

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: BUDGET AND LEVY 2022/23

REPORT OF: FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 10 FEBRUARY 2022

SUMMARY OF REPORT:

This report seeks approval of the budget and resource requirements for 2022/23 including the levy and charging arrangements for non-household and chargeable household waste. The report also contains proposals for the basis for calculating the Minimum Revenue Provision in the coming year.

In addition, it provides a medium term forecast for future years up to and including 2025/26.

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 2022/23 budget;
- B. Agree to use revenue balance of £9.266m to support the 2022/23 budget;
- C. Agree the levy for 2022/23 as laid out in table 1 in paragraph 1.6;
- 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 basis for calculating the Minimum Revenue Provision as laid out in section 5;
- F. Approve the per tonne charge for non-household and chargeable household residual and recyclable waste as laid out in table 3 in paragraph 2.15.2; and
- G. Note the medium-term budget forecasts for 2023/24, 2024/25 and 2025/26.

SIGNED: Jon Rowney, Financial Adviser

DATE: 31 January 2022

1. INTRODUCTION

- 1.1. At the Authority's meeting on 16 December 2021, Members were provided with a view of the financial position including an assessment of the budget and resource requirements for 2022/23 and the net budget requirement was forecast to be £76.735m. This has since changed to £76.712m a drop of £0.023m.
- 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 counterparts to review the underpinning budget assumptions.
- 1.3. Since then, officers have met with borough counterparts to review the tonnage forecasts to be used in the budget. The MFWG met on 13 January to review these assumptions. 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 Environment on 7 January and Directors of Finance on 21 January. Consideration was given to the Authority's budget and resource requirements for 2022/23.
- 1.5. This report presents the draft budget for 2022/23 for consideration, and also provides budget and levy medium term forecasts for 2023/24 to 2025/26.
- 1.6. The draft budget for 2022/23 contains a net expenditure requirement of £76.712m, an increase of £4.475m or 6.19% compared to the 2021/22 budget. This will be funded by non-household waste charges of £8.590m, household waste charges of £1.809m and a levy of £57.047m (consisting of a base element of £52.440m and a Re-use and Recycling Centre (RRC) element of £4.607m). The levy for each borough is shown below in table 1.

	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	14,408	4.25%	(458)	(2,716)	493.01%	13,362	11,692	-12.49%
Camden	6,385	6,778	6.16%	(1,260)	(1,080)	-14.29%	5,125	5,698	11.19%
Enfield	7,689	8,444	9.82%	(554)	(749)	35.20%	7,135	7,695	7.85%
Hackney	8,091	8,531	5.44%	(506)	(1,318)	160.47%	7,585	7,213	-4.91%
Haringey	9,207	9,587	4.13%	(207)	(1,731)	736.23%	9,000	7,856	-12.71%
Islington	6,906	7,676	11.15%	(880)	(875)	-0.57%	6,026	6,801	12.86%
Waltham Forest	9,856	10,889	10.48%	(291)	(797)	173.88%	9,565	10,092	5.50%
	61,954	66,313	7.04%	(4,156)	(9,266)	122.95%	57,798	57,047	-1.30%

1.7. This report contains sections as follows:

Section 2 2022/23 Draft Budget.

Section 3 Apportionment of the 2022/23 levy.

Section 4 Medium Term Forecast for 2023/24 to 2025/26.

Section 5 Minimum Revenue Provision

Section 6 Advice on Reserves and Balances.

Section 7 Conclusion.

Section 8 Equalities Implications

Section 8 Comments of the Legal Adviser.

Appendix A 2022/23 supporting information and tables.

Appendix B Medium Term Forecast for 2023/24 to 2025/26.

2. REVIEW OF THE 2022/23 DRAFT BUDGET

2.1. In February 2021, when the 2021/22 budget was set, the proposed levy for 2022/23 when compared to 2021/22, forecast an increase of 11.69%. Since then, forecast revenue balances of £9.266m at 31 March 2022 have arisen as reported elsewhere on the agenda, and can be used to reduce the levy. The projected year on year change to the levy and charges is summarised in table 2 below.

Table 2	2021/22 Budget £'000	2022/23 Budget £'000	Variance £'000	Variance %
Charges - non-household	8,510	8,590	80	0.94
Charges - household	1,772	1,809	37	2.09
Levy	57,798	57,047	(751)	(1.30)
Total	68,080	67,446	(634)	(0.93)

2.2. As per table 2 above, there is a forecast decrease in the overall levy of 1.30%. Although the Authority's net budget requirement is forecast to increase in 2021/22 by £4.475m or 6.19%, the change in the mix of household and chargeable wastes and the 123% higher level of balances carried forwards from 2021/22 causes the levy rise to be lower.

2.3. The Authority's draft budget is included at table A1 in Appendix A. The draft budget includes the following factors:

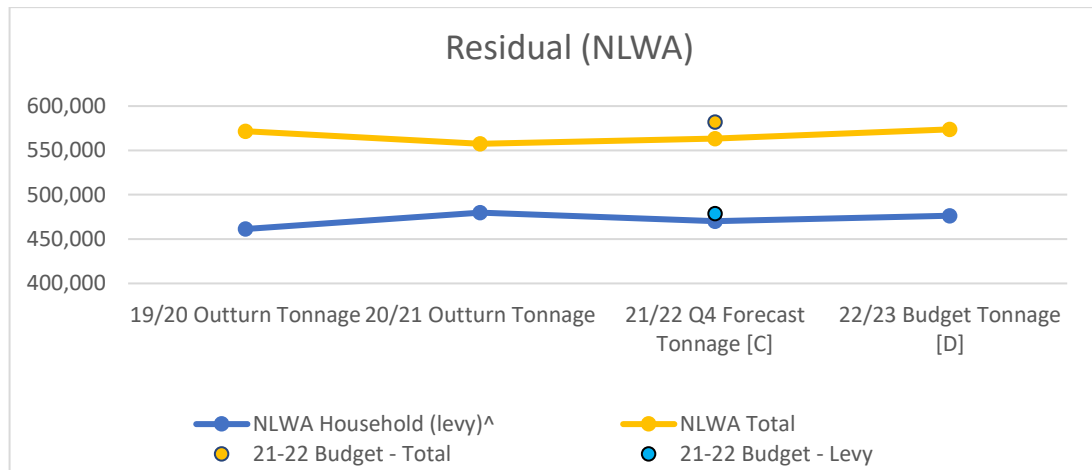
2.4. Inflation

2.4.1. The Authority's largest contracts are linked to the change in the Retail Price Index (RPI) with the most significant of these linked to the December index. The increase in RPI in December 2021 was 7.5%. The summary of independent forecasts published by HM Treasury in January 2022

estimates the December 2022 annual RPI increase at 5.4% and this has been factored into the draft budget.

2.5. Tonnages

2.5.1. Tonnage forecasts have been reviewed by borough officers and discussed with Members during the preparation of this report. Tonnages delivered to the Authority are included in the graphs below.

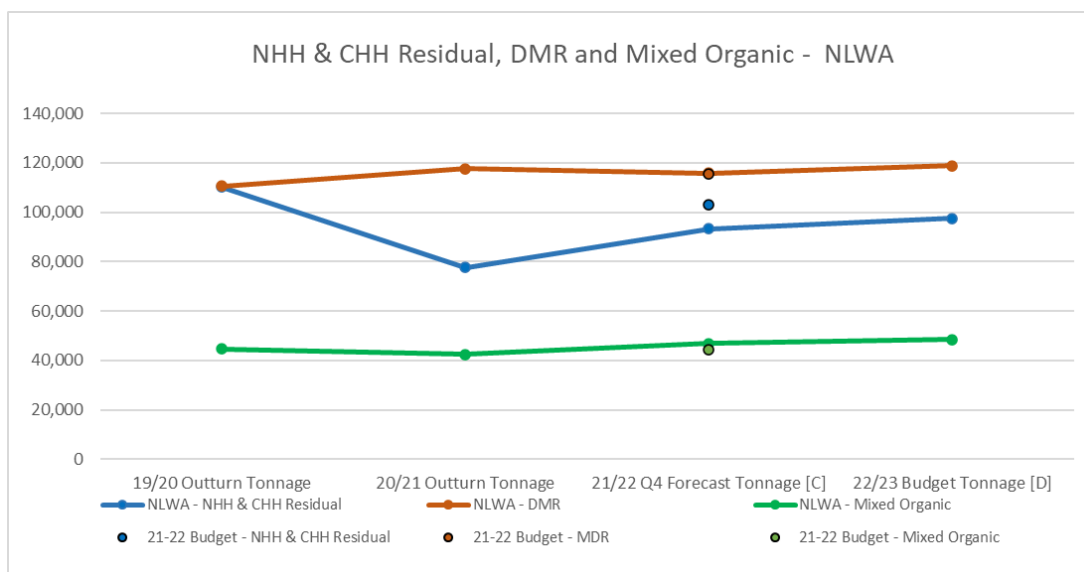


^ Excludes RRC residual waste, rejected DMR and asbestos

2.5.2. The yellow line above in the graph above, tracks the total residual waste outturn from 2019/20, before COVID-19 had a major impact on behaviours, through 2020/21 to the current year. It also sets the 2022/23 Budget tonnage.

2.5.3. The blue line is the household waste trend over the same period. The blue and yellow dot indicate the Budget Tonnage for 2021/22. Levy waste is below the level envisaged when setting the 2021/22 budget. The yellow line at 2021 is considerably lower than the delivered tonnage, this is made up of Household waste (the blue line) and Non Household waste (which is shown on the graph on the following page for reasons of scale).

2.5.4. Graph 2 below details non Household residual (waste blue line), dry mixed recycling (DMR) (brown) and organic waste streams (green). As in graph 1, the dot indicates the budgeted position.



2.6. Transport & Disposal and Landfill Tax

2.6.1. The 2022/23 transport and disposal budget (the yellow line in the first graph) has been based on forecast residual waste stream of 591,826 tonnes (includes RRC tonnages), i.e. an increase of 10,101 tonnes (1.74%) compared to the 2021/22 forecast outturn. This increase reflects detailed discussions with officers from all constituent boroughs and the impacts are therefore tailored to each borough's circumstances. A breakdown by borough is included in Table A2 in Appendix A. The tonnage increase is driven mainly by assumptions around improving or recovering tonnages of residual non-household waste (4,029 tonnes), chargeable household waste (130 tonnes), and levy residual waste (5,942 tonnes).

2.6.2. In addition to the inflationary increase, the budget forecast reflects the full year effect of the additional cost of the new third-party waste contact.

2.6.3. The electricity income claim and landfill tax claim have been verified to the LondonEnergy Ltd. (LEL) budget and workings, and are reflective of the throughput that can be achieved. The electricity income claim budget has reduced significantly due to LEL's assumptions regarding wholesale electricity prices. The Government has advised that landfill tax rates will rise from £96.70 per tonne to £98.60 per tonne from April 2022.

2.7. Composting Waste Services and Materials Recycling Facility (MRF) Services

2.7.1. The budget forecast reflects that mixed organic waste, food waste and green tonnages (the green line in the second graph) will increase by 3.1% to 48,403 tonnes in 2022/23 compared to the 2021/22 forecast. Borough breakdowns are included in tables A3 to A5 in Appendix A.

2.7.2. Dry mixed recycling tonnages (the brown line in the second graph) increase by 3,122 tons compared to the 2021/22 forecast and a borough breakdown is included in Table A6 in Appendix A. The overall increase in this budget reflects an allowance of 5.4% for a price inflation in April 2022. In addition, the budget reflects the inflation increase on the additional bulking charges for tonnages that are delivered via the transfer stations.

2.8. **Corporate Support Service and Strategy & Service team**

2.8.1. The budget forecast includes the increase of 1.25% for employer National Insurance contributions, the full year effect of the known increase in the Authority's establishment. Forecasts recognise the uncertainties of recruitment and includes an estimate for vacancies during the year.

2.8.2. The budget heading also includes the rephasing from 2021/22 of the waste data management system project, a condition survey of the energy centre at the EcoPark, non-household composition survey and the joint waste strategy tonnage review.

2.9. **New Resource Recovery Facility (RRF)**

2.9.1. The new Resource Recovery Facility is anticipated to commence operation in the autumn of 2022. £1.2m has been included in 2022/23 budget. This is in addition to the start of capital repayments on the facility which will become payable from 2023/24 and will represent a budget pressure from then.

2.10. **Waste Prevention Programme and Recycling Communications**

2.10.1. The draft budget includes provision for the waste education project, behaviour change project and Repair and Upcycling project within the Waste Prevention 2021/22 Programme that has been re-profiled to 2022/23. As part of the three year recycling campaign programme, £150k budget in 2021/22 has been rephased to 2022/23 to reflect the timing of the work being undertaken.

2.11. **North London Heat & Power Project**

2.11.1. The budget forecast includes the ongoing support costs for the North London Heat and Power Project that cannot be capitalised. All costs that can be capitalised will be funded by borrowing and interest will be added to project costs during the construction period.

2.12. **Revenue Funding of the Capital Programme**

2.12.1. The budget forecast provides for the financing of:

- The Authority's investment in LondonEnergy Ltd
- Pinkham Way
- Lease of laydown area, part of the EcoPark and the purchase of Deephams Farm Road to support the North London Heat and Power project.
- The Resource Recovery Facility, after it opens in the autumn of 2022.
- The possible refurbishment of RRC sites
- The possible investment in a waste transfer station

2.12.2. The Authority also makes a Minimum Revenue Provision (MRP). This represents the minimum amount that must be set aside in the Authority's revenue account each year, to repay the borrowing necessary to finance the asset acquisitions listed above. This also includes the finance leases payment for the right of use of the Wembley transfer station and Berol House, in accordance with International Financial Reporting Standard 16.

2.12.3. The costs of borrowing for the North London Heat and Power Project (NLHPP) are rolled into the capital cost until the asset comes into use. Therefore, the impact of borrowing for the EcoPark South construction contract and associated costs are budgeted from the Autumn of 2022 with the associated MRP for the asset being incurred from the start of the following financial year 2023/24.

2.13. **Reuse & Recycling Centres**

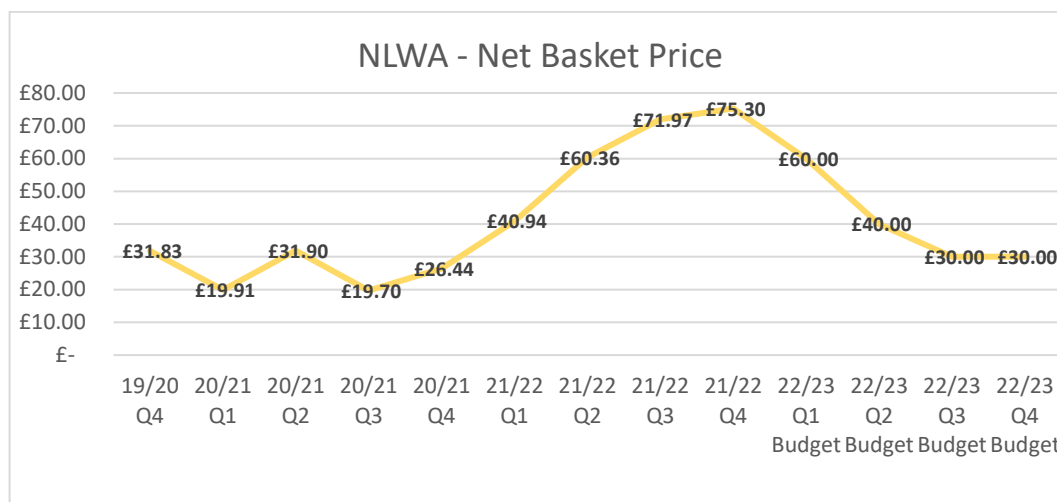
2.13.1. The budget provides for the operation of seven Reuse and Recycling Centres at a cost of £4.915m. The amount charged to the relevant boroughs through the 2022/23 levy will also allow for the change in balances that arose from the closure of the 2020/21 accounts and forecast changes in balances from 2021/22. An analysis by borough of these costs is provided in Table A7 in Appendix A.

2.13.2. While the net costs of the RRCs have only increased by 1.5%, the RRC portion of the levy has increased by a much larger amount. This is as a result of balances that were available to reduce the 2021/22 levy being much higher than those available now to reduce the 2022/23 levy. Balances available for the 2021/22 levy were higher due to RRC closures in 2020 during the first lockdown.

2.14. **Income from the Sale of Recyclates**

2.14.1. Due to volatility in market price, the price used for income from recyclates assumes that the current high market values of £75.30 per tonne in fourth quarter 2021/22 are not sustained and therefore will gradually return

close to historic average prices. The 2022/23 budget forecast is based on an average income of £40 per tonne, the graph below shows the assumption that over the coming quarters, the net basket price will reduce towards historic levels.



2.15. Non-Household Waste Charges

2.15.1. Following discussions with boroughs officers, the Authority is expecting to receive 93,825 tonnes of non-household waste in 2022/23, an increase of 4,826 tonnes compared to the forecast for 2021/22. The 2022 tonnage comprises 81,286 tonnes of residual waste, 10,529 tonnes of dry recyclable waste, 1,578 tonnes of food, 378 tonnes of mixed organic waste and 54 tonnes of green waste.

2.15.2. The estimated charges per tonne of waste are included in table 3 below. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with its Materials Recycling Facility (MRF) providers.

Table 3	Price Per tonne £
Residual	96.75
Biodegradable	82.99
Green	52.14
Food	26.07
Mixed Dry Recyclable	61.83

2.15.3. Based on the advised tonnages the estimated cost to the boroughs is £8.590m. This is analysed by borough in Table A9 in Appendix A.

2.16. Chargeable Household Waste

- 2.16.1. The Authority expects to receive 20,254 tonnes of chargeable household waste in 2022/23, an increase of 259 tonnes compared to the forecast for 2021/22. The 2022/23 tonnage comprises 16,169 tonnes of residual waste, 2,626 tonnes of dry recyclable waste, 691 tonnes of food waste, 756 tonnes of mixed organic waste, and 12 tonnes of green waste.
- 2.16.2. The estimated charges per tonne of waste are included in Table 3 above. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with its MRF providers.
- 2.16.3. Based on the advised tonnages the estimated cost to the boroughs in 2022/23 is £1.809m. The cost is analysed by borough in Table A10 in Appendix A.

2.17. Contingency

- 2.17.1. 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 secure treatment capacity at third party facilities or its ability to ensure that there are sufficient resources to fund the costs of the North London Heat and Power Project.
- 2.17.2. 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 operating expenditure in any year in the life of the budget and medium term plan is driven by the amount of waste and recycling 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.

2.17.3. 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 6 below). There is a degree of uncertainty about the scale of a number of budget pressures in the coming year. It is proposed to include a base contingency provision, assessed on the same basis as recent years, namely a contingency of £1m plus 2% of operational base cost (£1.485m), totalling £2.485m. This budget cannot be used without further Authority approval.

3. APPORTIONMENT OF THE 2022/23 LEVY

3.1. All boroughs formally agreed to adopt a menu-price based levy for 2016/17 onwards. Table 4 below, summarises the estimated levy impact for each council after any balances available have been included (further details of the calculation for 2022/23 can be found in tables A7 and A8 in Appendix A):

	2021/22 Levy			2022/23 Forecast Levy			Total estimated levy change (Column 6 minus Column 3)	
	Base	RRC	Total	Base	RRC	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	£'000	%
	£'000	£'000	£'000	£'000	£'000	£'000		
Barnet	12,404	958	13,362	10,886	806	11,692	(1,670)	(12.50)
Camden	4,619	506	5,125	5,118	580	5,698	573	11.18
Enfield	6,923	211	7,134	7,395	300	7,695	561	7.86
Hackney	7,367	219	7,586	6,972	241	7,213	(373)	(4.92)
Haringey	8,377	622	8,999	7,257	599	7,856	(1,143)	(12.70)
Islington	5,361	665	6,026	6,084	717	6,801	775	12.86
Waltham Forest	8,534	1,032	9,566	8,728	1,364	10,092	526	5.50
Total	53,585	4,213	57,798	52,440	4,607	57,047	(751)	(1.30)

3.2. At the meeting of Borough Directors of Finance, Directors discussed whether the Authority should retain the balances for boroughs that will have a year-on-year decrease in the levy. This would allow the Authority to smooth the increase in 2023/24. Directors decided that they will pursue local strategies to manage levy changes within their own boroughs.

4. MEDIUM TERM FORECAST 2023/24-2025/26

4.1. The medium-term forecast allows for inflation at 2.5% year on year. 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 £0.8m in a full year. Similarly, a 1% variation in tonnages could have a further impact of £0.6m per annum.

- 4.2. 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 2022/23. Appendix B contains the medium-term forecast and shows that the net expenditure requirement is forecast to increase to £87.266m (13.76%) in 2023/24, £88.482m (1.39%) in 2024/25 and £90.228m (1.97%) in 2025/26.
- 4.3. The increases in net expenditure in 2023/24 are driven largely by the opening of the Resource Recovery Facility (RRF) in the autumn of 2022 and the inclusion of MRP which must be included for an asset from the financial year after it is brought into use.
- 4.4. If no balances are available to support budgets for 2023/24 and beyond, net expenditure and levies are forecast as in table 5 below.
- 4.5. During the year, the Authority might generate balances which will reduce the levy. As a comparator, this time last year, the budget forecast for 2022/23 with no balances available, contained a forecast increase of 11.69% (which has now reduced to a decrease of 1.30%). However, around the average increases there can be substantial divergence between boroughs, particularly based on any increase or reduction in balances carried forward from one year to the next.

	2022/23 Proposed Levy £'000	2023/24 Forecast Levy £'000	Variance	
			£'000	%
Barnet	11,693	15,710	4,017	34.35
Camden	5,698	7,377	1,679	29.47
Enfield	7,695	8,862	1,167	15.17
Hackney	7,213	9,555	2,342	32.47
Haringey	7,856	10,521	2,665	33.92
Islington	6,801	8,174	1,373	20.19
Waltham Forest	10,091	11,735	1,644	16.29
Total	57,047	71,934	14,887	26.10

	Net Expenditure £'000	Base Levy £'000	RRC Levy £'000	Total £'000	Increase %
2023/24	87,266	(66,896)	(5,038)	(71,934)	26.1%
2024/25	88,482	(67,798)	(5,164)	(72,962)	1.4%
2025/26	90,228	(69,139)	(5,293)	(74,432)	2.0%

4.6. It should be noted that the 2023/24 levy apportionment in tables 5 and 6 is based on Reduction and Recycling Plans (RRP) forecast household waste tonnages for each borough. If these are not achieved and levels of household residual waste are higher, the increase in the levy would be higher.

5. MINIMUM REVENUE PROVISION

5.1. 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.

5.2. For 2022/23, the Authority is recommended to adopt a method for borrowing undertaken before 2018/19 (for the purchase of shares in LEL in 2010) that makes provision in equal instalments over the estimated life of the asset concerned.

5.3. For all borrowing from 2019/20 (for the North London Heat & Power Project), 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.

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

6.1. 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:

- The adequacy of the proposed reserves
- The robustness of the budget

6.2. 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.

6.3. 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.

- 6.4. 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.

7. CONCLUSION

- 7.1. The detailed 2022/23 draft budget is soundly based and allows for the inclusion of prudent levels of contingency. The budgets as set out in this report should be sufficiently robust to meet the Authority's expenditure requirements over this period.
- 7.2. The report to the December 2021 meeting stated that it was likely that there would be an increase of 0.19% in the levy for 2022/23. Since then, Authority officers have reviewed underpinning assumptions and have liaised with the Members' Finance Working Group and borough Directors of Finance and Environment. All groups were content with the proposed approach and the 2022/23 proposed budget reflects this approach. Members will be advised of progress against the budget in regular budget review reports to the Authority.
- 7.3. The Authority is in a position to agree the 2022/23 levy at £57.047m (comprising a base levy element of £52.440m and an RRC element of £4.607m). In total, this represents a decrease of 1.30% compared with the 2021/22 levy.

8. EQUALITIES IMPLICATIONS

- 8.1. 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.

9. COMMENTS OF THE LEGAL ADVISER

- 9.1. 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.
- 9.2. 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:

- 9.2.1. Apportioning costs in proportion to the tonnage of household waste delivered by each of council; and
 - 9.2.2. For non-household waste and other costs, apportioning costs on the basis of the council tax base.
- 9.3. 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 11 February 2021 – Revenue Budget and Levy 2021/2022
Report to the Authority 24 June 2021 – 2020/21 Financial Outturn and 2021/22 Update
Report to the Authority 16 December 2021 – 2021/22 Budget Update
2022/23 budget working papers

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APPENDIX A: 2022/23 DRAFT BUDGET

Table A1 below provides a summary of the 2022/23 draft budget:

	2021/22 Budget £'000	2022/23 Current Forecast £'000	Variance £'000
Expenditure			
Main Waste Disposal (ex RRC Waste) ^	41,274	42,601	1,327
Composting Waste Services	1,736	2,117	381
MRF Services	9,889	10,933	1,044
Transfer Station and Other Sites	1,623	2,768	1,145
Corporate and Other Support Service Costs *	3,390	4,199	809
Waste Prevention and Communications Programme *	587	774	187
Recycling Communications	150	300	150
Recycling Initiatives	259	275	16
North London Heat and Power Project	910	849	(61)
Revenue Funding – Capital Programme	7,871	9,377	1,506
	<u>67,689</u>	<u>74,193</u>	<u>6,504</u>
Reuse and Recycling Centres Expenditure			
Residual Waste Disposal ^	1,132	1,194	62
Operating Costs	3,708	3,721	13
	<u>4,840</u>	<u>4,915</u>	<u>75</u>
Income			
Rents	(125)	(128)	(3)
Sale of Recyclates	(2,474)	(4,713)	(2,239)
Interest on Balances	(90)	(40)	50
	<u>(2,689)</u>	<u>(4,881)</u>	<u>(2,192)</u>
Net Expenditure	69,840	74,227	4,387
Contingency	2,397	2,485	88
Total Net Expenditure	72,237	76,712	4,475
Financed By			
Use of Balances	(4,157)	(9,266)	(5,109)
Charges to Boroughs (Non-household waste)	(8,510)	(8,590)	(80)
Charges to Boroughs (Chargeable Household Waste)	(1,772)	(1,809)	(37)
2022/23 Levy - Base Element	(53,584)	(52,440)	1,144
- HWRC Element	(4,214)	(4,607)	(393)
Total Levy	<u>(57,798)</u>	<u>(57,047)</u>	<u>751</u>
Total Resources Available	(72,237)	(76,712)	(4,475)
Estimated Additional Revenue Balances at 31 March	0	0	0

^ Budget lines for Landfill tax have been combined with Main / Residual waste disposal lines.

* New budget heading - 'Waste Prevention and Communications Programme'. For FY 21/22, this include £523k Waste Prevention Programme budget and £64k communication projects budget within Corporate and Other Support Service Costs budget line.

Table A2 – 2022/23 residual waste tonnage forecast

	2020/21	2021/22	2022/23		
	Actual	Forecast	Budget	Change	Change
	Tonnes	Tonnes	Tonnes	Tonnes	%
Barnet	112,161	112,455	117,793	+5,338	+4.75
Camden	63,204	69,670	71,588	+1,918	+2.75
Enfield	88,750	91,466	91,568	+102	+0.11
Hackney	85,358	85,112	85,283	+171	+0.20
Haringey	74,643	74,214	75,796	+1,582	+2.13
Islington	71,165	73,976	75,017	+1,041	+1.41
Waltham Forest	75,113	74,832	74,781	-51	-0.07
Total	570,394	581,725	591,826	10,101	+1.74

Table A3 – 2022/23 mixed organic waste tonnage forecast

	2020/21	2021/22	2022/23		
	Actual	Forecast	Budget	Change	Change
	Tonnes	Tonnes	Tonnes	Tonnes	%
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	804	192	-612	-76.12
Islington	3,708	3,929	3,793	-136	-3.46
Waltham Forest	9,223	9,837	9,841	+4	+0.04
Total	14,901	14,570	13,826	-744	-5.11

Table A4 – 2022/23 Food waste tonnage forecast

	2020/21	2021/22	2022/23		
	Actual	Forecast	Budget	Change	Change
	Tonnes	Tonnes	Tonnes	Tonnes	%
Barnet	11	0	0	+0	N/A
Camden	2,651	3,023	3,200	+177	+5.86
Enfield	0	0	0	+0	N/A
Hackney	4,375	5,872	6,431	+559	+9.52
Haringey	3,033	3,531	4,145	+614	+17.39
Islington	0	0	0	+0	N/A
Waltham Forest	516	481	492	+11	+2.29
Total	10,586	12,907	14,268	+1,361	+10.54

Table A5 – 2022/23 Garden waste tonnage forecast

	2020/21	2021/22	2022/23		
	Actual	Forecast	Budget	Change	Change
	Tonnes	Tonnes	Tonnes	Tonnes	%
Barnet	10,275	11,950	11,949	-1	-0.01
Camden	1,754	1,798	1,793	-5	-0.28
Enfield	50	200	200	+0	N/A
Hackney	2,647	2,808	2,699	-109	-3.88
Haringey	1,543	2,064	3,057	+993	+48.11
Islington	422	368	418	+50	+13.59
Waltham Forest	282	279	193	-86	-30.82
Total	16,973	19,467	20,309	+842	+4.33

Table A6 – 2022/23 MDR tonnage forecast

	2020/21	2021/22	2022/23		
	Actual	Forecast	Budget	Change	Change
	Tonnes	Tonnes	Tonnes	Tonnes	%
Barnet	29,736	28,396	29,163	+767	+2.70
Camden	15,248	16,177	16,452	+275	+1.70
Enfield	0	0	0	+0	+0.00
Hackney	19,608	19,422	20,169	+747	+3.85
Haringey	19,553	18,366	18,506	+140	+0.76
Islington	15,904	16,076	16,952	+876	+5.45
Waltham Forest	17,679	17,351	17,668	+317	+1.83
Total	117,728	115,788	118,910	+3,122	+2.70

Table A7 - Re-use and Recycling Centre Levy

The amounts charged to the relevant boroughs through the 2022/23 levy allow for the balances from the closure of the 2020/21 accounts and forecast additional balances from 2021/22.

	Forecast	2022/23	2022/23
	RRC	Estimated	Estimated
	Balances at	costs	Levy
	1 April 2022		
	£'000	£'000	£'000
Barnet	(191)	997	806
Camden	0	580	580
Enfield*	39	261	300
Hackney	(9)	250	241
Haringey	(97)	696	599
Islington	(60)	777	717
Waltham Forest	10	1,354	1,364
Total	(308)	4,915	4,607

Table A8 - Base Levy

The amounts charged to the relevant boroughs through the 2022/23 base levy allow for the additional balances that arose from the closure of the 2020/21 accounts and forecast additional balances from 2021/22.

	Forecast Balances at 1 April 2022 £'000	2022/23 Estimated Levy Requirement £'000	2022/23 Estimated Levy £'000
Barnet	(2,524)	13,410	10,886
Camden	(1,079)	6,197	5,118
Enfield	(787)	8,182	7,395
Hackney	(1,308)	8,280	6,972
Haringey	(1,633)	8,890	7,257
Islington	(815)	6,899	6,084
Waltham Forest	(810)	9,538	8,728
Total	(8,956)	61,396	52,440

Table A9 - Non-household Waste Charges

The cost to boroughs in 2022/23 is estimated to be:

	2022/23 Estimated Tonnes	2022/23 Estimated Cost £'000
Barnet*	11,820	1,129
Camden*	25,060	2,256
Enfield	9,269	897
Hackney*	20,419	1,802
Haringey *	2,695	237
Islington *	22,998	2,124
Waltham Forest*	1,564	145
Total	93,825	8,590

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

The final charges will be calculated as part of the 2022/23 final accounts process and reported to the Authority in June 2023. Any under or over payment by boroughs will be collected from or repaid to boroughs at the conclusion of the final accounts process.

Table A10 - Chargeable Household Waste

The cost to boroughs in 2022/23 is estimated to be:

	2022/23 Estimated Tonnes	2022/23 Estimated Cost £'000
Barnet	2,220	215
Camden	3,348	294
Enfield	1,429	138
Hackney	6,895	599
Haringey	2,881	257
Islington	3,481	306
Waltham Forest *	0	0
Total	20,254	1,809

* 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 B: MEDIUM TERM FORECAST 2023/24-2025/26

The table below shows the budgeted forecast for the next 3 years.

	2023/24 Budget Forecast £'000	2024/25 Budget Forecast £'000	2025/26 Budget Forecast £'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	41,512	42,512	43,533
Landfill Tax	1,722	1,765	1,788
Composting Waste Services	2,125	2,178	2,232
MRF Services	12,736	13,054	13,381
Transfer Station and Other Sites	4,108	4,205	4,305
Corporate and Other Support Service Costs	3,116	3,178	3,342
Strategy & Services Team	842	867	893
Waste Prevention Programme	566	578	591
Recycling Communications	0	0	0
Recycling Initiatives	282	289	296
North London Heat and Power Project	400	100	100
Revenue Funding – Capital Programme	15,640	15,476	15,411
	83,049	84,202	85,872
Reuse and Recycling Centres Expenditure			
Residual Waste	1,058	1,084	1,112
Landfill Tax	166	170	174
Operating Costs	3,814	3,910	4,007
	5,038	5,164	5,293
Income			
Rents	(131)	(135)	(138)
Sale of Recyclates	(3,340)	(3,424)	(3,509)
Interest on Balances	(40)	(40)	(40)
	(3,511)	(3,599)	(3,687)
Net Expenditure	84,576	85,767	87,478
Contingency	2,690	2,715	2,750
Total Net Expenditure	87,266	88,482	90,228
Financed By			
Use of Balances	0	0	0
Charges to Boroughs (Non-household waste)	(12,618)	(12,772)	(12,999)
Charges to Boroughs (Chargeable Household Waste)	(2,714)	(2,748)	(2,797)
Levy - Base Element	(66,896)	(67,798)	(69,139)
- HWRC Element	(5,038)	(5,164)	(5,293)
Total Levy	(71,934)	(72,962)	(74,432)
Total Resources Available	(87,266)	(88,482)	(90,228)
Estimated Additional Revenue Balances at 31 March	0	0	0

Report Ends