

13/03/2017 – 4: Programmes Update

Board paper title		Paper 13/03/2017 - 4
LWARB Programmes Update		
Report by	Wayne Hubbard	
Job Title	Chief Operating Officer	
Date of decision	Board Meeting 13 March 2017	

Summary
This paper presents updates on the LWARB programmes.

Recommendations
<ul style="list-style-type: none"> To note the updates presented.

Risk Management	
Risk	Action to mitigate risk
N/A – no decisions being made.	

Implications
Legal N/A – no decisions being made.
Financial N/A – no decisions being made.
Equalities N/A – no decisions being made.

Originating Officer	Wayne Hubbard
Contact details	wayne.hubbard@lwarb.gov.uk

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Why the paper is being presented

The paper is presented to update the Board on activities in its current programmes.

Advance London

The Advance London programme manages all investment related activity on behalf of LWARB, managing a portfolio of existing investments, delivering new circular economy investment initiatives and operating the advisory and support programme launched recently. The team comprises 5 individuals delivering the advisory support service and 2 individuals responsible for all other activities.

Momentum is starting to build behind our creation of a circular economy ecosystem in London, working closely with Circular London to support our policy narrative with investment capital, particularly targeting early stage businesses.

The Advance London circular economy business advice team, jointly funded by LWARB and ERDF, has now started and they are finalising the design of their offering and internal systems and processes before commencing work with target SMEs in April. The service will support SMEs to scale up or transition to circular economy business models. The programme will be measured against a set of deliverables, including hours of engagement, jobs created and new products/ services brought to market.

The bullets below highlight its current achievements and activities:

- Drafted the Advance London Marketing Strategy, that defines our outreach activities in the coming year(s) and defines pre-engagement activities;
- Mapped and assessed 84 stakeholders of interest to the programme;
- Received and reacted to an impressive number of 18 Expressions of Interest from SMEs with limited publicity so far from our side.
- Assessed the business support needs of 28 SMEs in order to define/validate our offerings.
- Compiling all the necessary documentation required by the ERDF managing authority to wrap-up the Project Initiation Visit requirements.

Completion of a £1.5m investment into a new private equity fund, Circularity Capital, is almost complete – the £20m fund (with potential to increase to £60m) is targeting high growth businesses within the circular economy. The Circularity Capital team contains a mix of circular economy expertise and substantial private equity experience. As the fund is the first of its kind specifically targeting circular economy, this is a key strategic investment for Advance London as well as offering the opportunity to generate strong commercial returns.

Advance London is also considering investing into a new accelerator programme being created by a leading operator. This programme will be focused on supporting up to 10 innovative circular economy startups in London through a combination of hands on management and investment. An approval paper for a £300k investment has been

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submitted to the Investment Committee and will be discussed at its next meeting. This potential investment is seen as a precursor to launch of a larger programme later in 2017 with corporate partners.

The existing portfolio of investments has faced significant market challenges over the past couple of years, with resultant business failures experienced. The team continues to work hard to ensure that we maximise recoveries from all investments. Our strategy going forward is to move away from direct investments, instead channelling capital via fund intermediaries to ensure that we broaden our reach and diversify risk as far as possible. Officers will carry out a review of the investment portfolio to date and compile lessons that can be learned from the programme.

Circular London

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.

The circular economy, with its emphasis on design for durability and modularity, sharing resources and offering products as a service, provides a sustainable and profitable solution to the challenges of this dramatic growth: by 2036, the circular economy could provide London with net benefits of at least £7bn every year and 40,000 new jobs (12,000 net) in the capital by 2036 in the areas of re-use, remanufacturing and materials innovation.

LWARB's ambition is that, through multiple collaborations with stakeholders and policy makers, 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 step in London's circular economy journey.

Work with stakeholders has identified four work streams that will guide the Circular London programme. These are communication, collaboration (including policy development and procurement), demonstration and funding.

LWARB will recruit two fixed term posts in April/May. A Circular Economy Project Officer will provide technical support to help embed circular economy thinking into Mayoral strategies, and implement circular economy policies. A Collaboration Hub Project

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Officer will work with stakeholders to broker and facilities collaborations and seek to leverage London's role as a global business hub.

Resource London

Resource London was established in 2015 as a jointly funded partnership between LWARB and WRAP to maximise the resources of both organisations for the benefit of London. The below bullets highlights its current achievements and activities:

- Service review meetings held annually with all 38 London waste authorities to understand: their current performance; contract arrangements (including recent or planned service change); their strategic objectives and their barriers to minimising waste and increasing recycling.
- Targeted service support being provided / completed with 15 waste authorities.
Current actions:
 - Six authorities introducing restricted residual – four by frequency, three by containment.
 - One authority introducing a new separate food waste collection and two authorities reviewing options to transition to separate food waste collections from existing combined organics collection.
 - Supporting six boroughs to tackle contamination, therefore improving quality of recycle and increase recycling rates, utilising Resource London's new Cost of Contamination toolkit.

The majority of the service changes will be made in 2017/18-18/19 with the full impact on recycling rates seen c. 12 months later (due service change timeframes) and forecast to deliver a circa two percentage point increase to London's regional recycling rate.

- Eight funded pilots to boost food waste recycling in existing borough food waste services. Initial data from completed projects shows a positive impact on both participation and capture rates. Further targeted food waste recycling communications support is being provided to five of these boroughs, working with Sainsbury's and using a range of innovative media, with the main impact on recycling rates seen in 2017/18.
- Upweighted and participated in the national WRAP Dense Urban Recycling project.
- Relaunch of the regional Recycle for London campaign incorporating targeted communications interventions with the London waste authorities, including:
 - Targeted and funded service-related communications designed to increase participation across 22 boroughs, using tested and innovative communications and behaviour change methods; including £100,000 of borough funded campaign activity for Recycle Week in September 2016. Impact on recycling rates is ongoing from 2016/17.
 - Intensive three year regional behaviour change campaign scheduled to launch in autumn 2017 based on London specific audience insights research completed in 2016.

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- Intensive three month re-use and repair quarter engagement activity, providing Londoners with re-use and repair skills: 13 electrical workshops held, 20 textile workshops and 6 co-ordinated community jumble trails. These have led to a seven percentage point uplift in resident's confidence level in what can and can not be recycled. Improved confidence levels leads to positive behaviour change which over time will translate into recycling rate increase.
- Awarded €1.92 million of EU Life funding for a new €3.2 million three year innovative food waste intervention project targeting three food-centric behaviours: promotion of healthy and sustainable eating; food waste prevention; and recycling of unavoidable food waste.

As part of its continuous improvement strategy Resource London will undertake three key stakeholder surveys during the five year programme. The first of these surveys was undertaken at the end of 2016. The following are a range of the comments received:

"It's definitely needed to bring London together to try and have an impact on the recycling and resource issues that we have got."

"They are reactive, positive, enthusiastic, open and a good source of data."

"Their staff are knowledgeable and I have respect for them."

"It's a very useful service and a very good 'go to' type of organisation for any recycling needs."

"We would really struggle to get any partnership working off the ground without involvement from Resource London."

London Business Waste and Recycling Ltd

London Business Waste and Recycling (LBWR) is continuing the process of establishing Joint Venture Companies (JVCs) with four London boroughs and is mobilising ready to start trading. Progress is broadly in line with the business plan with a small number of minor delays.

Establishing JVCs

Hounslow Business Waste and Recycling (HBWR) is established. The new business will start trading from 1st April.

Southwark Business Waste and Recycling (SBWR) is progressing steadily but more slowly than planned. There is formal political commitment to the project with responsibility delegated to officers to finalise the arrangements. Officers are reviewing the various Joint Venture contract documents in detail which is taking longer than had been anticipated. As a result, the anticipated trading start date of 1st April will not be met and the timetable is being reviewed with Southwark officers.

Lambeth Business Waste and Recycling (LamBWR) is progressing well. There is strong senior political and officer support and formal political sign-off processes will be complete by mid-March. Planned trading start date of 1st July remains broadly realistic

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(but challenging).

Ealing Business Waste and Recycling (EBWR) is progressing well. The council has completed its formal decision-making processes and committed to join the arrangements. A planned start-date of 1st September remains realistic.

Mobilisation

Office accommodation has been secured with a move in date of 13 March 2017. Branding and logos are complete (drawing on the councils' own brands/colours/logos). The website is almost complete. IT systems are being developed and phone lines for each of the businesses are being installed. A fulfilment contract (waste collection and disposal contract) is in place for Hounslow and arrangements for the other boroughs are being developed. Sales Director (Mark McGowan) is appointed and is recruiting sales staff, the first of whom now has an offer letter. Sales training material and induction processes are being developed. Office manager recruitment is underway. Part-time (one day a week) executive Finance Director has been appointed (Joe Berry). Accountancy and cash management systems are largely in place (and comfortably on track).