

8. Finance and resources

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The net revenue budget of the Authority for 2022-23 was funded mostly by a levy on constituent boroughs, which 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.

In February 2022, the Authority agreed an original budget of £76.712 million (m) for 2022-23, to be financed by estimated revenue balances of £9.266m, charges to boroughs for non-household waste of £8.590m, household waste of £1.809m, and a levy of £57.047m. In setting the 2022-23 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 it needed to take decisions on the 2023-24 budget and levy.

The Authority also planned to finance the cost of the North London Heat and Power Project (NLHPP) through borrowing at different stages in the Capital programme. To pay for project costs as they arise, the Authority has borrowed a total of £970m from the Public Works Loan Board, part of Her Majesty's Treasury for periods ranging 14.5 years to 44.5 years. This brings total borrowing to £1,000m. £280m of the borrowing was converted to Euro and placed in Euro Money Market Fund managed by LB Camden on the Authority's behalf. This is being drawn down to pay for the Energy Recovery Facility (ERF) construction work.

The 2022-23 final outturn reported as part of the ordinary business of the June 2023 Authority Meeting indicates that NLWA's total expenditure for the year was £60.245m, and that charges for non-household and chargeable household waste were £6.555m and £1.266m 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 £15.122m at 31 March 2023. This is £4.683m

better than previously forecast in February 2023. The in-year financial improvement arose mainly from lower residual tonnage received from boroughs, higher wholesale electricity prices resulting in a lower electricity claim, savings on administration costs and non-use of the contingency.

2022-23 Gross expenditure	£m
Waste disposal and recycling services (including landfill tax)	51.763
Reuse and recycling centres (including disposal costs from these sites)	4.860
Corporate and support services	3.948
Waste prevention initiatives (including work with community groups and constituent councils)	0.708
North London Heat and Power Project (development costs)	0.667
Revenue cost of funding the capital programme	6.752
Expenditure	68.697
Sale of recyclables	(8.091)
Other income	(0.361)
Net Expenditure	60.245

Table 7: NLWA 2022/23 gross expenditure

In February 2023, the Authority set the budget for 2023-24 at £74.871m. The Authority decided that the £10.439m revenue balance forecast available would be used to help fund the budget. In addition,

the Authority was able to approve a rebate to the levy of £10.2m due to the benefit of higher electricity windfall payment from LondonEnergy Ltd. Consequently, the 2023-24 budget has been financed as follows:

	£m
Use of revenue balances	10.439
Charges to boroughs for non-household waste	8.949
Charges to boroughs for household waste	1.815
Levy	63.868
Levy rebate	(10.2)
Total	74.871

Table 8: Financing of the 2023-24 Authority budget

The levy for the 2023-24 financial year of £53.868m after the rebate is included, has been apportioned between the constituent boroughs as follows:

	Levy £m	Rebate £m	Levy due £m
Barnet	12.778	(2.004)	10.774
Camden	8.617	(1.281)	7.336
Enfield	10.377	(1.576)	8.801
Hackney	7.559	(1.556)	6.003
Haringey	8.207	(1.292)	6.915
Islington	6.759	(1.262)	5.497
Waltham Forest	9.571	(1.229)	8.342
Total	63.868	(10.200)	53.668

Table 9: NLWA 2023-24 levy breakdown by borough

Tonnage levels

Allowing for a continuation of constituent borough recycling and composting activity, the 2023-24 budget allows for the disposal of 567,832 tonnes of residual waste, the processing of 13,303 tonnes of mixed organic waste, 20,735 tonnes of food waste, 26,913 tonnes of garden waste, and bulking and sorting arrangements for 128,108 tonnes of mixed dry recyclable waste.

NLWA 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: mostly for ordinary household and major project costs. Since 2016-17, the Authority’s costs have been apportioned using a system of levy and charges based on ‘menu pricing’. This means that each type of waste has a different price for 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.



LondonEnergy vehicle disposing of waste

Property

NLWA 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 the Edmonton EcoPark in Enfield. To facilitate the North London Heat and Power Project, the Authority has leased land at Lower Hall Lane and Hawley Road, both in Edmonton.

In December 2020, NLWA began a 999-year lease of 73% of the area of the EcoPark from LondonEnergy Ltd to facilitate construction of the North London Heat and Power Project.

The Authority has varying property interests at:

- Edmonton EcoPark
- Hornsey Street, Islington
- Hannah Close, Wembley
- Pickets Lock Lane (residual land)
- 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
- Land beside Lower Hall Lane, Edmonton
- Land at Hawley Road, Edmonton
- Berol House, Tottenham Hale

In relation to the Hendon rail transfer station, the Authority had a tenancy with Network Rail that was taken over by the London Borough of Barnet in July 2020. This site was subject to a compulsory purchase order. In November 2020, the Authority took a 5-year lease of a site owned by Araglin Holdings Ltd at Hannah Close, Wembley. This property is intended as a temporary replacement for the Hendon site and the Authority handed the Hendon site back to the London Borough of Barnet in December 2021. In February 2022, British Land

Properties Ltd acquired the freehold interest of Hannah Close from Araglin Holdings Ltd.

Throughout 2022-23, work to manage two invasive plant species, Japanese knotweed and giant hogweed, continued at the Pinkham Way site and at Deephams Farm Road.



Hannah Close, Wembley



Hornsey Street reuse and recycling centre

