

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: 2021/22 FINANCE UPDATE

REPORT OF: THE FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 7 OCTOBER 2021

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 have a revenue surplus of £6.728m at 31 March 2022, an increase of £2.974m compared with the June update.

The report also provides an initial budget and levy forecast for 2022/23. It concludes that overall levy could increase by £2.222m or 3.8% in 2022/23.

A further review of the 2021/22 budget together with an updated assessment of the budget and resource requirements for 2022/23 will be reported to the Authority in December.

This report also requests that the Authority note the delayed audit of accounts for the year ended 31 March 2021.

RECOMMENDATIONS:

The Authority is recommended to:

- A. Note the delayed audit of 2020/21 accounts;
- B. Note this review of the 2021/22 revenue budget; and
- C. Note that a further update of the 2021/22 budget will be reported to the Authority meeting in December together with an updated assessment of the budget and resource requirements for 2022/23

SIGNED: Jon Rowney, Financial Adviser

DATE: 27 September 2021

1. INTRODUCTION

- 1.1. This report contains a review of the 2021/22 budget and an emerging assessment of the prospects for 2022/23 including the budget and levy forecast.
- 1.2. Tables detailing the forecast 2021/22 outturn and 2022/23 budget forecast are set out in Appendix A. The Appendix also contains other key budget information including forecast balances.
- 1.3. The report concludes that forecast balances arising at the end of the financial year will be £6.728m. The table below shows the movement in the levy for each borough in 2022/23 compared to 2021/22. Before the balances are taken into account, an initial estimate of resources required for 2022/23 indicates that overall levy increase would be 7.7%, taking account of new assets coming into operation in 2021/22. However, once the increase in balances arising in 2021/22 is included, mainly as a result of the additional income from sales of recyclates the levy increases by the lower percentage of 3.8%.
- 1.4. As a result of the high balances last year, Camden and Islington both had reductions in the levy in 2020/21. So their relatively large projected increases in 2022/23 reflect the artificially low base against which the increase is compared. Enfield does not benefit from the increase in income from recyclates which is explained in paragraph 3.18. It should be noted that the current forecasts are based on less than half a year of 2021/22 performance.

	Forecast Levy before balances			Balances available			Forecast Levy after balances		
	2021/22	2022/23	Increase/ Decrease	2021/22	2022/23	Increase/ Decrease	2021/22	2022/23	Increase/ Decrease
	£000s	£000s	%	£000s	£000s	%	£000s	£000s	%
Barnet	13,820	14,862	7.54%	(458)	(1,736)	279.04%	13,362	13,126	-1.77%
Camden	6,385	6,879	7.74%	(1,260)	(843)	-33.10%	5,125	6,036	17.78%
Enfield	7,689	8,374	8.91%	(554)	(491)	-11.37%	7,135	7,883	10.48%
Hackney	8,091	8,726	7.85%	(506)	(1,031)	103.75%	7,585	7,695	1.45%
Haringey	9,207	9,917	7.71%	(207)	(1,203)	481.16%	9,000	8,714	-3.18%
Islington	6,906	7,420	7.44%	(880)	(689)	-21.70%	6,026	6,731	11.70%
Waltham Forest	9,856	10,570	7.24%	(291)	(735)	152.58%	9,565	9,835	2.82%
	61,954	66,748	7.74%	(4,156)	(6,728)	61.89%	57,798	60,020	3.84%

2. UPDATE ON THE 2020/21 AUDIT OF THE STATEMENT OF ACCOUNTS

- 2.1. As advised in the Authority meeting on 22 April 2021, the timetable for the production and audit of the 2020/21 financial statements was amended by the Accounts and Audit (Amendment) Regulations 2021. These changed the deadline

for publishing draft accounts from Tuesday 1 June 2021 to Monday 2 August 2021 and the subsequent deadline for Audit of the statement was changed from 31 July 2021 to 30 September 2021.

- 2.2. Draft accounts were submitted for audit and published on the Authority's website on 30 July 2021. Due to the delay in the conclusion of the audit of the 2019/20 annual accounts, the audit of the 2020/21 financial statement has not yet commenced. Notice of the delayed 2021/22 audit of accounts has been published on the NLWA website, as per Regulation 10 para (2a) of the Accounts and Audit (Coronavirus) Regulations 2021. An update on progress will be provided to the December Authority meeting.

3. 2021/22 REVENUE BUDGET UPDATE

- 3.1. At the Authority meeting in June, Members were advised that the 2020/21 outturn had included a revenue surplus of £3.887m at 31 March 2021. This was partially offset by budget brought forward from 2020/21 into 2021/22 for ongoing work that was not completed before the year end of £0.133m, which reduced the balance that might be available to support the 2022/23 levy to £3.754m. The Authority was advised that it was too early to draw any firm indications about the waste stream for the full year and has highlighted several other issues that emerged, mainly the increased sale price of recyclates.

Financial Savings and Pressures

- 3.2. The latest forecast for 2021/22 has identified a net reduction in outturn of £2.974m compared to the June update to the Authority. The following paragraphs address the changes that have been identified in this forecast and where necessary, any mitigating actions.

Transport and Disposal and Landfill tax: (-£0.331m)

- 3.3. Based on actual residual waste tonnage data to August 2021 and the borough officers' own expectations for September 2021 to March 2022, the Authority is projecting a total 585,666 tonnes of residual waste in 2021/22, a reduction of 1.80% (10,749 tonnes) compared with the June review. This reduction is made up of household waste (-7,009 tonnes), non-household (-3,726 tonnes), chargeable household waste (-511 tonnes), RRC (+497 tonnes)
- 3.4. Within the forecast reduction in tonnage compared to the budget, there have been changes in the mix of tonnages delivered to transfer stations and the cost for onward transport and treatment which has resulted in a net additional cost of £0.157m compared with the first review.
- 3.5. While tonnage is slightly below forecast for 2021/22 and in line with waste managed in 2020/21, two factors are offsetting the potential cost savings this could

generate. First, the Edmonton energy centre is currently operating at below full capacity, as reported in the strategy and services update to this meeting. This means that it is necessary to dispose of more waste than planned via third parties. Second, the cost per tonne of third party disposal is higher than forecast. The average forecast cost per tonne was £115 which followed market expectations of services settling back down following the peak of the coronavirus pandemic. However, in practice we are now expecting the average cost to be over £130. This reflects that transport costs and energy from waste capacity – hence market prices - are under pressure and reflected in contracting prices. Without these external factors, the lower forecasts tonnage would have resulted in a more significant saving.

- 3.6. A further contributor to the saving on Authority costs – and an upside to market demand - is the consequences of improved prices for electricity generated at the EcoPark, and the balance released based on the receipt of the 2020 electricity income claim, The contract with LondonEnergy Ltd (LEL) provides for an element of risk sharing in relation to the prices achieved for the electricity generated at the EcoPark. As LEL succeeds in securing higher prices, the Authority is required to compensate LEL less, resulting in a forecast reduction of £0.530m compared with the June review.
- 3.7. An additional £0.042m relating to Landfill tax is based on the latest estimate from LEL for 2021/22 as well as the receipt of the 2020/21 landfill tax claim.
- 3.8. A breakdown of the residual waste forecast by borough can be found in Appendix A at table A2. Further explanation of the tonnage changes can be found in the Strategy and Services report elsewhere on the agenda.
- 3.9. In preparation for the forthcoming budget process, the Authority will continue to liaise with borough officers to determine whether the early year waste stream changes are likely to continue for the remainder of 2021/22 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 2022/23 waste treatment services and budget requirements. Conclusions from these discussions will be reported to the December meeting of the Authority.

Composting & Materials Recovery Facility Services: (+£0.313m)

- 3.10. Tonnage projections indicate that mixed organic waste will be 1,097 tonnes (8.9%) greater than budget, green waste delivered to the Authority will be 123 tonnes (0.66%) greater than budgeted, and total food waste tonnage is similar to budgeted level. Together, these variances are forecast to generate additional cost of £0.095m compared to the June review. This is due to the increased tonnage and also a new biodegradable waste recycling contract, for which the gate fee is a higher cost. A

breakdown of the forecasts for each waste type, by borough, is provided in Appendix A at table A3, A4 and A5.

- 3.11. Tonnages of dry recyclable material processed by the Authority's Materials Recovery Facility (MRF) providers are forecast to be 3,014 tonnes (2.6%) higher than budgeted. The increase in tonnage has led to an increase in costs of £0.218m which is offset by additional recycling income (see paragraph 3.18) A breakdown of the forecast by borough is provided in Appendix A at table A6.

Corporate and Other Support Services and Strategy & Service team: (£0.059m)

- 3.12. The budget update reflects some planned increased costs in IT to provide for improved working between Berol House and the North London Heat and Power Project on-site offices and between Berol House and staff working at home – to enable flexibility in long term working as COVID-19 restrictions reduce.
- 3.13. In addition, plans have been put in place to bring forward a planned condition survey of the energy centre at the EcoPark. These cost increases have been mitigated by savings from part year vacancies, consultants and other external costs.

Recycling Initiatives (-£0.017m)

- 3.14. There is a forecast small reduction on this budget as claims from charities for recycling credits were lower than anticipated in the first quarter due to COVID19.

North London Heath and Power Project (£0.059m)

- 3.15. Additional spend has been forecast relating to the project's community engagement programme.

Revenue Funding - Capital Programme (-£0.166m)

- 3.16. The budget was prepared on the basis of the Authority's financing requirement for various projects and work streams within the capital programme, and includes the minimum revenue provision (MRP) charges for the year. Based up the latest forecast and re-profile spend, the 2021/22 revenue funding charges is anticipated to be lower than budgeted.

Reuse and Recycling Centres (RRCs): (- £0.056m)

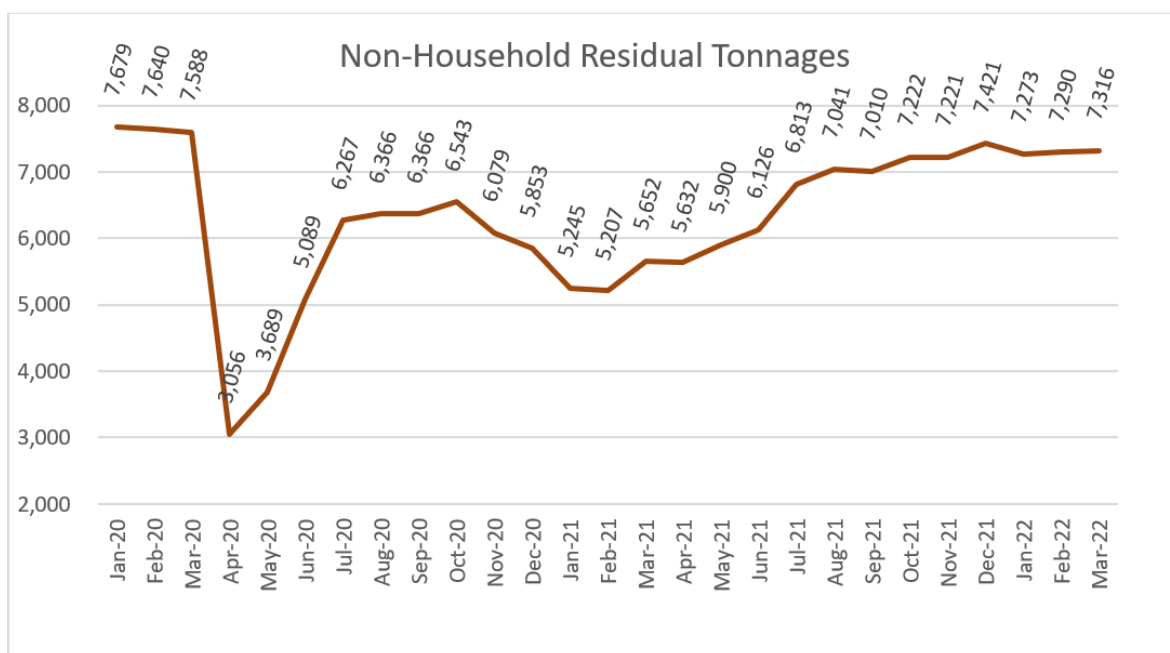
- 3.17. Additional residual waste tonnage is forecast at the RRC sites, leading to an increase in disposal costs including landfill tax. This is more than offset by savings on operating cost and increased income from the onward sale of recyclates.

Income from Sale of Recyclates: (-£3.469m)

- 3.18. The forecast income from sales of recyclates has been increased to reflect both higher tonnages and market prices. As mentioned in paragraph 3.11, tonnages of dry mixed recyclates have been higher than budgeted, resulting in additional income of £0.2m. The budget was prepared based on historical average income per tonnes (£22 per tonnes). Due to increases in the market prices for recyclates, the net basket price was significantly higher than budget in the first quarter (£40.94 per tonnes) and second quarter (£60.36 per tonnes). Officers have reviewed changing market prices and have increased the forecast income for the year accordingly.
- 3.19. A table detailing the forecast outturn and how it has changed since the June 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. Tables A9 to A10 in appendix A contain a borough-by-borough breakdown of the overall movements relating to chargeable household and non-household waste.
- 4.2. As result of COVID-19 restrictions, there was a significant reduction in non-household and chargeable household waste in 2020/21 but the budget included an assumption that by the end of Summer 2021, tonnages might return to levels seen before the pandemic hit. The current 2021/22 forecast for non-household waste indicates that tonnages will be below budget by 4,155 tonnes. The following chart illustrates the non-household residual tonnages and suggests it has not yet recovered to pre-COVID 19 level.



4.3. Net expenditure is forecast to be £68.757m, £3.617m lower than was forecast in June. £0.643m of this is attributable to non-household and chargeable household waste. Therefore £2.974m is attributable to the levy, bringing total balances available to offset against the levy to £6.728m

5. REVIEW OF THE OUTLOOK FOR 2022/23

5.1. The following paragraphs set out the underlying assumptions and discuss significant issues and variances for the coming year. This section of the report concludes with a table setting out the forecast 2022/23 levy and charges for each borough. Further reviews will be presented to the December 2021 Authority meeting along with a draft budget for 2022/23 and medium-term forecast. At the Authority meeting in February 2022, the Authority must agree its budget and set the levy for 2022/23.

Opening position and inflation assumptions

5.2. The improvement in the revenue balance at 31 March 2021 and the variations reported in this review indicate that the Authority's reserves at the end of March 2022 are anticipated to increase by £2.974m from the first review to £6.728m. The Authority's net expenditure is forecast to be £77.915m, before considering any available reserves. This is 7.86% higher than 2021/22 budget. The following paragraphs set out the underlying assumptions and discuss significant issues and variances. The budget for 2022/23 compared with 2021/22 is laid out in table A12.

Inflation

- 5.3. 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, and has assumed an increase in December 2021 RPI at 3%. Inflation assumptions will be reviewed and updated for the December and February budget and levy meeting.

Transport and Disposal

- 5.4. The 2022/23 transport and disposal budget has been based on forecast residual waste stream of 582,163 tonnes (excludes RRC tonnages). This reflects an assumption that the reduction in 2021/22 tonnages forecast is unlikely to continue to 2022/23, and are likely to be similar to level previously budgeted. This will be discussed and reviewed with borough officers in advance of the next budget update, to incorporate any changes to each borough's circumstances.
- 5.5. The overall increase in this budget reflects the full year effect of the additional cost of the new third-party waste contract and an allowance of 3% for a price increase in January 2022 and a further 3% price increase in January 2023

Landfill Tax

- 5.6. 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 for 2022/23 has not been announced yet. This will be reviewed in the next budget update.

Organic Waste and MRF Services

- 5.7. The budget forecast for 2022/23 assumes no growth on 2021/22 tonnage budget for food waste, green waste and deliveries of mixed food and green waste or dry mixed recyclates. The 2022/23 tonnage forecast will be discussed with borough officers before the next budget update.

Corporate Support Service and Strategy & Service Teams

- 5.8. The budget forecast includes the additional 1.25% employer National Insurance and the full year effect of the known increase in the Authority's establishment in 2021/22. In addition, it also includes the rephasing of the waste data management system project from 2021/22 to 2022/23.

Reuse and Recycling Centres

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

New Resource Recovery Facility (RRF)

- 5.10. The new resource recovery facility is anticipated to be in operation in the autumn of 2022. Officers are working with LEL to determine the level of operating cost required. Further updates will be provided in the next budget review.

Sale of Recyclates

- 5.11. Due to volatility in market price, the price used for income from recyclates assumes that current high market values are not sustained and there will be a return closer to historic average prices.

Non-Household Waste Charges

- 5.12. The Authority anticipates that boroughs will deliver 85,993 tonnes of residual waste and 13,394 tonnes of recyclable and organic waste to the Authority in 2022/23.

Chargeable Household Waste

- 5.13. The Authority forecasts that it expects to receive 17,195 tonnes of residual waste and 3,852 tonnes of organic waste and dry mixed recycling in 2022/23.

Contingency

- 5.14. This budget forecast in this report reflects the approach taken in recent budgets i.e. £1m plus 2% of the operational base provision.

Levy

- 5.15. Table A11 in appendix A sets out the current estimate of the potential 2022/23 levy for each borough. It reflects the forecast balances at 31 March 2022 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 will be reviewed in conjunction with borough counterparts to inform the preparation of the December update.

Conclusion

- 5.16. Subject to Member decisions and the variations included in this review, the Authority's reserves at the end of March 2021 are forecast to increase by £2.974m from the first review to £6.728m. A further review of the Authority's financial performance in 2021/22 and forecast for 2022/23 will be presented to the December meeting.

6. MEDIUM TERM OUTLOOK

- 6.1. The medium term outlook has been prepared including the assumption that the Resource Recovery Facility opens in the Autumn of 2022. This has a material impact on the Authority costs because once it opens, the interest on associated borrowing to build the facility will be treated as an operational cost. In line with guidance, the Minimum Revenue Provision will be recognised from the financial year after opening (2023/24).
- 6.2. As a result, in the following three years, net expenditure is forecast to increase to £86.108m in 2023/24 (a year on year increase of 10.52%), £87.398m (1.50%) in 2024/25 and £89.375m (2.26%) in 2025/26. The coming into operation of new facilities delivered by the North London Heat and Power Project mean that the Authority costs will rise in coming years. However, costs are forecast to remain moderate in comparison with other waste authorities.
- 6.3. The balances arising in the 2021/22 financial year will be used to reduce the levy in 2022/23. Once this is taken into account, the movement in the headline levy increases from 10.52% to 22.55%. It should be noted that any balances arising after the 2022/23 budget and levy are set will be applied against the 2023/24 levy.

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 11 February 2021 – Revenue Budget and Levy 2021/22
Report to the Authority 24 June 2021 – 2020/21 Financial Outturn and 2021/22 Update
Report to the Authority 22 April 2021 – Update on Audit 2019/20
2021/22 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

Table A1	2021/22 Budget £'000	2021/22 June Forecast £'000	2021/22 Current Forecast £'000	Variance £'000
Expenditure				
Main Waste Disposal Contract (ex RRC)	39,655	39,655	39,282	(373)
Landfill Tax	1,619	1,619	1,661	42
Composting Services	1,736	1,736	1,831	95
MRF Services	9,889	9,889	10,107	218
Transfer Station and Other Sites	2,260	2,260	2,230	(30)
Corporate and Other Support Service Costs	2,868	2,868	2,926	58
Strategy & Services Team	865	895	896	1
Waste Prevention Programme	523	545	545	0
Recycling Communications	150	235	235	0
Recycling Initiatives	259	259	242	(17)
North London Heat and Power Project	752	752	811	59
Revenue Funding – Capital Programme	7,113	7,113	6,947	(166)
	67,689	67,826	67,713	(113)
Reuse and Recycling Centres Expenditure				
Residual Waste	983	983	1,013	30
Landfill Tax	149	149	157	8
Operating Costs	3,708	3,708	3,614	(94)
	4,840	4,840	4,784	(56)
Total Expenditure	72,529	72,666	72,497	(169)
Income				
Rents	(125)	(125)	(125)	0
Sale of Recyclates	(2,474)	(2,474)	(5,943)	(3,469)
Interest on Balances	(90)	(90)	(69)	21
	(2,689)	(2,689)	(6,137)	(3,448)
Net Expenditure	69,840	69,977	66,360	(3,617)
Contingency	2,397	2,397	2,397	0
Total Net Expenditure	72,237	72,374	68,757	(3,617)
Financed By				
Use of Balances	(4,157)	(8,043)	(8,043)	0
Charges to Boroughs (Non-household waste)	(8,510)	(8,514)	(7,934)	580
Charges to Boroughs (Chargeable Household)	(1,772)	(1,773)	(1,710)	63
2021/22 Levy - Base Element	(53,584)	(53,584)	(53,584)	0
- HWRC Element	(4,214)	(4,214)	(4,214)	0
Total Levy	(57,798)	(57,798)	(57,798)	0
Total Resources Available	(72,237)	(76,128)	(75,485)	643
Estimated Additional Revenue Balances at	0	(3,754)	(6,728)	(2,974)

Tonnage Forecasts

The Tonnages in tables A2-A6 have been reviewed based on actual tonnage delivered in April to August 2021, and borough officers' own expectations for September 2021 to March 2022. Where officers are aware of planned service changes, these have been included in the forecast.

Table A2 - 2021/22 Residual Waste Forecast

	2020/21 Actual Tonnes	2021/22 Budget * Tonnes	2021/22 Forecast Tonnes	Change Tonnes	Change %
Barnet	112,161	120,162	115,293	-4,869	-4.05
Camden	63,204	75,474	72,562	-2,912	-3.86
Enfield	88,750	90,552	91,387	+835	+0.92
Hackney	85,358	85,284	85,313	+29	+0.03
Haringey	74,643	76,955	73,885	-3,070	-3.99
Islington	71,165	75,197	73,718	-1,479	-1.97
Waltham Forest	75,113	72,791	73,508	+717	+0.99
Total	570,394	596,415	585,666	-10,749	-1.80

*2021/22 Budget tonnage includes 582,142 Household & Clinical tonnages (as reported in Authority Meeting 11/02/21 Table B2), 14,252 RRC Residual tonnages, 21 Other tonnages (e.g. Asbestos etc...)

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

	2020/21 Actual Tonnes	2021/22 Budget Tonnes	2021/22 Forecast Tonnes	Change Tonnes	Change %
Barnet	1	0	0	+0	N/A
Camden	0	0	0	+0	N/A
Enfield	0	0	0	+0	N/A
Hackney	9	0	0	+0	N/A
Haringey	1,960	240	1,154	+914	+380.83
Islington	3,708	3,793	3,837	+44	+1.16
Waltham Forest	9,223	8,253	8,392	+139	+1.68
Total	14,901	12,286	13,383	+1,097	+8.93

Table A4 - Food Waste tonnage forecast

	2020/21 Actual Tonnes	2021/22 Budget Tonnes	2021/22 Forecast Tonnes	Change Tonnes	Change %
Barnet	11	1	0	-1	N/A
Camden	2,651	2,640	3,052	+412	+15.61
Enfield	0	0	0	+0	N/A
Hackney	4,375	6,448	6,363	-85	-1.32
Haringey	3,033	4,488	3,654	-834	-18.58
Islington	0	0	0	+0	N/A
Waltham Forest	516	0	499	+499	N/A
Total	10,586	13,577	13,568	-9	-0.07

Table A5 - Green Waste tonnage forecast

	2020/21 Actual Tonnes	2021/22 Budget Tonnes	2021/22 Forecast Tonnes	Change Tonnes	Change %
Barnet	10,275	10,944	11,714	+770	+7.04
Camden	1,754	1,793	1,856	+63	+3.49
Enfield	50	0	29	+29	N/A
Hackney	2,647	2,699	2,652	-47	-1.74
Haringey	1,543	2,233	1,573	-660	-29.56
Islington	422	676	640	-36	-5.33
Waltham Forest	282	156	160	+4	+2.56
Total	16,973	18,501	18,624	+123	+0.66

Table A6 – Dry Mixed Recycling tonnage forecast

	2020/21 Actual Tonnes	2021/22 Budget ^ Tonnes	2021/22 Forecast Tonnes	Change Tonnes	Change %
Barnet	29,736	29,375	28,900	-475	-1.62
Camden	15,248	16,452	16,641	+189	+1.15
Enfield	0	0	0	+0	+0.00
Hackney	19,608	20,739	20,572	-167	-0.81
Haringey	19,553	17,651	19,689	+2,038	+11.55
Islington	15,904	16,147	16,272	+125	+0.77
Waltham Forest	17,679	15,363	16,667	+1,304	+8.49
Total	117,728	115,727	118,741	+3,014	+2.60

^ 2021/22 Budget tonnage do not include 3,197 rejected tonnages. Total MDR tonnage 118,924 (as reported in Authority Meeting 11/02/21 Table B6)

Table A7 - Re-use and Recycling Centre (RRCs) Balances at 31 March 2022

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 2021/22, the Authority estimated that it would have balances owed to it of £0.627m to amend the cost of RRCs in 2021/22. The 2020/21 outturn contained additional balances of £0.171m.

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

	Change in RRC Balances at 1 April 2021 (As reported in June)	Total Operating Costs – 2021/22 Original Budget	Total Operating Costs - 2021/22 Current Forecast	Change in 2021/22 Total Operating Costs	Estimated RRC Balances at 31 March 2022 (Column 1 plus 4)
	1 £'000	2 £'000	3 £'000	4 £'000	£'000
Barnet	(56)	958	911	(47)	(103)
Camden	(16)	506	505	(1)	(17)
Enfield*	(2)	211	234	23	21
Hackney	(1)	219	221	2	1
Haringey	(46)	622	604	(18)	(64)
Islington	(12)	665	643	(22)	(34)
Waltham Forest	(38)	1,031	1,039	8	(30)
Total	(171)	4,212	4,157	(55)	(226)

* 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 (£0.226m) will be taken into account in calculating the RRC element of the 2022/23 levy.

Table A8 - Base Levy Balances at 31 March 2022

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 2021/22 base levy included estimated balances of £3.530m, which enabled the Authority to set a base levy of £53.585m. Since the levy is fixed for the year, the additional balances arising from the 2020/21 outturn feed into the estimated balance at 31 March 2022 and can be taken into account together with any in-year savings when the Authority determines its 2022/23 levy.

	Additional balance at 1 April 2021 (reported In June)	2021/22 Budget Levy Costs	2021/22 Levy Costs - Current Forecast	Forecast Change in 2021/22 Levy Costs	Estimated Balance at 31 March 2022 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(753)	12,404	11,524	(880)	(1,633)
Camden	(417)	4,619	4,210	(409)	(826)
Enfield	(617)	6,923	7,030	107	(510)
Hackney	(495)	7,367	6,830	(537)	(1,032)
Haringey	(559)	8,377	7,798	(579)	(1,138)
Islington	(481)	5,361	5,187	(174)	(655)
Waltham Forest	(393)	8,534	8,222	(312)	(705)
Total	(3,715)	53,585	50,801	(2,784)	(6,499)

Table A9 - 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 2021/22 compared with the original budget assumptions are shown in the table below:

	2021/22 Budget Estimate	2021/22 Current Forecast	Estimated Variance
	£'000	£'000	£'000
Barnet	1,116	898	(218)
Camden*	2,393	2,159	(234)
Enfield	701	824	123
Hackney*	1,738	1,815	77
Haringey *	198	164	(34)
Islington *	2,247	1,943	(304)
Waltham Forest	117	132	15
Total	8,510	7,935	(575)

* Including income from non-household recyclable wastes.

Table A10 - Charges to Boroughs for Chargeable Household Waste:

Forecast charges to Boroughs for the disposal of Chargeable household waste in 2021/22 compared with the original budget assumptions are shown in the table below:

	2021/22 Budget Estimate	2021/22 Current Forecast	Estimated Variance
	£'000	£'000	£'000
Barnet	182	183	1
Camden*	333	363	30
Enfield	192	128	(64)
Hackney*	547	531	(16)
Haringey *	245	230	(15)
Islington *	273	274	1
Waltham Forest	0	0	0
Total	1,772	1,709	(63)

* Including income from non-household recyclable wastes.

Table A11 - 2022/23 Levy Projection

After taking the balance into account, the increase compared to the approved 2021/22 levy has increased 3.8%. The table below shows how this increase is broken down by borough.

	2021/22 Actual Levy £'000	2022/23 Current Forecast Levy Costs* £'000	Forecast Levy Increase %	2020/21 Additional Year End Balances £'000	2021/22 Balances Currently Forecast £'000	Additional Balance to reduce the 2022/23 £'000	2022/23 Revised Forecast Levy £'000	Revised Forecast Levy Increase %
		a		b	c	d (b+c)	(a+d)	
Barnet	13,362	14,862	11.2%	(808)	(928)	(1,736)	13,126	-1.8%
Camden	5,125	6,879	34.2%	(433)	(410)	(843)	6,036	17.8%
Enfield	7,135	8,374	17.4%	(621)	130	(491)	7,883	10.5%
Hackney	7,585	8,726	15.0%	(496)	(535)	(1,031)	7,695	1.5%
Haringey	9,000	9,917	10.2%	(605)	(598)	(1,203)	8,714	-3.2%
Islington	6,026	7,420	23.1%	(493)	(196)	(689)	6,731	11.7%
Waltham Forest	9,565	10,570	10.5%	(431)	(304)	(735)	9,835	2.8%
Total	57,798	66,748	15.5%	(3,887)	(2,841)	(6,728)	60,020	3.8%

* Before balances are taken into account

Table A12 -2022/23 Budget Forecast

	2021/22 Budget	2022/23 Current Forecast	Variance
	£'000	£'000	£'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	39,655	42,615	2,960
Landfill Tax	1,619	1,608	(11)
Composting Services	1,736	1,790	54
MRF Services	9,889	10,195	306
Transfer Station and Other Sites	2,260	2,133	(127)
Corporate and Other Support Service Costs	2,868	3,067	199
Strategy & Services Team	865	1,210	345
Waste Prevention Programme	523	539	16
Recycling Communications	150	150	0
Recycling Initiatives	259	267	8
North London Heat and Power Project	752	849	97
Revenue Funding – Capital Programme	7,113	8,698	1,585
	<u>67,689</u>	<u>73,121</u>	<u>5,432</u>
Reuse and Recycling Centres Expenditure			
Residual Waste	983	1,014	31
Landfill Tax	149	154	5
Operating Costs	3,708	3,823	115
	<u>4,840</u>	<u>4,991</u>	<u>151</u>
Total Expenditure	72,529	78,112	5,583
Income			
Rents	(125)	(128)	(3)
Sale of Recyclates	(2,474)	(2,537)	(63)
Interest on Balances	(90)	(40)	50
	<u>(2,689)</u>	<u>(2,705)</u>	<u>(16)</u>
Net Expenditure	69,840	75,407	5,567
Contingency	2,397	2,508	111
Total Net Expenditure	72,237	77,915	5,678
Financed By			
Use of Balances	(4,157)	(6,728)	(2,571)
Charges to Boroughs (Non-household waste)	(8,510)	(9,245)	(735)
Charges to Boroughs (Chargeable Household Waste)	(1,772)	(1,922)	(150)
2022/23 Levy - Base Element	(53,584)	(55,257)	(1,673)
- HWRC Element	(4,214)	(4,763)	(549)
Total Levy	<u>(57,798)</u>	<u>(60,020)</u>	<u>(2,222)</u>
Total Resources Available	(72,237)	(77,915)	(5,678)
Estimated Additional Revenue Balances at 31	0	0	0