

10. Finance and Resources

Budget

- 10.1** The net revenue budget of the Authority for 2017-18 was funded mostly by a levy on constituent boroughs that covers the cost of disposal of household waste and the core costs of running the Authority. There is a separate charging arrangement in place for non-household waste and for certain other categories of household waste.
- 10.2** In February 2017, NLWA agreed an original budget of £65.164million (m) for 2017-18, to be financed by estimated revenue balances of £7.217m, charges to boroughs for non-household waste of £8.491m, household waste of £1.508m and a levy of £47.948m. In setting the 2017-18 budget and levy it was recognised that, subject to favourable circumstances outside of its control, the Authority might enjoy a small level of surplus revenue balances by the time the Authority would need to take decisions on the 2018-19 budget and levy.
- 10.3** The 2017-18 final outturn reported as part of the ordinary business of the June 2018 Authority meeting indicates that the Authority's total expenditure for the year was £57.239m, and that charges for non-household and chargeable household waste were £7.654m and £1.523m respectively. As the levy is fixed at the start of the year, this resulted in the Authority having a revenue surplus, including balances brought forward of £11.962m at 31 March 2018. This is £3.943m better than previously forecast in February 2018 (£8.019m). The in-year financial improvement arose mainly from lower than forecast tonnages, improvements in the wholesale electricity price, savings on corporate and support services and non-use of the contingency. This is partially offset by a reduction in income from dry-recyclable materials caused by a decrease in market prices.
- 10.4** The 2017-18 expenditure comprised:

	£m
Waste disposal and recycling services (including landfill tax)	44.833
Reuse and recycling centres (operational costs)	3.567
Corporate and support services	2.618
Waste prevention initiatives (including work with community groups and constituent councils)	0.847
North London Heat and Power Project (development costs)	1.622
Revenue cost of funding the capital programme	6.749
Expenditure	60.236
Less	
Sale of recyclables	(2.647)
Other income	(0.350)
Net expenditure	57.239

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10.5 Looking forward, in February 2018, the Authority set the budget for 2018-19 at £66.752m. The Authority decided that the £8.019m revenue balance forecast available would be used to help fund the budget. As a consequence the 2018-19 budget has been financed as follows:

	£m
Use of revenue balances	8.019
Charges to boroughs for non-household waste	8.510
Charges to boroughs for household waste	1.712
Levy	48.511
Total	66.752

10.6 The levy for the 2018-19 financial year of £48.511m has been apportioned between the constituent boroughs as follows:

	£m
Barnet	11.040
Camden	5.162
Enfield	6.516
Hackney	6.765
Haringey	5.755
Islington	5.794
Waltham Forest	7.479
Total	48.511

10.7 The 2018-19 budget of £66.752m is higher than 2017-18 by £1.588m, and 2016-17 by £0.907m. This is due to increases in waste disposal contract costs and an anticipated reduction in the price per tonne received from the sale of recyclable materials.

Tonnage levels

10.8 Allowing for a continuation of constituent borough recycling and composting activity, the 2018-19 budget allows for the disposal of some 596,000 tonnes of residual waste, composting arrangements for 50,700 tonnes of green/kitchen waste and a bulking and sorting arrangement for some 121,400 tonnes of dry recyclable waste.

10.9 The Authority can charge the seven constituent boroughs for some types of waste - principally non-household or trade waste, but recovers most of its costs via a levy - principally ordinary household and major project costs. The 'Joint Waste Disposal Authorities (Levies) (England) Regulations 2006' (the Regulations) provide that the Authority's constituent boroughs decide on the apportionment of the levy. Under the Regulations, unless all seven constituent boroughs can agree unanimously on the way the levy is to be apportioned, the Regulations provide a default way in which the levy is to be apportioned. However, through an inter-authority agreement the constituent boroughs have agreed an alternative method of apportionment.

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10.10 With effect from 2016-17, the seven constituent boroughs approved a change from the above default way of apportioning the Authority's levy to a system of levy and charges based on 'menu pricing' - i.e. each type of waste has a different price to the boroughs. Under this 'menu pricing mechanism' the allocation of the Authority's net expenditure is now primarily driven by the tonnage of different types of waste that each borough delivers to the Authority. In addition, the Authority's costs in relation to the network of reuse and recycling centres (RRCs) are recovered from each constituent borough in proportion to their residents' usage of these RRCs.

Value for money

10.11 Like all public bodies, the Authority seeks to get the best value from its contracts through tendering and by working with contractors to keep prices low. LondonEnergy Ltd agreed new contracts for biodegradable waste during 2017-18 that the Authority estimates will reduce the cost of processing green waste, food waste and mixed biodegradable waste by a combined £0.6m each year.

Property issues

10.12 In relation to the Hendon rail transfer station the Authority had a tenancy with Freightliner Heavy Haul that was taken over by Network Rail (the original superior landlord). The Authority also has an interest in part of a 6.97 hectare site at Pinkham Way in Haringey, and the Authority wholly owns LondonEnergy Ltd, which in turn owns the approximately 15 hectare site at Edmonton EcoPark in Enfield.

10.13 During 2017-18, the Authority purchased Deephams Farm Road and land to the north of the Edmonton EcoPark - to the west of Ardra Road, to facilitate the North London Heat and Power Project.

Property holdings

10.14 The Authority has varying property interests at:

- Hornsey Street, Islington
- A406, Edmonton (residual land)
- Pickets Lock Lane (residual land)
- Hendon Waste Transfer Station
- Pinkham Way - land at part of the former Friern Barnet Sewage Treatment Works
- Deephams Farm Road and land to the north of the Edmonton EcoPark
- Berol House, Tottenham Hale

10.15 Throughout 2017-18 work to manage two invasive plant species - Japanese knotweed and giant hogweed, continued at the Pinkham Way site and at Deephams Farm Road. This is ongoing in 2018-19.