other Support Services: (-£0.079m)**

- 3.15. The Authority has made a provision in the budget to fill a number of vacancies. The temporary closure of Berol House due to COVID-19 has led to a forecast saving in the year.

### **Waste Prevention Programme (-£0.082m)**

- 3.16. The Programme has been re-planned to reflect the lack of face-to-face meetings with the public, but an increased on-line presence. This has generated savings compared to budget .

### **Recycling Initiatives (£0.062m)**

- 3.17. The forecast for the Third-Party Credit scheme has been reduced to reflect the fact that most charity shops, that are the main recipient of the credits, were closed during the first quarter.

### **Revenue Funding - Capital Programme (-£0.654m)**

- 3.18. The budget was prepared on the basis that the long lease of the EcoPark would have been completed by the end of the last financial year. This would have generated the need to include a Minimum Revenue Provision (MRP) charge in this year. It is anticipated that the lease agreement will be completed in the Autumn.

### **Reuse and Recycling Centres (RRCs): (- £0.324m)**

- 3.19. The temporary closure of the RRCs in April and May are forecast to result in a number of savings. As mentioned in paragraph 3.1.7, £0.180m has been transferred to the main waste contract to reflect that the RRC staff were working in other areas of LEL.
- 3.20. The closures also have affected the forecasts for waste disposal and landfill tax (for those items that cannot be treated at the EcoPark), leading to a reduction on the forecast of £0.144m.

### **Income from Sale of Recyclates: (-£0.305m)**

- 3.21. As mentioned in paragraph 3.12, tonnages of mixed dry recyclates have been lower than budgeted. However, prices for the onward sale of recyclates was in line with budget in the first quarter and have been significantly higher than budget in the

second quarter, resulting in an increased forecast. Prices are set for the quarter, in advance, so the assumption for the remainder of the year is that the price will be in line with the budget.

- 3.22. A table detailing the forecast outturn and how it has changed since the first review is included in Appendix A as table A1.

#### **4. FORECAST LEVY AND CHARGES FOR THE FULL YEAR**

- 4.1. The levy is apportioned to boroughs based on the household waste tonnage delivered to the Authority. Non-household waste and chargeable household waste are charged separately, also based on the tonnage delivered.
- 4.2. The COVID-19 restrictions have meant that for a significant portion of the year, retail businesses, offices, and schools etc. have been closed. This has led to a significant reduction in non-household and chargeable household waste arisings and an increase in collected household waste. This has meant that costs arising through the levy have increased significantly as income from chargeable waste types have decreased. Each borough delivers different proportions of waste and therefore, each is affected differently. Tables A9 to A10 contain a borough by borough breakdown of the overall movements relating to chargeable household and non-household waste.

#### **5. REVIEW OF THE OUTLOOK FOR 2021/22**

- 5.1. The following paragraphs set out the underlying assumptions and discuss significant issues and variances. This section of the report concludes with a table setting out the forecast 2021/22 levy and charges for each borough. Further reviews will be presented to the December 2020 Authority meeting along with a draft budget for 2021/22 and medium-term forecast. At the Authority meeting in February 2021, the Authority must agree its budget and set the levy for 2021/22.

##### **Opening position and inflation assumptions**

- 5.2. Although revenue balances at 31 March 2020 are forecast to be £1.678m, this is lower than have been historically available at this point in the financial year. The balances are used to reduce the levy and lower levels of balances will result in a larger year-on-year increase. In addition, the changes in forecast tonnages for household waste reported in the current financial year are forecast to continue into the 2021/22 financial year. The corresponding rise in the cost base also feeds through to the levy.
- 5.3. The reduced balances and potentially increased tonnages would mean that levy changes would be relatively high in cases where boroughs have had particularly strong increases above forecast in household waste volumes. The overall increase in the forecast levy is 17.1%. Given the challenges reporting tonnages, as

mentioned elsewhere on this agenda, officers will work closely with borough counterparts over the coming weeks to review tonnages. If waste patterns return to more normal pre-COVID levels, that will assist in the position for 2021/22

- 5.4. Most of the prices in the Authority's contract with LEL are reviewed annually in line with the December Retail Price Index. For financial planning purposes the Authority has used the HM Treasury's digest of forecasts published by banks and other institutions, which puts the increase in December 2020 RPI at 1.4% and for December 2021 at 2.7%. For prices subject to future years, this report assumes 2.5%.

#### **Transport and Disposal**

- 5.5. At the budget meeting in February Members were provided with an up-to-date assessment of the estimated cost to boroughs of non-household waste in 2021/2022.
- 5.6. The 2021/22 transport and disposal budget has been based on a forecast residual a waste stream of 597,787 tonnes. This reflects an assumption that there will be little change from the current forecast for 2020/21 in the residual waste stream. In future reviews, this will be discussed with borough officers to ensure that planned changes to collections are captured.
- 5.7. The electricity income claim is anticipated to be higher in 2021/22 than in the current year as the Authority's waste is expected to be a greater proportion of the total processed by LondonEnergy. Assumptions will be reviewed with LondonEnergy in advance of the December meeting.

#### **Landfill Tax**

- 5.8. In recent years, Government policy regarding landfill tax has been to increase the tax in line with inflation, rounded to the nearest five pence. The rate of landfill tax has been announced in the budget over a year in advance and the figure for 2021/22 is anticipated to increase to £96.70 per tonne.

#### **Organic Waste and MRF Services**

- 5.9. The budget forecast for 2021/22 assumes no growth on 2020/21 expectations for food waste, green waste and deliveries of mixed food and green waste or mixed dry recyclates. The forecast will be discussed with borough officers before the next budget update.

#### **Reuse and Recycling Centres**

- 5.10. The costs of running the Reuse and Recycling Centres have been updated to reflect known costs and estimated income from recyclates.



### **Sale of Recyclates**

- 5.11. Income from recyclates has been included at current levels to reflect market conditions.

### **Non-Household Waste Charges**

- 5.12. Based on returns provided by boroughs, the Authority anticipates that boroughs will deliver send 80,787 tonnes of residual waste and 11,257 tonnes of recyclable and organic waste to the authority in 2021/22.

### **Chargeable Household Waste**

- 5.13. Based on estimates provided by boroughs, the Authority forecasts that it expects to receive 15,135 tonnes of residual waste and 3,466 tonnes of organic waste and Mixed Dry Recycling in 2021/22.

### **Contingency**

- 5.14. This budget forecast in this report reflects the approach taken in recent budgets i.e. a specific £1m for the Heat and Power Project plus a 2% operational base provision.

### **Levy**

- 5.15. Table A9 in appendix A sets out the current estimate of the potential 2020/21 levy for each borough. It reflects the forecast balances at 31 March 2020 and the Authority's expenditure and income expectations. For the most part the menu price-based levy model apportions costs to boroughs using tonnage data. Residual waste tonnage forecasts have been prepared by the Authority but will obtain data from the boroughs to inform the preparation of the December update.
- 5.16. The reduction in balances in the current year due to the change in the tonnage mix and the assumption that the tonnage forecast for 2021/22 will be similar to the forecast for the current year, has led to an increase in the possible forecast for 2021/22.

### **Conclusion**

- 5.17. Subject to Member decisions and the variations included in this review, the Authority's reserves at the end of March 2020 are forecast to decrease by £1.225m from the first review to £1.678m. A further review of the Authority's financial performance in 2020/21 and forecast for 2021/22 will be presented to the December meeting.

## **6. FINANCING THE NORTH LONDON HEAT & POWER PROJECT**

- 6.1. In February 2020, the Authority borrowed £100 million from the Public Works loan board. At the time, it was estimated that a further borrowing round would need to be undertaken in 2021.
- 6.2. Officers are currently reviewing the possible options and an updated financing strategy will be discussed with borough Finance Directors and brought to the Programme Committee in November.

## **7. EQUALITIES IMPLICATIONS**

- 7.1. Budgets and forecasts are considered an allocation of resources. Approval to spend is sought separately by Officers. The equalities implications are considered as part of the spending approval.

## **8. COMMENTS OF THE LEGAL ADVISER**

- 8.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

### **List of documents used:**

Report to the Authority 13 February 2020 – Revenue Budget and Levy 2020/21

Report to the Authority 25 June 2020 – 2019/20 Revenue and Capital Budgets Financial Outturn and 2020/21 Update

2020/21 Budgetary Control working papers

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## **APPENDIX A      FINANCIAL TABLES TO SUPPORT THE REPORT**

Table A1 shows the variance between the first and the second review

<b>Table A1</b>	<b>2020/21 Budget</b>	<b>2020/21 June Forecast</b>	<b>2020/21 Current Forecast</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>				
Main Waste Disposal Contract (ex RRC Waste)	38,766	38,766	39,683	917
Landfill Tax	1,438	1,438	1,510	72
Biodegradable Waste Services	1,707	1,707	1,359	(348)
MRF Services	10,012	10,012	9,890	(122)
Transfer Station and Other Sites	1,904	1,904	2,478	574
Corporate and Other Support Service Costs	2,994	2,994	2,915	(79)
Strategy & Services Team	601	601	616	15
Waste Prevention Programme	519	519	437	(82)
Joint Communications Initiative	200	200	200	0
Recycling Initiatives	246	246	184	(62)
North London Heat and Power Project	1,414	1,414	1,414	0
Revenue Funding – Capital Programme	6,912	6,912	6,258	(654)
	<b>66,713</b>	<b>66,713</b>	<b>66,944</b>	<b>231</b>
<b>Reuse and Recycling Centres Expenditure</b>				
Residual Waste	876	876	750	(126)
Landfill Tax	123	123	104	(19)
Operating Costs	3,750	3,750	3,571	(179)
	<b>4,749</b>	<b>4,749</b>	<b>4,425</b>	<b>(324)</b>
<b>Less</b>				
<b>Income</b>				
Rents	(121)	(121)	(121)	0
Sale of Recyclates	(2,291)	(2,291)	(2,596)	(305)
Interest on Balances	(40)	(40)	(40)	0
	<b>(2,452)</b>	<b>(2,452)</b>	<b>(2,757)</b>	<b>(305)</b>
Net Expenditure	69,010	69,010	68,612	(398)
Contingency	2,779	2,779	2,779	0
<b>Total Net Expenditure</b>	<b>71,789</b>	<b>71,789</b>	<b>71,391</b>	<b>(398)</b>
<b>Financed By</b>				
Use of Balances	(5,540)	(8,443)	(8,443)	0
Charges to Boroughs (Non-household waste)	(9,105)	(9,105)	(7,842)	1,263
Charges to Boroughs (Chargeable Household Waste)	(1,915)	(1,915)	(1,555)	360
2020/21 Levy - Base Element	(50,345)	(50,345)	(50,345)	0
- HWRC Element	(4,884)	(4,884)	(4,884)	0
Total Levy	(55,229)	(55,229)	(55,229)	0
<b>Total Resources Available</b>	<b>(71,789)</b>	<b>(74,692)</b>	<b>(73,069)</b>	<b>1,623</b>
<b>Estimated Additional Revenue Balances at 31 March 2021</b>	<b>0</b>	<b>(2,903)</b>	<b>(1,678)</b>	<b>1,225</b>

### Tonnage Forecasts

The Tonnages in tables A2-A6 have been reviewed based on actual tonnage delivered over the past 12 months. Where officers are aware of planned service changes, these have been

included in the forecast. In advance of the next review, borough officers will be consulted on their own expectations.

**Table A2 - 2020/21 Residual Waste Forecast**

	<b>2019/20 Actual Tonnes</b>	<b>2020/21 Budget Tonnes</b>	<b>2020/21 Forecast Tonnes</b>	<b>Change %</b>
Barnet	0	0	0	N/A
Camden	2,657	2,446	2,277	-6.89
Enfield	0	0	0	N/A
Hackney	4,903	4,444	5,141	+15.69
Haringey	1,066	3,074	2,863	-6.86
Islington	0	0	166	N/A
Waltham	484			+80.57
Forest		427	771	
<b>Total</b>	<b>9,110</b>	<b>10,391</b>	<b>11,218</b>	<b>+7.96</b>

**Table A3 - Mixed Organic (food and green) tonnage forecast**

	<b>2019/20 Actual Tonnes</b>	<b>2020/21 Budget Tonnes</b>	<b>2020/21 Forecast Tonnes</b>	<b>Change %</b>
Barnet	0	0	0	N/A
Camden	11	0	13	N/A
Enfield	0	0	0	N/A
Hackney	0	0	0	N/A
Haringey	4,381	0	1,074	N/A
Islington	3,793	3,904	3,941	+0.95
Waltham	6,876			+15.28
Forest		6,627	7,640	
<b>Total</b>	<b>15,061</b>	<b>10,531</b>	<b>12,668</b>	<b>+20.29</b>

**Table A4 - Food Waste tonnage forecast**

	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Change</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>
Barnet	0	0	0	N/A
Camden	2,657	2,446	2,277	-6.89
Enfield	0	0	0	N/A
Hackney	4,903	4,444	5,141	+15.69
Haringey	1,066	3,074	2,863	-6.86
Islington	0	0	166	N/A
Waltham	484			+80.57
Forest		427	771	
<b>Total</b>	<b>9,110</b>	<b>10,391</b>	<b>11,218</b>	<b>+7.96</b>

**Table A5 - Green Waste tonnage forecast**

	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Change</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>
Barnet	13,870	12,000	1,359	-88.68
Camden	1,695	1,632	1,656	+1.46
Enfield	0	0	0	N/A
Hackney	2,526	2,900	2,879	-0.72
Haringey	363	2,661	2,884	+8.37
Islington	594	682	550	-19.41
Waltham	1,482			-77.53
Forest		2,262	508	
<b>Total</b>	<b>20,530</b>	<b>22,137</b>	<b>9,835</b>	<b>-55.57</b>

**Table A6 - Mixed Dry Recycling tonnage forecast**

	<b>2019/20 Actual Tonnes</b>	<b>2020/21 Budget Tonnes</b>	<b>2020/21 Forecast Tonnes</b>	<b>Change %</b>
Barnet	26,535	27,500	27,807	+1.12
Camden	16,669	18,473	16,040	-13.17
Enfield	0	0	0	+0.00
Hackney	18,470	18,162	19,273	+6.12
Haringey	16,982	17,726	18,058	+1.87
Islington	15,973	16,276	15,793	-2.97
Waltham Forest	15,956	16,389	16,155	-1.43
<b>Total</b>	<b>110,585</b>	<b>114,526</b>	<b>113,124</b>	<b>-1.22</b>

### Re-use and Recycling Centre (RRCs) Balances at 31 March 2021

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 2020/21, the Authority estimated that it would have balances owed to it of £0.135m to amend the cost of RRCs in 2020/21. The 2019/20 outturn contained owed to the boroughs balances of £0.056m to reduce the total to £0.079m.

Table A7 below provides a summary of the current financial position for each borough:

	<b>Change in RRC Balances at 1 April 2020 (As reported in June)</b>	<b>Total Operating Costs – 2020/21 Original Budget</b>	<b>Total Operating Costs - 2020/21 Current Forecast</b>	<b>Change in 2020/21 Total Operating Costs</b>	<b>Estimated RRC Balances at 31 March 2021 (Column 1 plus 4)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Barnet	25	977	897	(80)	(55)
Camden	45	642	591	(51)	(6)
Enfield*	0	34	32	(2)	(2)
Hackney	2	247	234	(13)	(11)
Haringey	(4)	828	774	(54)	(58)
Islington	29	805	749	(56)	(27)
Waltham Forest	(18)	1,351	1,283	(68)	(86)
<b>Total</b>	<b>79</b>	<b>4,884</b>	<b>4,560</b>	<b>(324)</b>	<b>(245)</b>

\* 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.

Subject to final review in February, RRC balances of (£0.245m) will be taken into account in calculating the RRC element of the 2021/22 levy.

### Base Levy Balances at 31 March 2021

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 2020/21 base levy included estimated balances of £5.540m, which enabled the Authority to set a base levy of £50.345m. Since the levy is fixed for the year, the additional balances arising from the 2019/20 outturn feed into the estimated balance at 31 March 2021 and can be taken into account together with any in-year savings when the Authority determines its 2021/22 levy.

<b>Table A8</b>	<b>Additional balance at 1 April 2019 (reported In June)</b>	<b>2019/20 Budget Levy Costs</b>	<b>2019/20 Levy Costs Current Forecast</b>	<b>Forecast - Change in 2019/20 Levy Costs</b>	<b>Estimated Balance at 31 March 2020 (Column 1 plus 4)</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Barnet	(423)	11,374	11,403	29	(394)
Camden	(427)	5,053	4,818	(235)	(662)
Enfield	(599)	6,973	7,178	205	(394)
Hackney	(500)	6,829	7,667	838	338
Haringey	(312)	7,179	7,466	287	(25)
Islington	(409)	5,558	5,408	(150)	(559)
Waltham Forest	(313)	7,379	7,955	576	263
<b>Total</b>	<b>(2,983)</b>	<b>50,345</b>	<b>51,895</b>	<b>1,550</b>	<b>(1,433)</b>

### 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 2020/21 compared with the original budget assumptions are shown in the table below:

<b>Table A9</b>	<b>2020/21 Budget Estimate £'000</b>	<b>2020/21 Current Forecast £'000</b>	<b>Estimated Variance £'000</b>
Barnet	1,020	890	(130)
Camden*	2,286	1,990	(296)
Enfield	843	693	(150)
Hackney*	1,896	1,382	(514)
Haringey *	351	334	(17)
Islington *	2,600	2,465	(135)
Waltham Forest	109	98	(11)
<b>Total</b>	<b>9,105</b>	<b>7,852</b>	<b>(1,253)</b>

\* 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 2020/21 compared with the original budget assumptions are shown in the table below:

<b>Table A10</b>	<b>2020/21 Budget Estimate £'000</b>	<b>2020/21 Current Forecast £'000</b>	<b>Estimated Variance £'000</b>
Barnet	200	171	(29)
Camden*	487	416	(71)
Enfield	125	100	(25)
Hackney*	558	379	(179)
Haringey *	245	224	(21)
Islington *	284	266	(18)
Waltham Forest	16	0	(16)
<b>Total</b>	<b>1,915</b>	<b>1,556</b>	<b>(359)</b>

#### **2021/22 Levy Projection**

After taking the balance into account, the increase compared to the approved 2018/19 levy has increased 17.2%. The table below shows how this increase is broken down by borough.

Table A11	2020/21 Actual Levy	2021/22 Current Forecast Levy Costs*	Forecast Levy Increase	2019/20 Additional Year End Balances	2020/21 Balances Currently Forecast	Additional Balance to reduce the 2021/22 Levy	2021/22 Revised Forecast Levy	Revised Forecast Levy Increase
	£'000	£'000 a	%	£'000 b	£'000 c	£'000 d (b+c)	£'000 (a+d)	%
Barnet	12,351	13,921	12.7%	(398)	(51)	(449)	13,472	9.1%
Camden	5,695	6,755	18.6%	(382)	(286)	(668)	6,087	6.9%
Enfield	7,006	8,360	19.3%	(599)	203	(396)	7,964	13.7%
Hackney	7,076	9,582	35.4%	(498)	825	327	9,909	40.0%
Haringey	8,008	9,576	19.6%	(316)	233	(83)	9,493	18.5%
Islington	6,363	7,307	14.8%	(380)	(206)	(586)	6,721	5.6%
Waltham Forest	8,730	10,844	24.2%	(330)	508	178	11,022	26.3%
<b>Total</b>	<b>55,229</b>	<b>66,345</b>	<b>20.1%</b>	<b>(2,903)</b>	<b>1,226</b>	<b>(1,677)</b>	<b>64,669</b>	<b>17.1%</b>

\* Before balances are taken into account

**Table A12**

	<b>2020/21 Budget</b>	<b>2021/22 Current Forecast</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>			
Main Waste Disposal Contract (ex RRC Waste)	38,766	41,788	3,022
Landfill Tax	1,438	1,577	139
Biodegradable Waste Services	1,707	1,378	(329)
MRF Services	10,012	10,028	16
Transfer Station and Other Sites	1,904	2,407	503
Corporate and Other Support Service Costs	2,994	3,497	503
Strategy & Services Team	601	566	(35)
Waste Prevention Programme	519	519	0
Joint Communications Initiative	200	200	0
Recycling Initiatives	246	246	0
North London Heat and Power Project	1,414	1,415	1
Revenue Funding – Capital Programme	6,912	7,606	694
	<u>66,713</u>	<u>71,227</u>	<u>4,514</u>
<b>Reuse and Recycling Centres Expenditure</b>			
Residual Waste	876	762	(114)
Landfill Tax	123	107	(16)
Operating Costs	3,750	3,802	52
	<u>4,749</u>	<u>4,671</u>	<u>(78)</u>
<b>Income</b>			
Rents	(121)	(125)	(4)
Sale of Recyclates	(2,291)	(2,262)	29
Interest on Balances	(40)	(40)	0
	<u>(2,452)</u>	<u>(2,427)</u>	<u>25</u>
Net Expenditure	69,010	73,471	4,461
Contingency	2,779	2,869	90
<b>Total Net Expenditure</b>	<b>71,789</b>	<b>76,340</b>	<b>4,551</b>
<b>Financed By</b>			
Use of Balances	(5,540)	(1,678)	3,862
Charges to Boroughs (Non-household waste)	(9,105)	(8,342)	763
Charges to Boroughs (Chargeable Household Waste)	(1,915)	(1,651)	264
2021/22 Levy - Base Element	(50,345)	(60,243)	(9,898)
- HWRC Element	(4,884)	(4,426)	458
Total Levy	<u>(55,229)</u>	<u>(64,669)</u>	<u>(9,440)</u>
<b>Total Resources Available</b>	<b>(71,789)</b>	<b>(76,340)</b>	<b>(4,551)</b>
<b>Estimated Additional Revenue Balances at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>