

ITEM 2**PAPER NO. WRWA 870****WESTERN RIVERSIDE WASTE AUTHORITY**

MEETING	30 th January 2019
REPORT AUTHOR/ DATE	Treasurer (Chris Buss-Tel 0208 871 2788) 22nd January 2019
SUBJECT	Report of the Treasurer on the Authority's Budget and Levy for 2019/20 and the prospects for 2020/21 and beyond.
CONTENTS	<p>Page 1 Executive summary and background</p> <p>Page 2 Experience in 2018/19</p> <p>Page 3 Proposals for 2019/20</p> <p>Page 5 AWDC Rates</p> <p>Page 7 The Levy</p> <p>Page 8 The General Reserve</p> <p>Page 8 Commodity Income</p> <p>Page 9 Summary of costs to constituent councils</p> <p>Page 9 Authority Budgets</p> <p>Page 10 Recommendations</p> <p>Page 11 Appendix A – Budgeted AWDC Costs and Income</p> <p>Page 13 Appendix B – Levy Charge</p> <p>Page 14 Appendix C – Budget Methodology</p> <p>Page 16 Appendix D - Total Costs to Constituent Councils</p> <p>Page 17 Appendix E - General Reserve Requirement for 2019/20</p>
STATUS	Open-circulation of this paper is not restricted.
BACKGROUND PAPERS	Budget Forecast Paper No. WRWA 865 including Appendices A - D – considered at the meeting of the Authority on 21st November 2018.

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EXECUTIVE SUMMARY AND BACKGROUND

1. This budget report updates the budget forecast report considered at the Authority meeting on 21st November 2018 (Paper No. WRWA 865). The original budget of the Authority for 2018/19 is compared with the revised budget for the year and provides recommendations for the Levy and Apportionment of Waste Disposal Costs (AWDC) rates for 2019/20 and prospects for 2020/21-2022/23.
2. The Authority's income is substantially derived from charges to constituent councils for the disposal costs of waste, AWDC charges and levies upon those councils. The Authority has a statutory duty to apportion levies among the constituent councils for each financial year to meet liabilities for which provision is not otherwise made.
3. Since February 2009, constituent councils have been charged differential rates for individual waste streams which does not distinguish between household and commercial tonnages. All waste streams delivered by constituent councils are subject to specified rates per tonne to reflect the estimated cost to the Authority of the individual waste stream in the year of account. Civic amenity waste and Authority overheads are apportioned among constituent councils on the basis of their council tax-bases. This agreement was entered into by the constituent Councils and the Authority on a voluntary basis and has worked well. The agreement has been formally extended for a further eight years from April 2017.
4. Under the agreement, rates per tonne are required for all waste streams. The recommended rates per tonne for 2019/20 are compared with the current year's rates at paragraph 16 for approval. Predicted rates for 2020/21 to 2022/23 are also presented for information. Actual and estimated tonnages for the period covered can be found in Appendix A of the General Manager's report (Paper No. WRWA 873 on this agenda).
5. The Authority has seen general waste tonnage delivered by the constituent councils reduce slightly (1.5%) in the current financial year compared to the previous year (although there are fluctuations across the constituent councils). Estimates set out in this paper do not incorporate any further increases above 2018/19 levels for future years. Constituent councils are advised, as in previous years, to make their own assumptions regarding tonnage levels when setting their own budgets. Tonnage delivered to the Civic Amenity site has experienced a reduction of around 2% compared to the previous year but these estimates do not predict that this will continue and instead predict constant tonnage levels in future years.

EXPERIENCE IN 2018/19

6. The Reserve balances 1st April 2018 were as follows:

General Fund Reserve	£8,211,000
Rates and Levy stabilisation Reserve*	£6,829,000
Recycling Reserve	£250,000
Pension Liability Reserve	£1,800,000
Total Usable Reserves	£17,090,000

*Paper No. WRWA 831 in June 2017 approved the combining of the previous Rates Stabilisation Reserve with the Levy Equalisation Reserve

7. The General Fund reserve covers the regular General Fund reserve requirement plus £1.5 million set aside against the maximum risk the Authority could be liable for in relation to planning costs for the redevelopment of Cringle Dock. The 2017/18 end of year surplus also remains within the General Fund Reserve in order to provide additional flexibility in relation to its use.
8. The Budget Forecast report (Paper No. WRWA 865) to the Authority meeting in November 2018 outlined the latest position regarding the 2018/19 budgets. The latest forecast incorporates the most up to date tonnage data, including December 2018 (as set out in Appendix A to the General Manager's report, Paper No. WRWA 873 on this agenda) and electricity prices.
9. The electricity generated at the Belvedere EfW plant forms part of the General Waste rate under the contract with Cory. The Authority receives income from the electricity generated if the market price exceeds the 'threshold' (uplifted under the terms of the contract, currently £63.24 per MWh in 2018/19). However, below this threshold the Authority incurs a charge (up to a floor currently £43.37 per MWh in 2018/19). The 2018/19 budget assumed electricity prices on average 7% above the floor, or around £46.50/MWh on average, which resulted in an electricity charge to the Authority of £10.78 per tonne. Actual electricity prices have been higher than predicted (although varying for reasonable fluctuations) and have averaged £47.64/MWh (£10.06 per tonne) until the cessation of electricity generation as a result of the turbine breakdown. The forecast for the remainder of the year has been set at the 'floor' as a worst case scenario. The current estimated average charge to the Authority per tonne for the full year is therefore £11.14 which is very similar to the budgeted position. In previous years, the Authority have been able to receive 'Triad payments' under the WMSA which are awarded if RRRL meet the specific test of energy generation on three particular days of the year set by the

National Grid. However, as the plant is unlikely to produce electricity until July 2019, these may not arise and it is unclear as to whether this will be reclaimable from the insurance arrangements entered into by Cory from which the Authority may benefit.

10. As outlined in Paper No. WRWA 865, when the budget was set in January 2018 there was a planned subsidisation of AWDC rates of £2.50 per tonne (£0.7 million from the Rates Stabilisation Reserve). Current estimates are a slight improvement on that estimate, subsidising by £2.34 and using only £643,000 of the reserve. Now that electricity prices have been forecast to be similar to the budget position, this slight improvement reflects changes to the APCR and Operational Management Adjustment costs within the general waste rate as outlined in November.
11. A general principle adopted in the past by the Authority, and reflected in next year's budget, is that as far as practicable, the Authority reduces its debt and thus reduces ongoing charges to constituent councils via the levy. As outlined in Paper No. WRWA 865, a receipt of £3.5 million has been received by the Authority in October 2018 regarding the refinancing of Cory. This will increase the General Reserve to £11.7 million. In order to facilitate this, it is proposed to transfer £8.5 million of this reserve into a new reserve called the Loan Repayment Reserve in order to be able to charge the repayment to revenue in order to reduce the ongoing Minimum Revenue Provision (MRP) charge each year. At the beginning of 2018/19, the value of outstanding PWLB loans was £8.5million. Before the end of the year, £2 million will fall due.
12. It is likely that the Authority will have a net underspend at the end of the current financial year. When this is reported to the Authority in July 2019 as part of the outturn report, the Authority will have the option of either retaining this as a reserve or returning some or all of any surplus to the constituent councils.

PROPOSALS FOR 2019/20

AWDC RATES

13. The November 2018 estimates for 2019/20 AWDC rates have been marginally amended in the Budgeted AWDC Costs and Income at Appendix A following the experience of waste streams managed to 31st December 2018, the latest mix of inflation indices and latest estimates around electricity.

14. Electricity - The Authority receives income from the electricity generated if the market price exceeds the 'threshold' (uplifted under the terms of the contract, expected to be £65.33 per MWh in 2019/20). However, below this threshold the Authority incurs a charge (up to a floor expected to be £44.80 per MWh in 2019/20). The November forecast offered optimistic and pessimistic electricity cost scenarios ranging from the floor + 10%. Market prices have been higher than the floor during 2018/19 and rose to over £50 per MWh in September. The budget now estimates an improvement in the electricity element of the rate to an average of around £55 per MWh, generating an average cost of £6.83 per tonne of general waste in 2019/20 (the floor costing £13.18 per tonne).
15. Using the assumptions set out above for electricity costs and no assumption of the achievement of triad payments for the Authority, the general waste rate charge for 2019/20 would be £150.50 per tonne or 2% above 2018/19 levels. This is lower than outlined in the November forecast paper of £152.00 per tonne.
16. The Authority needs to approve a scale of rates for all waste streams managed for 2019/20. The current rates for 2018/19, the proposed rates for 2019/20 and predicted rates for 2020/21 to 2022/23 are detailed opposite. The table outlines the contracted element of the AWDC rates and where applicable the current variable market adjustments to these rates are incorporated into the proposed council charge for 2019/20. The variable element can be subject to significant market volatility and constituent councils are recommended to make their own assumptions regarding the future likelihood of these costs.

Waste Type	Rates per Tonne (£)								
	Current contract cost 2018/19	Market Variable	Current council charge 2018/19	Proposed contract cost 2019/20	Market Variable	Proposed council charge 2019/20	Predicted contract cost 2020/21	Predicted contract cost 2021/22	Predicted contract cost 2022/23
General waste	149.84		147.50	150.25		150.50	155.51	160.95	166.59
Co-mingled recyclables ¹	26.26		27.00	27.64		28.00	55.34	57.28	59.28
Green waste ³	62.38	33.45	88.00	66.39	33.45	100.00	68.71	71.11	73.60
Batteries	57.01		57.50	59.87		60.00	61.97	64.14	66.38
Clinical ⁴	681.87		552.00	708.72		709.00	733.53	759.20	785.77
Detritus ⁵	78.47		78.50	81.20		81.50	84.05	86.99	90.03
Electricals	49.73		51.00	52.92		53.00	54.77	56.69	58.68
Fridges	48.44		48.50	50.00		50.50	51.75	53.56	55.44
Gas Bottles	129.81		130.00	134.00		134.50	138.69	143.54	148.57
Glass	29.66	6.00	36.50	31.57	6.00	38.00	32.67	33.82	35.00
Inert	29.42		30.00	31.14		31.50	32.23	33.36	34.52
Oil/Paint	123.52		124.50	129.72		130.00	134.26	138.96	143.83
Paper/Cardboard	26.17	-55.00	-13.00	27.85	-55.00	-27.00	28.83	29.84	30.88
Scrap Metal	49.73	-43.50	7.50	52.92	-53.21	0.00	54.77	56.69	58.68
Textiles	19.19	-230.00	-180.00	20.43	-230.00	-209.50	21.14	21.88	22.65
Tyres	280.29		280.50	289.56		290.00	299.69	310.18	321.04
Wood	47.11	62.19	123.00	50.14	62.19	112.50	51.89	53.71	55.59
	Rate per percentage point of contamination								
Co-mingled contamination	149.84		147.50	150.25		150.50	155.51	160.95	166.59

¹Co-mingled recyclables now incur a separate contamination charge as agreed in Paper No. WRWA 723 in November 2012

² Assumes the fall out of the reduced rate negotiated with Cory at this stage which was extended until March 2019 from when the one year rolling arrangement is in operation again

³ Less £20 per tonne for constituent councils that deliver all their green waste to the Authority.

⁴ Less £130 per tonne as negotiated with Cory for all clinical waste

⁵ Assumes alternative outlet not available and return to WMSA rates

17. Constituent councils need to have due regard to price risk before introducing any new recycling initiatives based on the potential income from volatile market prices. The Authority attempts to secure fixed prices for the year January to December, or longer if possible, but due to the volatility in market prices the General Manager is authorised to adjust these prices during the year, in consultation with the Treasurer.
18. The table provides for all waste streams currently handled by constituent councils or directly by the Authority. Should other waste streams be brought on stream in future, authority has been delegated to the General Manager in consultation with the Treasurer to set rates for the new waste streams.
19. Appendix A outlines the potential direct tonnage cost and income for the Authority and hence the costs for each constituent council, however it must be stressed that it is for the constituent councils to make their own assumptions with regard to tonnage and contamination. The summary costs per borough are as follows:

	2019/20 Budget
	£000
Hammersmith & Fulham	9,345
Kensington and Chelsea	9,821
Lambeth	14,495
Wandsworth	<u>12,812</u>
	46,473

20. Estimates are based upon the following annual tonnage levels and average contamination rates experienced in 2018/19 with no allowance for increases:

	Tonnes	General Waste	Co-mingled Recyclate	Other	Total	Contamination
Hammersmith & Fulham		57,657	9,490	953	69,843	1,743
Kensington and Chelsea		59,754	14,198	1,086	76,920	1,882
Lambeth		89,189	16,679	2,480	111,686	3,338
Wandsworth		76,184	17,436	3,640	100,153	2,893

21. Constituent councils have been advised to make their own assumptions regarding tonnage levels when setting their own budgets for Council tax purposes. A 1% increase in General Waste tonnage for each borough would cost the following:

	£000
Hammersmith & Fulham	87
Kensington and Chelsea	90
Lambeth	133
Wandsworth	115

22. Constituent councils are also asked to note that Appendix A includes the contamination element at the cost of the General Waste rate, however, the real additional cost of contamination is actually the Co-mingled rate of £28.00 per tonne which is calculated at the end of Appendix A for information.

THE LEVY

23. Appendix B details the civic amenity waste and Authority overheads which are apportioned among constituent councils on the basis of council tax-bases through the Levy. These estimates incorporate minor changes since those outlined in November to the Authority meeting. The Administration and General costs include a provision of £345,000 for consultancy, financial and legal advice in relation to discussions with Battersea Power Station and Cory regarding the potential Cringle redevelopment as well as general advice to the Authority including issues relating to the WMSA. It is also expected that the cost of the additional Education Officers which were made permanent in Paper No. WRWA 827 will be able to be funded from within existing Levy budgets, without the need for a call upon the Recycling Reserve.
24. As outlined above, a general principle when setting the budget is to reduce outstanding debt. This allows the annual interest due on PWLB loans to be reduced as loans are repaid from cash backed reserves. The creation of the reserve outlined in paragraph 10 above allows the use of the reserve to fund MRP provision as each loan is repaid instead of the gradual MRP provision. The annual MRP cost has now been removed from the Levy costs, helping to reduce the costs to constituent councils.
25. The Levy requirement due in April 2019 for 2019/20 has therefore reduced from 2018/19 levels to £4.793m which is a reduction of £1.171m, almost 20%. The charges to constituent councils compared to the original 2018/19 Levy requirement are outlined in the table below. The estimates use provisional 2019/20 council tax-bases. Councils are required to notify their approved tax bases for 2019/20 but not all of the formally approved figures were available at the

agenda despatch date. It is recommended that authority be delegated to the Treasurer to apportion and formally issue the Levy once final tax-bases for 2019/20 have been confirmed.

	2018/19	2019/20
	£'000	£'000
Hammersmith & Fulham	1,125	906
Kensington and Chelsea	1,392	1,114
Lambeth	1,557	1,249
Wandsworth	1,889	1,523
TOTAL	5,963	4,793

26. When setting the 2013/14 Levy the Authority agreed that as far as practicable, the Levy should be held stable so as to minimise the impact on constituent councils' council tax and reduce the risk of triggering a council tax referendum. This will continue to be kept under review for future years. The proposed debt redemption policy assists in maintaining this objective.
27. Although much of the Levy costs are relatively fixed year on year, there are areas which vary due to one off demands such as the need to employ external legal and valuation advice on specific projects in addition to the significant potential variable of Civic Amenity site tonnage.
28. Constituent council's Finance officers have been consulted by email on the charge rates regarding direct tonnage and the Levy. Any observations received will be reported verbally to the Authority meeting

THE GENERAL RESERVE

29. After the reserve transfer outlined above, the remaining balance on the General Reserve will be £3.2 million. In addition to the risk of one off expenditure on the Levy requirement, there are a number of other uncertainties that could affect the 2019/20 budget. These are detailed in Appendix F. It is proposed to therefore keep the General Fund Balance at a level of £3.2 million in 2019/20 in order to provide against general future uncertainty.

COMMODITY INCOME

30. Under its agreement with Cory the Authority receives, above a threshold, a share of the commodity value of the co-mingled recyclables. This is passed on in full to

the constituent councils but, due to depressed commodity markets no such income has been received since July 2018 and prior to that the last payment was in September 2017. Constituent councils are advised to make their own assumptions regarding income levels for 2019/20 onwards.

SUMMARY OF COSTS TO CONSTITUENT COUNCILS

31. Constituent councils are forecast to incur the following costs in 2019/20 based on the recommended Levy and 2018/19 tonnage levels at the proposed AWDC charges:

	AWDC Char ges £'000	Annual Levy £'000	Total £'000
Hammersmith & Fulham	9,345	906	10,252
Kensington and Chelsea	9,821	1,114	10,935
Lambeth	14,495	1,249	15,744
Wandsworth	12,812	1,523	14,335
Total	46,473	4,793	51,266

The comparative figures for 2018/19 based on the original budget as reported in February 2018 are shown below:

	AWDC Cha rge s £'000	Annual Lev y £'000	Total £'000
Hammersmith & Fulham	9,320	1,125	10,446
Kensington and Chelsea	9,649	1,392	11,041
Lambeth	14,408	1,557	15,965
Wandsworth	12,685	1,889	14,573
Total	46,062	5,963	52,025

AUTHORITY BUDGETS

32. The original and revised overall Authority budget for 2018/19, the proposed budget for 2019/20 and predicted budget for 2020/21 are shown in the

Appendices with the budget methodology at Appendix C. The estimated gross cost for the Authority for 2019/20 compared to the amount as at Levy setting in 2018 for 2018/19 is shown below:

	<u>£'000s</u>
Gross Expenditure 2019/20	51,580
Gross Expenditure 2018/19	<u>52,946</u>
Reduction	<u>-1,366</u>
Percentage decrease	-2.6%

The total budgeted and predicted costs to individual constituent councils are shown for the period from 2018/19 to 2020/21 in Appendix E.

RECOMMENDATIONS

33. The Authority is recommended to:

- (a) approve a revised gross expenditure budget for the Authority of £51.3 million for 2018/19 (£46.1m directly determined by direct tonnage delivered and £5.2 million paid for by the Levy) and £51.6 million for 2018/19 (£46.5 million directly determined by direct tonnage delivered and £5.1 million paid for by the Levy), as presented in the Budgets for Direct costs and Levy costs in Appendices B and C;
- (b) approve the AWDC rates to apply for 2019/20 as detailed on page 5;
- (c) approve the basis of cost recovery as set out in the report, including the residual Levy figure of £4.793 million for 2019/20 for the Treasurer to apportion and issue the levy among the constituent councils.

CHRIS BUSS
Treasurer

Western Riverside Administration Office
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Wandsworth
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22nd January 2019

APPENDIX A**Budgeted AWDC Costs and Income**

ITEM	2018/19	2018/19	2019/20 as	2019/20 as	2019/20	2020/21
	Budget	Revised	Predicted Nov	Predicted Nov	Budget	Predicted
	£000	£000	£000	£000	£000	£000
			Optimistic	Pessimistic		
<u>Direct Tonnage costs (AWDC)</u>						
<u>Operating Expenditure</u>						
General Waste	44,246	43,698	44,096	44,827	43,919	45,211
Co-mingled Recyclate	1,788	1,777	1,845	1,845	1,870	3,744
Other	586	660	716	716	684	705
	46,620	46,135	46,657	47,387	46,474	49,660
<u>Direct Tonnage Income (AWDC)</u>						
General Waste						
Hammersmith & Fulham	-8,679	-8,504	-8,648	-8,648	-8,677	-8,938
Kensington & Chelsea	-8,833	-8,814	-9,051	-9,051	-8,993	-9,263
Lambeth	-13,248	-13,008	-13,364	-13,364	-13,272	-13,671
Wandsworth	-11,412	-11,237	-11,554	-11,554	-11,466	-11,810
Co-mingled Recyclate						
Hammersmith & Fulham	-305	-303	-311	-311	-315	-622
Kensington & Chelsea	-431	-434	-444	-444	-450	-890
Lambeth	-544	-540	-553	-553	-560	-1,108
Wandsworth	-539	-549	-561	-561	-569	-1,125
Contamination*						
Hammersmith & Fulham	-239	-257	-244	-248	-262	-270
Kensington & Chelsea	-304	-278	-287	-292	-283	-292
Lambeth	-496	-492	-482	-492	-502	-517
Wandsworth	-444	-427	-440	-449	-435	-448
Other						
Hammersmith & Fulham	-97	-84	-88	-88	-91	-94
Kensington & Chelsea	-81	-88	-90	-90	-95	-98
Lambeth	-119	-159	-172	-172	-159	-164
Wandsworth	-290	-318	-368	-368	-342	-352
	-46,062	-45,492	-46,657	-46,686	-46,473	-49,660
AWDC (surplus)/ deficit	558	643	0	701	0	0
TOTAL PER BOROUGH						
Hammersmith & Fulham	-9,320	-9,148	-9,291	-9,296	-9,345	-9,923
Kensington & Chelsea	-9,649	-9,613	-9,871	-9,877	-9,821	-10,542
Lambeth	-14,408	-14,199	-14,571	-14,581	-14,495	-15,460
Wandsworth	-12,685	-12,531	-12,924	-12,932	-12,812	-13,735
	-46,062	-45,492	-46,657	-46,686	-46,473	-49,660

Note: Contamination costs are shown in this table within the cost of the General Waste rate. However, contamination should really be put in the black bag in the first place so the real additional cost of contamination is actually the Co-mingled rate of £28.00 per tonne (2019/20 rates) which is analysed as follows for 2019/20:

	£'000
Hammersmith & Fulham	49
Kensington and Chelsea	53
Lambeth	93
Wandsworth	81

APPENDIX B**LEVY CHARGE**

	2018/19	2018/19	2019/20 as	2019/20 as	2019/20	2020/21
	Budget	Revised	Predicted Nov	Predicted Nov	Budget	Predicted
	£000	£000	£000	£000	£000	£000
<u>LEVY cost</u>			Optimistic	Pessimistic		
Employees	574	616	586	629	629	641
LPFA Levy	52	51	52	54	54	55
Business Rates	599	567	587	593	593	605
Administration & General -Legal/ Consultant	267	267	267	500	345	345
Administration & General - Other direct cost	268	273	273	323	310	316
WBC Financial support	72	72	73	73	60	61
WBC Admin support	44	44	44	44	27	28
CA site Tonnage and running costs	3,318	2,558	2,989	3,014	2,587	2,668
Additional costs/ office refurb	400	60	150	150	230	-
Capital Financing	732	641	789	789	272	234
Total Cost	6,326	5,149	5,810	6,170	5,107	4,952
Miscellaneous Income	-363	-363	-363	-150	-314	-150
Grant income	0	0	0	0		
Levy Income	-5,963	-5,963	-5,447	-6,020	-4,793	-4,802
Total Income	-6,326	-6,326	-5,810	-6,170	-5,107	-4,952
Levy (surplus)/ deficit	0	-1,177	0	0	0	0

Levy per Borough	2018 /19	2019/20 as	2019/20
	Budget	Predicted	Budget
	£000	Nov £000	£000
Hammersmith & Fulham	-1,125	-1,025	-906
Kensington and Chelsea	-1,392	-1,292	-1,114
Lambeth	-1,557	-1,397	-1,249
Wandsworth	-1,889	-1,732	-1,523
Total	-5,963	-5,447	-4,793

APPENDIX C**Budget Methodology**

The overall budget methodology takes a realistic but prudent view of both income and expenditure. The budget mechanism allows surpluses from AWDC charges, the Levy and the General Reserve in one year to be carried forward to the following year.

Inflation The budget includes estimated inflation on costs to March of the relevant year, therefore providing estimates and predictions of full year costs. The budget projections currently allow 3.5% general inflation year on year after 2019/20.

General waste charges. General Waste tonnages delivered by constituent councils in 2018/19 have reduced slightly in the current financial year compared to the previous year. Tonnages received at the Civic Amenity site have reduced by around 2% compared to the previous year. Electricity is currently a charge to the Authority at an estimated £11.14 per tonne in 2018/19.

Recycling and minor waste streams. Recycling tonnages are forecast to be slightly higher than budgeted levels in 2018/19 and there is no prediction for growth in future years.

Business Rates. The April 2017 valuation generated reduced rating valuations for the site at Smugglers Way from £820,000 to £705,000 and Cringle Dock from £330,000 to £270,000 effective from 1st April 2017. The national multiplier applied to rateable values in 2018/19 is 49.3p in the pound. Rates budgets reflect the revised expected business rates costs from the 2017 valuation and an allowance for potential local supplements.

Administration & General. Administration costs include the revised budgeted programme for the Recycle Western Riverside 2019/20 programme and project costs of £155,000 (as outlined in Paper No. WRWA 873). The Administration & General costs include a provision of £345,000 consultancy and legal advice in relation to discussions with Battersea Power Station regarding potential Cringle redevelopment as well as other general advice.

Additional costs. In order to progress the future redevelopment work at Cringle, it is expected that the contaminated ground survey will incur costs of approximately £60,000 in 2018/19. As outlined in Paper WRWA 873 elsewhere on this agenda, provision of £230,000 has been included in the 2019/20 budget for office refurbishment works.

Capital Financing. Included in the capital financing costs is the MRF funding repayment costs for PWLB loans. However, this now excludes a technical adjustment for the

repayment of debt (MRP provision) which will now be funded from a separate reserve set aside for this purpose and therefore the effect will be neutral on the Levy budget.

Miscellaneous Income. £155,000 reflects the current level of income from Westminster Council for the use of Civic Amenity sites. An amount is also included in the budget for the rental income for the Feather's Wharf site in 2019/20. No allowance for this level of income has been made in 2020/21 onwards.

APPENDIX D**TOTAL BUDGETED/PREDICTED COSTS TO CONSTITUENT COUNCILS**

BUDGET PERIOD & CONSTITUENT BOROUGH	AWDC CHARGES £000s	LEVY £000s	TOTAL £000s
2018/19 Original Budget			
Hammersmith & Fulham	9,320	1,125	10,446
Kensington and Chelsea	9,649	1,392	11,041
Lambeth	14,408	1,557	15,965
Wandsworth	12,685	1,889	14,573
Total	46,062	5,963	52,025
2018/19 Revised Budget			
Hammersmith & Fulham	9,148	1,125	10,274
Kensington and Chelsea	9,613	1,392	11,005
Lambeth	14,199	1,557	15,756
Wandsworth	12,531	1,889	14,420
Total	45,492	5,963	51,455
2019/20 Budget			
Hammersmith & Fulham	9,345	906	10,252
Kensington and Chelsea	9,821	1,114	10,935
Lambeth	14,495	1,249	15,744
Wandsworth	12,812	1,523	14,335
Total	46,473	4,793	51,266
2020/21 Predicted			
Hammersmith & Fulham	9,923	908	10,831
Kensington and Chelsea	10,542	1,116	11,658
Lambeth	15,460	1,252	16,712
Wandsworth	13,735	1,526	15,261
Total	49,660	4,802	54,463

APPENDIX E**GENERAL RESERVE REQUIREMENT 2019/20**

The General Reserve provides a buffer available to finance new expenditure and variations in costs not sufficiently definite to be built into the assessment of the formal budget requirement. Specific risks in 2019/20 and potential costs that could be associated with them are as follows:

RISK	INDICATIVE POTENTIAL COST £000
(1) Increase in costs beyond budget assessment due to higher than anticipated movements in indexation or other issues	350
(2) Extra legal/consultancy fees etc	400
(3) Recycling commodity income replaced by additional charges	100
(4) New expenditure initiatives – recycling, staffing, etc.	100
(5) New legislation	250
(6) Potential additional costs in relation to any development at Cringle Dock	650
(7) Additional tonnage at CA Site	400
TOTAL	2,250

Overall, in the light of recent experience, a General Reserve of £1.7 million in relation to the risks above is considered prudent, representing around 75% of the potential risks identified. In addition, £1.5 million is set aside against the maximum risk the Authority could be liable for in relation to planning costs for the redevelopment of Cringle Dock. The total of £3.2 million for 2019/20 represents approximately 6% of gross expenditure.