



Mr T Judson
Director of Procurement
North London Waste Authority
c/o Camden Town Hall
Argyle Street
London WC1H 9NG

Councillor Mike Freer
Leader of the Council

North London Business Park
Oakleigh Road South
London
N11 1NP

Tel: (020) 8359 2059
Fax: 0870 889 7464
E-mail: leader@barnet.gov.uk
Date: 28 October 2008

Dear Mr Judson,

Acknowledgement of Affordability to Waste Management Proposals

The full extent of the waste collection proposals included within the outline business case is clearly understood and the financial implications of the actions are fully appreciated.

In addition, the Council has been made aware of the North London Waste Disposal Authority's proposals for a procurement process consisting of new contracts for the delivery of a recycling, treatment and disposal services. The financial implications of these proposals have been presented in terms of an envelope of costs which range from the basic reference project costs to the same costs subjected to sensitivity analyses around capital expenditure, operating expenditure, recycling income and LATS expenditure. The Council has been able to review the high level outputs of the financial model including the estimated impact on the levy and collection costs

This Council has been informed that the total project cost of the Reference Project is estimated at £7.323 billion potentially rising to £7.725 billion after taking account of the sensitivities. Based on current Levy distribution this means a range of costs from £1.391 billion to £1.474 billion for the London Borough of Barnet.

The projected costs of the Reference Project are less than the "business as usual" (do minimal) option by £0.495 billion at the pre LATS sensitivity rising to circa £0.904 billion after taking into accounts the risk associated with LATS expenditure.

The North London Waste Authority has provided indicative Levy increases for either end of the envelope of costs to assist in assessing the question of affordability. This letter gives approval of the costs quantified being met, within the current affordability envelope, and subject to the sensitivities described above and outlined in more detail in the outline business case.

Contd/overleaf