

## 13/03/2017 – 3: LWARB Business Plan

<b>Board paper title</b>		Paper 13/03/2017 - 3
LWARB Business Plan 2017 - 20		
<b>Report by</b>	Wayne Hubbard	
<b>Job Title</b>	Chief Operating Officer	
<b>Date of decision</b>	Board Meeting 13 March 2017	

**Summary**

This paper presents the 2017-20 Business Plan for approval by the board.

**Recommendations**

- Approval of the LWARB 2017 – 20 Business Plan as shown at Appendix 1.

**Risk Management**

<b>Risk</b>	<b>Action to mitigate risk</b>
No specific risks are identified in relation to this report.	

**Implications**
**Legal**

Officers are satisfied that the business plan set out in Appendix 1 of this paper satisfies the requirements of paragraph 15 of the London Waste and Recycling Board Order 2008 to prepare a document setting out how the Board will meet its objectives in the following year.

**Financial**

The Budget presented in the Business Plan represents all of LWARB's estimated funds over the period to 2020.

**Equalities**

The Business Plan will help deliver improved access to recycling services to Londoners, and financial assistance and support to circular economy businesses.

<b>Originating Officer</b>	Wayne Hubbard
<b>Contact details</b>	<a href="mailto:wayne.hubbard@lwarb.gov.uk">wayne.hubbard@lwarb.gov.uk</a> 020 7960 3684

## 13/03/2017 – 3: LWARB Business Plan

### **Why the paper is being presented**

The London Waste and Recycling Board Order 2008 requires that each year LWARB prepares and publishes a document setting out how will meet its objectives in the following 12 months (paragraph 15). The Business Plan presented in this paper fulfils this requirement.

### **Background**

This Business Plan follows a review of the 2015 – 2020 Business Plan when the last major review took place.

### **Report**

The proposed 2017 - 2020 Business Plan identifies three main programme areas: Advance London, Circular London and Resource London.

The Resource London programme introduces a new flats recycling taskforce which will be established later this year to help to reinvigorate recycling in London.

The Advance London programme is split into two work streams; investment and support. The support activity seeks to help London based SMEs scale up or transition to circular economy business models. Investment will be provided through a series of programmes supporting London circular economy businesses from start up to maturity.

The Circular London programme has been extended to 2020 and has an increased budget. It will deliver demonstration projects, and seek to facilitate collaboration and communication with London's growing circular economy community. Much of this activity will be informed from the Circular Economy Route Map that will be published in spring. An Interreg funded post will provide circular economy technical assistance to help with the London Environment Strategy.

Finally, the Business Plan identifies budget provision for London Business Waste and Recycling (LBWR). LBWR is a business established and wholly owned by LWARB which provides commercial waste marketing and customer facing services on behalf of London boroughs.

The total amount of LWARB budget available for the Business Plan period is £20.4 million. Together with external funding from the EU, WRAP and the private sector, this provides a gross programme expenditure of £50.7 million.

The Business Plan is intended to allow flexibility in the programmes being delivered and will be kept under review in light of the emerging Mayor of London Environment Strategy and objectives.



13/03/2017 – 3: LWARB Business Plan

<b>Supporting papers/appendices</b>
-------------------------------------

- |                                                                                         |
|-----------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Appendix 1: Business Plan 2017 - 2020</li></ul> |
|-----------------------------------------------------------------------------------------|

# BUSINESS PLAN 2017-2020



**LWARB**

London Waste and Recycling Board

MARCH 2017

# CONTENTS

FOREWORD	1
EXECUTIVE SUMMARY	3
WHAT IS LWARB SETTING OUT TO ACHIEVE?	6
RESOURCE LONDON	8
ADVANCE LONDON	13
CIRCULAR LONDON	19
LONDON BUSINESS WASTE AND RECYCLING LTD	23
FUNDING & FINANCIAL PLAN	24

# FOREWORD

## The Mayor has set out exciting and ambitious challenges for London:

- To reinvigorate London's recycling efforts so that by 2030 we achieve a 65 per cent recycling rate for the waste from London's residents and businesses.
- To realise the economic value reuse, repair, remanufacturing and materials innovation can bring to London, creating jobs and making the transition to a circular economy.
- To put London on track to be a zero carbon city by 2050.



I fully believe these goals can be met through the combined efforts of London businesses, the public sector and residents, and LWARB will play its role in helping deliver the objectives.

The Mayor's London Environment Strategy (due to be published for consultation later this year) and London Plan which will follow it, will set out his vision for achieving these aims.

This business plan describes the way in which LWARB will start to support delivery. We know that the plan and LWARB will need to be flexible and adapt as the Mayor's policies develop, but the need for action is such that we have decided to publish this plan now, and not just restate the existing business plan.

Tackling recycling in London is challenging, but LWARB has developed a programme to provide intensive help to London boroughs to increase recycling from residents who live in blocks of flats. This 'Flats Taskforce' will be launched with £1 million of LWARB funding and we will be looking to increase funding by talking to the public and private sector to look for contributions. Resource London, a partnership that I had a hand in establishing when I led WRAP, will be reviewing its priorities shortly, and will continue to offer support to all London's waste authorities to help them increase recycling and save money.

LWARB's circular economy programme is already starting to gain a reputation as world leading, and this business plan sets out a comprehensive package of support to create jobs from circular economy business models – not just reuse, repair, remanufacture and materials innovation – but also leasing, sharing and designing for durability. We will also start to look at how the circular economy can focus on mobility.

All of this work will reduce landfill and climate harming emissions. As members of the Ellen MacArthur Foundation's new Plastic Economy programme, we will explore ways to decarbonise waste feedstock for incineration by increasing the capture and recycling of plastic packaging. These actions will help London along the way to becoming a zero carbon city.

I am excited to be taking over as Chair of LWARB at this important time. It is a key juncture when our outdated linear economy must face the challenges of the modern age and become truly circular. Many of London's businesses are doing just this, as a new movement takes shape in the capital and elsewhere in Europe. I am determined that London can achieve the Mayor's ambitious targets and become one of the most resource efficient cities in the world – an example for others to look to for inspiration. Through our work at LWARB we will reach out to London's business community, large and small, and engage with the public sector and residents to ensure that this transition benefits us all.

**Dr Liz Goodwin** OBE  
Chair, London Waste and Recycling Board

# EXECUTIVE SUMMARY

This business plan describes what LWARB is looking to achieve and the programmes that LWARB will offer to meet these aspirations.



## Statutory context

The London Waste and Recycling Board (LWARB) was established under the Greater London Authority Act 2007 (the Act). The LWARB Order 2008 sets out certain administrative and governance requirements, including the requirement that LWARB produce a Business Plan by 31st March each year, setting out its priorities.

LWARB must act in accordance with the provisions of the London Environment Strategy, dealing with municipal waste management, and act in general conformity with the London Plan, so far as relating to the collection, treatment and disposal of waste.

Both the London Plan and the London Environment Strategy are being developed to meet the priorities of the Mayor and are due out for consultation this year or early next year (in the case of the London Plan). LWARB is working with the GLA, providing technical help where appropriate. LWARB will remain flexible so that it can meet the needs of these new strategies, changing course during the year if necessary.

## Business plan layout

This Business Plan describes what LWARB is looking to achieve and the programmes that LWARB will offer to meet these aspirations.

Each programme area provides a budget overview that shows LWARB funds and externally sourced funding for each work stream within the programme. Total LWARB expenditure and gross programme expenditure (including all external funds) is detailed at the end of the document.

## Funding overview

LWARB is budgeting for the period 1 April 2017 – 31 March 2020. The total amount of LWARB budget available for this period is £20.4 million. Together with external funding from the EU, WRAP and the private sector, this provides a gross programme expenditure of £50.7 million.

LWARB will review available budget against the programmes identified in this Business Plan on an annual basis.

## Key Performance Indicators

A comprehensive set of KPIs has been developed for the Resource London programme. KPIs for Advance London's business support programme are set out in the funding agreement with the European Union ERDF programme. KPIs will be developed for the investment work stream as the programme develops. LWARB will commission work to develop a KPI to measure the success of Circular London (which will be used to measure Advance London's impact too) with an initial focus on estimating the increasing value of circular economy in London.

All LWARB programmes will be measured for their CO<sub>2</sub>, waste recycling and waste avoidance impact. A KPI report will be published at the end of the year.

In all of its activity, LWARB will seek to support and invest in technologies and businesses that also improve London's air quality.

### Service offerings

LWARB's programmes will fall into four principal areas:

1. **Resource London** – London waste authority support delivered through LWARB's partnership with WRAP to help reduce the city's waste footprint and reinvigorate recycling, to get back on track towards the Mayor's ambition for London to achieve 65% municipal waste recycling by 2030. The programme aims to do this by maximising the impact of the support provided to achieve greater harmonisation and consistency by focusing on: minimising the amount of waste produced and maximising re-use; increasing and improving the capture of unavoidable food waste; improving the yield and quality of dry recycling; and restricting residual waste.

2. **Advance London** – Comprising i) investment – provision of funding to enable the development of businesses that use circular economy business models; and ii) circular economy business support – provision of a programme, part funded by the EU, aimed at supporting businesses to develop or scale up circular economy business models.

3. **Circular London** – A programme of initiatives designed to accelerate the development of the circular economy in London and work to deliver the actions of LWARB's Circular Economy Route Map.

4. **London Business Waste and Recycling Ltd**  
A business wholly owned by LWARB, which provides commercial waste sales and marketing services to London boroughs.



## WHAT IS LWARB SETTING OUT TO ACHIEVE?

LWARB mission statement:

The London Waste and Recycling Board will promote and encourage the production of less waste; an increase in the proportion that is re-used or recycled; and the use of methods of collection, treatment and disposal of waste that are more beneficial to the environment.





In doing so, LWARB is required to act in accordance with the provisions of the London Environment Strategy dealing with municipal waste management and in general conformity with the London Plan.

**An overview of LWARB's objectives is set out below, together with a set of secondary goals:**

- a) The production of less waste;
- b) An increase in the proportion of waste that is re-used or recycled;
- c) The use of methods of collection, treatment and disposal of waste that are more beneficial to the environment.

**These objectives are supported by the following secondary goals:**

- Accelerate, promote and develop a circular economy in London, seeing unavoidable waste as an opportunity to create jobs in re-use, repair, remanufacturing and materials innovation;
- Reinvigorate recycling in London;
- Creation of a collaborative working environment with key stakeholders (including<sup>1</sup>: the Government, the London boroughs and the City of London, Statutory Joint Waste Disposal Authorities (WDAs), the Greater London Authority (GLA), waste management companies and reprocessors, private sector financiers, feedstock providers, energy producers and users, and the third sector);
- Delivery of a 'London Solution' for waste management through the delivery of a minimum recycling offer for London, promotion of joint working, and promotion of shared services;
- Support for the delivery of the provisions of the London Environment Strategy dealing with municipal waste management and the London Plan.

1. List not exhaustive

# RESOURCE LONDON

1

Resource London is the London waste authority support programme established in April 2015 as a jointly funded partnership between LWARB and WRAP<sup>2</sup>. The programme maximises the resources of both organisations for the benefit of London. 2017–18 will be the third year of the five year programme.



The objective of the programme is that by 2020, London will have more consistent, harmonised and more efficient waste and recycling services that reinvigorate recycling in London and make a contribution towards the Mayor's ambition for London to get back on track to achieving 65% municipal waste recycling by 2030.

The Resource London programme is managed through a Partnership Board and has an annual Delivery Plan that contains a detailed work programme and budget. The Delivery Plan is available on the Resource London website<sup>3</sup>. Based on service intelligence and the London recycling route map modelling,<sup>4</sup> Resource London's programme of work has been designed around maximising the impact of the support offered to increase London's local authority collected recycling rate by focusing on:

### MINIMISING THE AMOUNT OF WASTE PRODUCED AND MAXIMISING RE-USE

### INCREASING AND IMPROVING THE CAPTURE OF UNAVOIDABLE FOOD WASTE

### IMPROVING THE YIELD AND QUALITY OF DRY RECYCLING

### RESTRICTING RESIDUAL WASTE

## 1.1 Delivery

The Resource London 2017/18 delivery plan has been designed to ensure that the programme can provide the most relevant and effective support to London waste authorities. This support is delivered through three work streams.

### 1.1.1 Service reviews

Providing single or multiple waste authorities with support in developing and managing their service to recycle greater volumes of higher quality materials whilst reducing costs, and delivering good and consistent services to residents.

#### In 2017–18 Resource London will:

- work with those authorities currently without kerbside food waste services (where there is a political willingness and contractual arrangements allow) to support the introduction of new food waste services. Resource London will also continue to support authorities with existing kerbside food services to roll out comprehensive flats food waste services, and support authorities with combined organics services to introduce separate food collections. It will also support all authorities to drive up yield in their food waste service;
- support London boroughs to work through a toolkit targeted at tackling contamination, and implement appropriate service interventions with a view to driving up recycling rates;
- support boroughs across different housing stock and tenures – from kerbside properties to high rise

2. WRAP is the government's resource efficiency body.

3. [www.resourcelondon.org](http://www.resourcelondon.org)

4. The 'London Recycling Route Map' identified the key service change scenarios for London which in isolation, and when combined, would have the greatest impact potential on the recycling rate. These are the foundation of the 2016-17 Resource London support programme. Available at: [www.resourcelondon.org/resources](http://www.resourcelondon.org/resources).

blocks, including new build and houses of multiple occupancy, and across both privately owned and rental sectors, both social and private – to reinvigorate recycling and increase capture rates. This will include launching a new London-wide 'Flats Task Force', an intervention programme that will work with London boroughs to:

- Provide a greater understanding of an authority's existing housing stock by defining the main types of flats, to establish the cause and effect of low levels of recycling rates and residents' engagement with the service;
- Make recommendations to individual local authorities on a location by location basis for interventions and improvements to flats services;
- Work with the London boroughs to deliver service improvements, including the introduction of new materials and services such as food waste; and
- Work with the Core Cities (and other major urban areas and flats intervention projects), housing providers, developers and local authority planners to deliver innovation and design in sustainable waste management in new flat developments.
- support boroughs to consider and implement changes to their residual waste policies and services, including an innovative no win, no fee 'bin amnesty' offer to carry out surveys and removal of unauthorised bins, with the money to be repaid to Resource London from gate fee savings and recycling of old bins.

**LWARB's 2017/18 budget for this work stream is £340,000** against an expected total budget of £482,000, the additional funds coming from WRAP.

### 1.1.2 Behaviour Change

Delivering London-wide communications and borough level communications support under the Recycle for London campaign and tailored London Love Food Hate Waste and Love Your Clothes campaigns.

#### In 2017–18 Resource London will:

- launch a new three year Recycle for London campaign (with a total three year budget of £2.4 million);
- amplify the London Love Food Hate Waste campaign, launched in May 2016;
- commence delivery of the EU Life funded TRiFOCAL initiative which aims to use innovative approaches to preventing food waste, promote healthy and sustainable eating and increase recycling of unavoidable food waste;
- amplify the London Love Your Clothes campaign through the EU Life funded European Clothing Action Plan project (subject to confirmation of funding);
- run promotional campaigns with target authorities on food waste recycling and re-use and repair, and to up-weight national Recycle Week; and
- continue to provide comprehensive service level communications support to London's waste authorities, including contamination, restricted residual and new service roll out.

**LWARB's 2017/18 budget for this work stream is £1.285 million** against an expected total budget of £2.35 million, the additional funds coming from WRAP and EU funding.

### 1.1.3 Innovation and development

Developing expertise within waste authorities to reduce identified skills gaps and enable progressive solutions to be implemented through research and best practice.

**In 2017–18 Resource London will:**

- continue to pilot ‘Back to basics’ projects and develop case studies, addressing the application of service changes and the development of communications approaches which focus on one material in order to alleviate recycling confusion amongst residents, and;
- continue to provide training and upskilling opportunities to London waste authorities.

**LWARB’s budget for this work stream is £70,000** against an expected total budget of £145,000, the additional funds coming from WRAP.

### 1.2 Budget

Resource London is jointly funded by LWARB and WRAP. LWARB has committed £6.1 million to Resource London between 2017–20. £1 million will be used to deliver the Flats Task Force (via all Resource London’s work streams) and £2.4 million to deliver the regional Recycle for London campaign activity.

WRAP has a stated ambition to contribute to Resource London year on year, however due to the way it is funded from central government, the amount of financial support is agreed on an annual basis. Funding is agreed for 2017/18.

In addition to its core funding Resource London has an objective to seek new funding opportunities to deepen and accelerate programme delivery. In 2017–18 Resource London will benefit from additional match funding from two EU Life projects – TRIFOCAL and ECAP<sup>5</sup>. Resource London needs to secure additional match funding to deliver the Flats Task Force to 2020 and is discussing this with partners and government.

### 1.3 Resource London KPIs

In order to track progress against Resource London’s objectives a comprehensive evaluation process has been established consisting of Key Performance Indicators (KPIs), Proxy Indicators and annual tracker objectives. The programme has established eight KPIs set out in the table below to demonstrate how effectively it is achieving key business objectives. The primary mechanism for measuring the KPIs will be WasteDataFlow (WDF) (with the exception of KPI2 which will utilise data from the Mayor’s Emissions Performance Standard (EPS)). Due to time required by Defra to audit WDF returns, audited data only becomes available in the December following financial year end. Resource London will then evaluate its impact on London’s performance. Resource London KPIs will therefore be reported in January the following year i.e. 2015-16 KPI performance will be reported in January 2017.

<sup>5</sup> Subject to approval from the EU Life Programme

Budget 2017 – 20	2017/18 (£1000s)	2018/19 (£1000s)	2019/20 (£1000s)	Total (£1000s)
<b>LWARB</b>	2,233	2,033	1,833	<b>6,100</b>
<b>WRAP</b>	750*	750*	750*	<b>2,250</b>
<b>EU Life (Trifocal)</b>	170	130	10	<b>310</b>
<b>Total</b>	<b>3,153</b>	<b>2,913</b>	<b>2,593</b>	<b>8,660</b>

\* WRAP’s funding is agreed annually, for budgeting purposes this represents a continued aspiration to financially support Resource London.

**KPI 1a: Levels of recycling (local authority collected waste)**  
Indicator: Recycling rate

**KPI 1b: Levels of recycling (household waste)**  
Indicator: Recycling rate

**KPI 2: Greenhouse gas emissions**  
Indicator: CO<sub>2</sub> equivalent emissions

**KPI 3: Waste sent to landfill**  
Indicator: Average kg per household of waste collected in London by local authorities and sent to landfill

**KPI 4a: Organic waste recycling**  
Indicator: Kg per household sent for recycling

**KPI 4b: Food waste recycling**  
Indicator: Kg per household sent for recycling

**KPI 5: Household waste collected**  
Indicator: Total kg per household of household waste collected by London Boroughs

**KPI 6: Quality of recyclate**  
Indicator: Average percentage of contamination in recyclate, by material

**KPI 7: Commercial waste recycling**  
Indicator: % of collected trade waste recycled

**KPI 8: Recycling and reuse at HWRCs**  
Indicator: Tonnage of waste collected

# ADVANCE LONDON

# 2

Advance London is the new name for all of LWARB's investment activity including LWARB's EU-supported circular economy business support programme. The Advance London Investment Strategy contains a more detailed description of the investment work programme based upon the following four areas:

- PORTFOLIO MANAGEMENT
- NEW INVESTMENT ACTIVITY
- COLLABORATION
- BUSINESS SUPPORT



## 2.1 Context and achievements to date

Over the last five years, LWARB has deployed £42 million into 11 waste infrastructure projects and social enterprises in London, ranging from anaerobic digestion facilities to plastics reprocessing plants and re-use initiatives. Capital has been channeled through both fund intermediaries and directly into projects by way of debt and equity.

The presence of LWARB as an investor has allowed marginal projects to be delivered, filling an investment gap that the private sector was unable to meet in entirety – a total of £111m of private sector investment was leveraged in to these projects demonstrating the “multiplier” effect that public sector intervention, on commercial terms, can deliver. The investments have contributed to wider environmental and social benefits as follows:

- Reduction of c.150,000 tonnes of CO<sub>2</sub> produced per annum;
- Diverting 250,000 tonnes annually of waste from landfill (based on fully operational plants);
- Creation of c.160 additional jobs to date.

Since publication of the last major review of LWARB's Business Plan in 2015, it has become apparent that the operating environment for waste infrastructure projects within London has become increasingly challenging. This has resulted in a number of recent business failures across the market, including within LWARB's portfolio, and a lack of new viable opportunities for investment in infrastructure capacity. The lack of investment budget available to LWARB, relative to the funding requirement of infrastructure projects, has meant LWARB has made only a few large debt

commitments to relatively few projects – thereby concentrating risk in just a handful of projects.

LWARB now has only one direct investment left in the infrastructure space (East London Biogas), which the owner, Foresight Environmental Fund (FEF), the London Green Fund manager, is actively seeking to exit. The London Green Fund is now closed to new investment, with FEF implementing value maximisation and exit strategies across the portfolio.

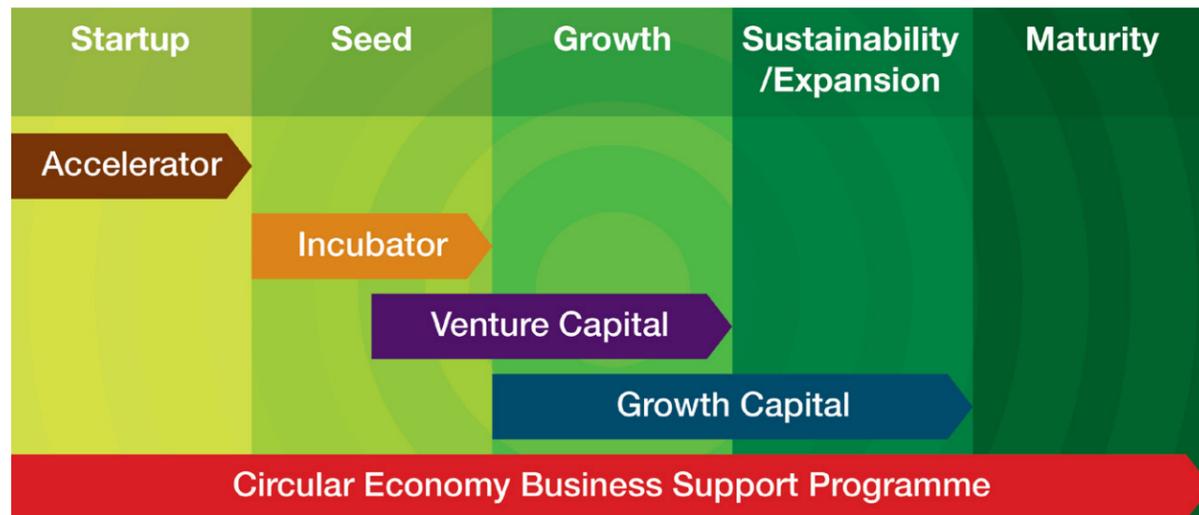
LWARB will continue to actively manage the existing portfolio of investments, seeking opportunities to maximise value.

## 2.2 2017–2020 Investment Strategy

Over the Business Plan period, LWARB will focus on investing, alongside private sector partners, to support businesses looking to develop or scale up circular business models. LWARB will prioritise investing through fund intermediaries in order to maximise impact across as wide a range of businesses as possible, spreading risk both in volume and sector terms.

Should a compelling low capital opportunity arise within the waste infrastructure sector, then LWARB may consider the investment case but a direct investment strategy is not a core focus given LWARB's current capital constraints.

Advance London will develop a suite of investment programmes aimed at catalysing private sector engagement in the circular economy. These programmes have significant potential to create



Advance London’s investment strategy is summarised in the diagram above

innovative solutions to London’s pressing waste management issues by:

- helping reduce and eliminate waste within London through increased resource efficiency and greater recycling of materials;
- reducing pollutants (including air quality pollutants) and contributing to development of a zero carbon city by making better use of the existing assets and infrastructure within the city and leveraging technology innovation;
- creating jobs through developing new business models and revenue streams from waste products and circular technologies, with the potential to add significant GDP to London’s economy;
- helping foster valuable collaboration between key stakeholders within London, including start-ups, SMEs, social enterprises, corporates, advisors, academia and the public sector;
- raising awareness of the environmental benefits of circular models such as leasing, sharing and durability, to drive behaviour change; and
- generating financial returns for LWARB to recycle into future programmes.

The investment strategy seeks to provide support to SMEs of all sizes and at different stages of their lifecycle, from start-up through to maturity – at which point access to private sector investment capacity is widely available.

The Advance London programmes, whilst stand-alone in nature, are designed to be complementary, with significant potential for cross-referral. A key feature is that each programme is designed as a partnership, leveraging LWARB’s unique position in helping to shape London’s circular economy policy landscape to draw in corporate, academic and other public bodies who have a vested interest in creating economic value and developing a more circular ecosystem within the capital.

**2.2.1 Support start-ups**

During 2017, Advance London is seeking to launch an Accelerator/Incubator programme for promising start-ups operating within the circular economy. Accelerators and incubators are specialist programmes providing funding and hands-on mentoring to a select group of start-ups, usually within a particular sector, in order to provide entrepreneurs with the tools, training and support to get their businesses to market. The main difference between the two is that accelerators tend to be very intensive, structured programmes over a 12-16 week period, whereas incubators tend to provide more hands-off, ad-hoc support over a longer period of time (usually up to 18 months). London already has a proliferation of accelerators and incubators – around 60<sup>6</sup> – however only one or two currently actively support circular economy businesses, with the majority looking for high growth software companies.

6. The London Growth Hub has some of these mapped at <https://lep.london/growthhub/workspaces>

The Advance London programme will differentiate itself by offering a more holistic support package, over a longer period of time than a start-up will typically be able to secure from other schemes. The operational model is currently in the design phase but ideally the best facets of both accelerators and incubators will be incorporated: an initial intensive programme designed to test whether or not there are sustainable businesses that can achieve market traction, followed by a longer period of support to ensure that participants have the best possible chance of surviving then thriving.

Equity funding will be provided at all stages subject to completion of agreed milestones, with an expectation that at least 50% of participants will remain in business after completion of an 18-24 month programme and that overall a positive financial return will be achieved (over a 7-8 year period). There may also be an opportunity to structure a Venture Capital fund attached to the accelerator programme, if sufficient demand exists beyond the capacity of London Green Fund 2.

The sector focus will be determined in consultation with partners but will be selected from two of the priority sectors identified in the Circular Economy Route Map. Corporate partners with a specific interest in the sector themes will be approached in early 2017 to gauge appetite to commit funding and resources to the project. LWARB will also need to source an experienced accelerator operator to run the programme and secure an appropriate work space, preferably with associated maker space. In addition, the project would benefit from engagement of other partners from local universities, advisors and other public bodies.

As a precursor to completion of the accelerator, Advance London may have the opportunity to commit a small investment into an existing operator. This would provide an opportunity to learn more about the dynamics of operating an accelerator and test out a different operating model.

LWARB’s budget for this work stream is £1.5 million against an expected total budget requirement of £3 million, the additional funds coming from external partners.

**2.2.2 Growth Capital – London Green Fund II and Private Equity**

The successor financial instrument to London Green Fund is intended to be launched in 2017. PwC has been engaged by investors (LWARB, GLA and EIB) to conduct a feasibility study on whether a market gap exists for a circular economy focused fund. They have concluded that the main funding gap exists at the early stage venture capital phase.

A London Green Fund II will therefore be targeting investments into up to 50 high growth early stage circular economy businesses, capable of impacting significantly upon the Mayor’s manifesto commitments. A minimum fund size of £14m will be created with LWARB committing £7m – further private sector funding may be sought in order to increase investment capacity. Once structuring discussions are complete, investors will launch a procurement process to secure an experienced fund manager with a likely first fund close in summer 2017.

The proposed accelerator programme should provide pipeline development for the Fund, which will operate a co-investment model, using public sector funds to leverage in private sector capital from business angels and existing venture capital funds. A significant proportion of the Fund will be retained to ensure follow-on funding is available to investees.

LWARB’s budget for this part of the work stream is £7 million against an expected total budget requirement of £14 million, the additional funds coming from external partners.

LWARB is about to complete a £1.5 million investment into the first private equity fund dedicated to the circular economy. The fund will initially hold capital of £20m (with ambitions to raise a total of £60m over the next 12 months) and will focus on existing businesses with proven technologies that can be scaled in a global context. The planned accelerator and London Green Fund II will play important roles in helping to develop a future pipeline for this fund.

LWARB’s budget for this part of the work stream is £1.5 million against an expected total fund of £20 million, the additional funds coming from external partners.

**2.2.3 Circular economy business advisory support**

In order for businesses to transition into, or scale up, circular business models, specialist support and guidance is often required alongside capital. Given the nascent nature of the circular economy, this support can often be difficult to find or too expensive for small businesses to access. Accordingly, Advance London has set up a 3-year programme to provide sustained free advisory support to London-based SMEs and social enterprises looking to adopt or grow circular operating models. The programme is jointly funded by LWARB and the European Union European Regional Development Fund (ERDF).

The project is targeting the following outcomes:

- Number of businesses/organisations receiving support = 100
- Number of jobs created in organisations = 48
- Number of new products/services brought to market = 30

This support programme will have huge benefits across all of the Advance London programmes, by generating a pipeline of ‘investment ready’ organisations for our funding activity and offering free support and advice to existing investees.

LWARB’s budget for this work stream is £0.627 million against a total programme budget of £1.26 million, the additional funds coming from the European Regional Development Fund.

**2.3 Budget**

Budget 2017 – 20	2017/18 (£1000s)	2018/19 (£1000s)	2019/20 (£1000s)	Total (£1000s)
<b>LWARB</b>	8,447	1,460	720	<b>10,627</b>
<b>EU</b>	7,197	210	220	<b>7,627</b>
<b>Other</b>	7,627	6,916	6,917	<b>20,750</b>
<b>Total</b>	<b>22,561</b>	<b>8,586</b>	<b>7,857</b>	<b>39,004</b>

**2.4 Advance London KPIs**

The Advance London investment programme will be measured against a series of KPIs, which will be formulated as programme design develops but are likely to include:

- Reduction in pollutants generated by SMEs;
- Reduction in waste sent to landfill;
- Creation and safeguarding of jobs; and
- Number of new enterprises created.



# CIRCULAR LONDON

# 3

Circular London is the new name for LWARB's work to accelerate the transition to a circular economy in the capital. Circular London works alongside other LWARB programmes, bringing wider stakeholder engagement, collaboration and activity to the circular economy business support and investment opportunities created by Advance London.



LWARB's ambition is that through multiple collaborations with stakeholders and policy makers across the capital, alongside the growth of circular economy businesses, London will become the world's leading exponent of circular economy thinking and practice.

In December 2015, LWARB published 'Towards a circular economy', a document that sets out the context and opportunities for a more circular economy in London. The document identifies five focus areas for the route map, those being: built environment, food, textiles, electricals and plastics.

LWARB has worked with stakeholders in these five focus areas to develop a circular economy route map. The route map contains short, medium and long term actions that will accelerate London's transition to a more circular economy. The route map will be available in spring 2017. It is not exhaustive but rather represents a starting point in London's circular economy journey.

Work with stakeholders has identified four cross cutting themes that will guide the Circular London programme. These are:

- COMMUNICATION**
- COLLABORATION**
- DEMONSTRATION**
- FUNDING**

Each of the 100 actions identified in the circular economy route map fall under one of these themes. LWARB will take a lead on 20 (to be agreed) of these actions which will form our circular economy programme for the next three years. LWARB will issue a call to action to stakeholders to lead on other actions from the route map and review progress annually.

### 3.1 Communication and collaboration

LWARB and the GLA will continue to be active members of the Ellen MacArthur Foundation (EMF). Through their Government and Cities Programme and Circular Economy 100 business network, EMF gives London global reach and connections. However there is currently no equivalent circular economy facilitation in London and this means that opportunities for facilitating and brokering collaborations across the supply chain are being missed. LWARB will create a London collaboration hub around circular economy issues to facilitate and support innovation. LWARB will also network with the C40 members to ensure a focus on zero carbon cities.

The collaboration hub will bring together London businesses with universities, local government and other interested parties to innovate around the opportunities presented by the circular economy in London and find solutions to some of the challenges described in the forthcoming London circular economy route map.

LWARB will seek external sources of funding and is looking to submit a EU Life + bid to help fund the collaboration hub. In the interim LWARB will develop a more in depth web resource and will procure external support to start brokering circular economy collaboration opportunities between organisations and businesses in London.

Services provided by the collaboration hub will include:

- a circular economy collaboration website with member profiles and contacts, live demonstrators and projects, case studies and blogs;
- webinars on specific areas of interest, potential projects, case studies;
- brokerage service, with active collaboration help and advice;
- networking events and the launch of a London circular economy business club that will leverage London’s role as a location for head offices and home to global corporations;

LWARB will collaborate closely with the GLA in the areas of policy and procurement. The Mayor of London has powers in economic development, planning and transport as well as in waste. Public sector organisations procuring goods and services in London have a significant role to play in encouraging the uptake of new and innovative circular economy business models that are

resource efficient and financially attractive. The Mayor and the GLA family are leading development in this area and have started by updating their responsible procurement strategy. Each organisation that is part of the GLA family will be writing an action plan for effective delivery of the updated policy.

LWARB will also work with local authorities in London to identify ways in which a circular economy approach can benefit the services they provide and make savings. LWARB will liaise with regional and central government to share ideas and learning on how to create conditions for a circular economy to flourish. In addition, LWARB will also work with ‘enabling’ organisations in the finance, digital, media and higher education sectors that are demonstrating leadership in procurement.

### 3.2 Demonstration

Demonstration projects are a great way to show policy makers and businesses how the circular economy can work in practice. LWARB aspires to facilitate two demonstration projects in each of the key focus areas of built environment, food, textiles, electricals and plastics by 2020. It is vital to capture the learning from these demonstrators, both positive and negative, to frame future projects. It is also important to find a set of metrics and indicators that allow comparison between demonstrators.

Budget 2017 – 20	2017/18 (£1000s)	2018/19 (£1000s)	2019/20 (£1000s)	Total (£1000s)
<b>LWARB core funding</b>	300	300	300	<b>900</b>
<b>Interreg funding – CircE project</b>	54	65	43	<b>162</b>
<b>Total</b>	<b>354</b>	<b>365</b>	<b>343</b>	<b>1,062</b>

### 3.3 Funding

In order to maximise the effectiveness and reach of the Circular London programme, and having already been successful in gaining ERDF and Interreg funding to carry out circular economy activity, LWARB will seek further funding, both from the private sector and wider funding sources.

### 3.4 Other areas of focus

LWARB will start to explore the strategic area of mobility and circular economy which has not been a focus to date. There are potential resource savings to be made in this area through the greater utilisation of existing transport assets, as well as other benefits such as improved air quality and increased consumer choice.

### 3.5 Budget

The table below sets out LWARB’s Circular London budget, which covers staff costs including a new EU part funded post to help deliver policy support and additional resources to deliver the collaboration hub, continued membership of the Ellen MacArthur Foundation, and the delivery of practical demonstration projects in the areas of built environment, food, textiles, electricals and plastics. Circular London will seek to achieve match or better in the delivery of its funding.

### 3.6 Circular London KPIs

There is currently no standard accepted way of measuring the development of the circular economy. LWARB will conduct research on the development of a set of KPIs that can do this, using available data. LWARB will work with the Ellen MacArthur Foundation and cities working on circular economy to develop a set of consistent metrics that can be used for the purpose of measuring progress in this area in the longer term.

# LONDON BUSINESS WASTE AND RECYCLING LTD

4

LBWR is a business established and wholly owned by LWARB which provides commercial waste marketing and customer facing services on behalf of London boroughs. The business has been capitalised through a loan from LWARB



All profits generated by the business will be distributed to boroughs. LBWR is currently operating in one borough and a further three boroughs are in the process of agreeing partnership

arrangements with LBWR. A number of other boroughs have expressed interest in exploring opportunities to work with the business and these will be pursued in the coming year.

## 4.1 Funding

Budget 2017 – 20	2017/18 (£1000s)	2018/19 (£1000s)	2019/20 (£1000s)	Total (£1000s)
<b>LWARB core funding</b>	610	-	-	<b>610</b>

# FUNDING & FINANCIAL PLAN

LWARB is budgeting for the period 1 April 2017 – 31 March 2020.



<b>Programme expenditure 2017 – 2020</b> (Gross programme expenditure including partnership income contributions)	<b>2017/18</b> (£1000s)	<b>2018/19</b> (£1000s)	<b>2019/20</b> (£1000s)
<b>Partnership income</b>			
ERDF (Advance London funding)	197	210	220
GLA (contribution to LGF II)	7,000		
Trifocal (local authority support funding)	170	130	10
WRAP (local authority support funding)*	750	750	750
CirCE (European circular economy funding)	54	65	43
Circular Economy growth fund 3 <sup>rd</sup> party investment	6,167	6,166	6,167
Circular Economy Accelerator match funding**	750	750	
<b>Total Partnership Income</b>	<b>15,088</b>	<b>8,071</b>	<b>7,190</b>
<b>Advance London</b>			
London Green Fund II***	- 14,000		
Circular Economy accelerator	- 1,500	- 1,500	
Circular Economy growth fund	- 6,667	- 6,666	- 6,667
Business consultancy support	- 394	- 420	- 440
<b>Total Advance London</b>	<b>- 22,561</b>	<b>- 8,586</b>	<b>- 7,107</b>
<b>Resource London</b>	<b>- 3,153</b>	<b>- 2,913</b>	<b>- 2,593</b>
<b>Circular London</b>	<b>- 354</b>	<b>- 365</b>	<b>- 343</b>
<b>London Business Waste and Recycling</b>	<b>- 610</b>		
Programme professional fees	- 75	- 75	- 75
<b>Overheads</b>			
Serviced accommodation	- 65	- 65	- 65
Staff costs****	- 480	- 480	- 480
Professional fees	- 20	- 20	- 20
Other overheads	- 70	- 70	- 70
<b>Total overheads</b>	<b>- 635</b>	<b>- 635</b>	<b>- 635</b>
<b>Total spend</b>	<b>- 27,388</b>	<b>- 12,574</b>	<b>- 10,754</b>

\* WRAP contribution agreed on annual basis dependent on DEFRA/WRAP settlement. \*\* Accelerator match funding will be sought in 2017/18  
 \*\*\* Anticipated that the £14m will be leveraged with further external funds. \*\*\*\* Core staff costs – excludes dedicated Resource London, Advance London and Circular economy staff, whose costs are included in relevant programme budget lines.

<b>LWARB expenditure 2017 – 2020</b> (LWARB spend excluding partnership contributions)	<b>2017/18</b> (£1000s)	<b>2018/19</b> (£1000s)	<b>2019/20</b> (£1000s)
<b>Advance London</b>			
London Green Fund II	- 7,000		
Circular Economy Accelerator	- 750	- 750	
Circularity Capital growth fund	- 500	- 500	- 500
Business Consultancy Support	- 197	- 210	- 220
<b>Total Advance London</b>	<b>- 8,447</b>	<b>- 1,460</b>	<b>- 720</b>
<b>Resource London</b>	<b>- 2,233</b>	<b>- 2,033</b>	<b>- 1,833</b>
<b>Circular London</b>	<b>- 300</b>	<b>- 300</b>	<b>- 300</b>
<b>London Business Waste and Recycling</b>	<b>- 610</b>		
Programme professional fees	- 75	- 75	- 75
<b>Overheads</b>			
Serviced accommodation	- 65	- 65	- 65
Staff costs*	- 480	- 480	- 480
Professional fees	- 20	- 20	- 20
Other overheads	- 70	- 70	- 70
<b>Total overheads</b>	<b>- 635</b>	<b>- 635</b>	<b>- 635</b>
<b>Total spend</b>	<b>- 12,300</b>	<b>- 4,503</b>	<b>- 3,563</b>

\* Core staff costs - excludes dedicated Resource London, Advance London and Circular economy staff, whose costs are included in relevant programme budget lines.

The total amount of LWARB budget available for this period is £20.4 million, comprising carry forward of unspent funds, released commitments and recovered funds from previously invested projects, repayments to the efficiency review fund, and repayments of interest and principal from loans. Together with external funding from the EU, WRAP and the private sector, this provides a gross programme expenditure of £50.7 million.

Returns from LWARB investments and repayable 'no win no fee' service offerings will continue to

accrue over this period. Due to their uncertain nature, they have not been included in the LWARB expenditure budget, but will form the core of funding for LWARB's business plan for 2020 onwards.

#### Allocation of funds

The table opposite breaks down the proposed gross programme budget for 2017 – 2020, which includes commitments from external partners. The table above details LWARB's total expenditure net of any external funding.





**LWARB**

London Waste and Recycling Board