

## **Appendix A**

### **Draft Affordability Letter**

Dear

#### **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 £1.022 billion to £1.076 billion for the London Borough of Haringey.

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.

It is acknowledged that the additional costs of both collection and treatment/disposal have been taken into account with overall affordability of waste management considered.

The Council fully appreciates that the above costs are estimates and that they may change. However we have been assured by the NLWA that, should the estimates prove incorrect, then a further opportunity will be given to this Council to reconsider the affordability of the scheme prior to the parties becoming contractually committed.