



16/05/19 – 2
Chief Executive Officer's Report

Board paper title		Paper 16/05/19 - 2
Chief Executive Officer's Report		
Report by	Wayne Hubbard	
Job Title	Chief Executive Officer	
Date of decision	Board Meeting 16 May 2019	

Summary
This report provides an update on recent activity, and presents a budget proposal for 2019-20 for approval.

Recommendations
The Board is recommended to: <ul style="list-style-type: none">• Note the updates presented.• Approve the proposed budget for 2019-2020 as set out at Appendix 3• Provide input to the proposed outline communications strategy to be presented at the meeting.

Risk Management	
Risk	Action to mitigate risk
No specific risks are identified in relation to this report.	

Implications
Legal None
Financial Officers are satisfied that LWARB currently has sufficient uncommitted funds to implement the revised Budget.
Equalities None

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

17/05/19 – 2

Chief Executive Officer's Report

Why the paper is being presented

The paper is presented in order to provide an update on activities since the last meeting of the Board and to seek approval the budget for 2019-20, and input into the Communications Strategy and selection of key performance indicators for LWARB.

Report

Staffing

Restructure

The Audit Committee approved the CEO's recommended restructure at its 7 February 2019 meeting. The new structure has now been implemented, and a structure chart is included at Appendix 1. The Head of Investment and Circular Economy Manager roles have been made redundant, and a new position of "Head of Programme – Circular Economy", established. In addition, the fixed term position of Local Authority Support Manager within the Resource London Team has been made permanent.

The postholders in the two redundant positions have both taken voluntary redundancy. Their contribution to the work of LWARB has been significant, and we wish them luck in the future.

A recruitment process for the Head of Programme – Circular London, is well underway and is being led by Gatenby Sanderson. Initial interviews are being conducted on 14 May with follow up interviews with board members to follow before final selection.

Other staff changes

Ade Layole joined at the end of March as a permanent Finance and Administration Officer.

Kirsty Ainsworth joined at the end of February on a fixed term contract to the end of December 2019 as a Communications and Campaigns Officer for the TRiFOCAL project (Resource London).

Isabella Kima joined in February on a fixed term contract to the end of March 2020 as a Corporate Communications Officer.

Olivia Shaw has been appointed as a full time, fixed term employee to the end of December 2019, Campaign Support Officer (Sustainable Fashion).

Recruitment is nearly complete for a Business Advisor in the Advance London Business Support team to replace Andri Constandinou who has now left the organisation. An update will be provided at the meeting.

17/05/19 – 2

Chief Executive Officer's Report

Communications and Publicity

Two news releases have been distributed since the last meeting:

- 11th February 2019 – Resource London flats project – sharing the ethnographic research that was carried out in 2018 with residents of flats across London, looking at barriers, motivations and opportunities for recycling on estates. The release got good pick-up, particularly in trade publications and online, and also featured the release of a borough communications toolkit for signage, stickers, leaflets and other materials used for communicating with residents in flats. Total downloads of the toolkit and associated assets so far are 280.
- 19th April 2019 - #LoveNotLandfill – promoting the idea of a '#dehaul' as part of the campaign's contribution to Fashion Revolution Week, and working with Instagram influencers to create video content and social media messaging encouraging people to do a 'wardrobe detox'. The campaign also included an influencer meet & greet at Spitalfields who are hosting a campaign clothes bank. Pick-up has been good in online lifestyle and fashion magazines.

The C&A Foundation-funded collaborations with four fashion brands and retailers will be issuing a news release as soon as NDAs and contracts are finalised with the partners.

Awards

LWARB, its people, campaigns and programmes have been shortlisted for a number of awards in the last three months:

- #LoveNotLandfill – shortlisted for Better Society Awards, National Recycling Awards, Business Green Leaders Awards and Global Good Awards.
- London Recycles 'One bin is rubbish' campaign – shortlisted for National Recycling Awards.
- Advance London – shortlisted for National Recycling Awards and Business Green Leaders Awards.
- Wayne Hubbard – shortlisted for Business Green Leaders Awards.

Events:

LWARB and its programme teams have both run and attended a series of events since the last Board meeting. An events calendar is at Appendix 2.

Communications strategy:

A draft communications and brand strategy outline will be shared with the Board in person at the meeting, for discussion and consultation. The strategy focuses on priorities and activities for this year which will also help to prepare the organisation for post-March 2020.

Funding

CIRCulT Horizon 2020 funded project

Our successful bid is progressing, and we are waiting on a signed grant agreement to be completed, the project is expected to start towards the end of May 2019. The London consortia will receive around €2 million over 4 years, with around €1 million to

17/05/19 – 2

Chief Executive Officer's Report

cover LWARB staff time and to facilitate circular economy built environment demonstrator projects. The project is 100% funded by the EU.

Advance London Circular Economy SME Business Support

The final application to the ERDF/GLA for prolongation of the Advance London programme has been submitted and we are awaiting a response. This is expected over the next few weeks.

Budget and Business Plan

The budget in Appendix 3 replaces the previous version of the LWARB expenditure for 2019/20 published in the Business Plan 2018-2020. The overall effect of the revision is a net reduction in spending of just under £300k. This is mainly driven by the decreased planned spend on the Circular Economy Accelerator (£550k). The decreased planned spend on the Accelerator is offset by some additional costs reflecting current staffing levels and the recent restructure (additional Central salary expenditure of £180k) as well as an increase in overheads reflecting the costs for the new premises (£75k).

Summary of changes

- Circular Economy Accelerator spend for the year has been adjusted downwards by £550k to reflect the actual spend anticipated this year.
- Staff Costs - Additional £180k due to current staffing levels and the restructure.
- Other Overheads – Additional £75k revised estimate for operational costs of new premises.

The Audited Financial Accounts for 2018/19 have not yet been completed, but the expected underspend is planned to be rolled over into the current year expenditure.

The budget in Appendix 3 part two updates the previous version of the Programme expenditure for 2019/20 published in the Business Plan 2018-2020. This revision incorporates the changes set out above to the LWARB expenditure. Additionally, the Circular Economy Accelerator spend has been adjusted downwards by £550k to reflect the actual spend anticipated this year. The match-funding aspiration has therefore also been reduced for this period. It is anticipated that match funding (cash and monetised in-kind) will be secured to deliver a second accelerator cohort. A match-funding target of £150k has been set for this year to deliver the second accelerator cohort. As this money has not yet been committed it has not been reflected in the Partnership Income table.

The Board is recommended to approve the budget shown in Appendix 3.

Long Term Strategy Review

We have agreed that LWARB should adopt a small number of aims to guide future programme development. A presentation will follow seeking board member input into the selection of strategic aims and how these should be measured.

17/05/19 – 2

Chief Executive Officer's Report

Government Consultations

On 18th February 2019, the Government launched four consultation documents covering; Extended Producer Responsibility, Deposit Return Schemes, Consistency (launched by Defra) and one (from HMT) on plastic packaging tax.

The consultations were open for 12 weeks and the first three closed on 13th May 2019. The plastic packaging tax closed on 12th May 2019. A decision was taken by the Board for LWARB to respond to the first three consultation only.

To develop an aligned London position officers have liaised closely with London Councils, the boroughs (and their networks: LEDENT, ALCO) and the GLA in drafting LWARB's consultation responses. Officers also worked with national partners (LGA, LARAC, NAWDO and ADEPT) as well as meeting with producer (Incpen) and industry (ESA) representatives.

Following a workshop with Board members on 11 April, LWARB's responses will have been signed off by the LWARB Chair prior to being submitted. The responses will be published on the LWARB website.

Progress Against Business Plan Milestones

Circular London

- ***Launch of a collaboration and innovation Hub.***

On 18 March LWARB, in partnership with The Carbon Trust, LWARB launched London's first circular economy accelerator programme, which takes start-ups with a minimum viable product (MVP) through a tailored 6-month programme of growth to commercialise their innovation. The first cohort will address industry-led challenges within the built environment.

- ***Launch a Venture Capital Fund.***

A verbal update will be provided.

- ***Advance London Business Support – work with 30-40 SMEs.***

The Advisory team has significantly exceeded the target for SME support, with the initial 3-year target for support met by the end of the second year. To date 128 SMEs are in the portfolio, with significant pipeline demand evident.

- ***Work to disseminate circular economy thinking and promote the work of LWARB and London.***

See below about #CEweekLDN. The team exhibited and presented at the FutureBuild Exhibition in March.

17/05/19 – 2

Chief Executive Officer's Report

- ***Launch a virtual circular economy hub, bringing London's circular economy actors together and providing information to help them accelerate the circular economy in London.***
 Between 10th – 14th June LWARB is running its 2nd annual Circular Economy Week #CEweekLDN. There are currently over 20 events planned across London. LWARB is hosting the #CEweekLND launch event on 10th June. The Circular London community is growing daily, with 324 members now signed up to receive news and events information.
- ***Continue to work with other European cities and regions to share good practice on circular economy policy and evidence base through the EU CircE project.***
 LWARB has developed a set of actions for the London CircE action plan, which will be launched as part of #CEweekLDN. From July onwards LWARB will work to deliver the action plan. The CEO is presenting to the World Circular Economy Forum in Helsinki in June.
- ***Engage London boroughs with the circular economy agenda and benefits through the development of the circular economy champions programme.***
 Three borough champions have been appointed, from Hackney, Camden and Bromley. LEDNET have set up a sub group on circular economy that will meet quarterly for environment directors to both understand more about circular economy and identify areas for potential activity within their borough. The Bromley Champion and the LEDNET Chair (Tower Hamlets) accompanied the CEO to the EMF accelerator workshop in May.

Demonstrators

- ***Develop a pipeline of collaboration opportunities for stakeholders in London to demonstrate circular economy activity across the five focus areas, with a particular emphasis on working with large corporates to develop projects with the potential to scale up.***
 For full confidential listing of stakeholder pipeline, please see Circular London programme update (paper 4).

Resource London

- ***Resource London will continue to have a primary focus on supporting London's waste authorities to drive up household recycling rates.***
 To achieve the programme objective, Resource London is delivering a number of regional, sub-regional and individual authority level projects. The major projects currently being undertaken are:

 - *Flats Project:* (in partnership with Peabody Housing Association and six inner London boroughs) – interventions have been in place since September 2018, these will be in place until June 2019 when 8 weeks of tonnage monitoring and

17/05/19 – 2

Chief Executive Officer's Report

- 1 week of compositional analysis will be conducted. Final result will be published late summer;
- *Reduction and Recycling Plans (RRPs)*: Resource London are supporting phase two London borough to develop their RRP's to be submitted to the GLA.
 - ***There will be an additional focus on promoting commercial waste recycling (including food).***
 Commercial recycling Project: Conversations have been held with each Local Authority, and a number of London Business Improvement Districts (BID). All Local Authorities and BIDs have been advised of the available support and a number of support projects are being scoped.

Audit Committee Activity

This is a summary of the Audit Committee activity, from the Committee Chair, Cllr. Bassam Mahfouz.

The Committee met once since the previous Board meeting (on 7th February 2019) and considered the following items.

Finance Reports

Finance reports for Q3 2018/19 (Appendix 4), showing expenditure largely on budget or under in all areas, were approved.

Internal Audit

The Committee approved the internal audit plan which was presented by representatives of the new Ankura/TIAA (the new internal auditors). The audits will focus on key financial controls, risk management, the scheme of delegation, IT and data security.

External Audit

The External Audit Plan was presented by external auditors, Grant Thornton, and agreed by the committee. The following timetable for the publication and approval of the statement of accounts for 2018-19 was subsequently approved between officers and Grant Thornton:

- | | |
|---|---|
| 31st May 2019: | Draft Statement of Accounts published and made available for public inspection. |
| 24 th June – 5 th July: | External Auditors on site. |
| 12 th July | End of period for public inspection of the accounts. |
| 16 th July | Accounts and audit report to Audit Committee for approval via a written resolution. |
| 23 rd July | Accounts to Board for adoption via a written resolution. |
| 31 st July | Publication of final accounts. |

17/05/19 – 2

Chief Executive Officer's Report

Risk Register

The Committee approved updates to the Risk Register, the most significant being risks arising from uncertainty over Brexit. The full risk register is attached at Appendix 5 for information.

Staffing

The Committee:

- Approved the CEO's recommended restructure removing the Head of Investment and Circular Economy Manager positions and establishing a Head of Programme – Circular Economy position. The revised organisation structure is shown at Appendix 1.
- Approved an increase to Grade 4 for the Campaign Support Officer (Sustainable Fashion).
- Approved the extension of the contracts for the Campaign Support Officer (Sustainable Fashion) and the Commination's and Campaigns Officer (Love Not Landfill) to 31st December 2019, subject to confirmation of prolongation of the ECAP project (which has subsequently been confirmed).

Scheme of Delegated Authority

The Committee approved the following amendments to the Scheme of Delegated Authority and recommended their approval by the Board:

- addition of the role of Head of Communications with delegated authority of up to £50,000 spend for corporate communications.
- Addition of the role of Head of Communications with delegated authority of up to £10,000 for Resource London communications programmes.
- Addition of Corporate Communications Officer with delegated authority of up to £1,000 spend for corporate communications.
- Replacement of James Lanman with Eddie Confoy in Mandates section.

As this Audit Committee meeting was in the afternoon of the same day that a Board meeting was held, the Board had previously approved these amendments, subject to their subsequent approval by the Audit Committee. These amendments are therefore fully approved by the Board.

Supporting papers/appendices

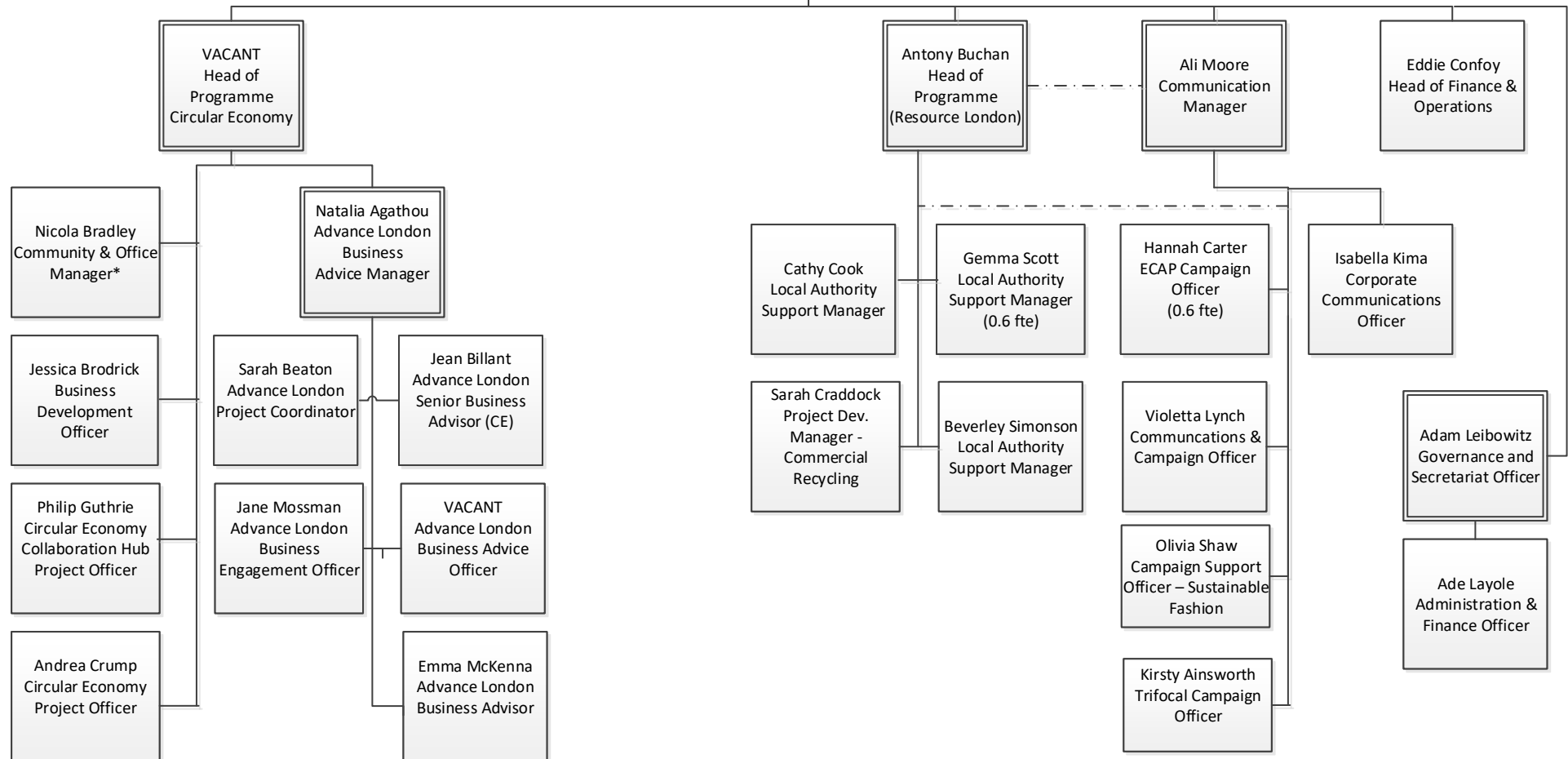
- Appendix 1: LWARB Staff Structure
- Appendix 2: Events list
- Appendix 3: Budget
- Appendix 4: Finance Reports
- Appendix 5: Risk Register

Appendix 1



May 2019

Wayne Hubbard
Chief Executive Officer



* Dotted line management to
Governance and Secretariat
Officer



Circular London

Resource London

Governance &
Administration

Appendix 2

Date	Event	Organiser	Type of event	Topic	Attended by	Audience	Role
05/02/2019	Commercial waste consolidation	Old Street BID	Workshop	Commercial waste	SC	Old Street BID members	Speaker
06/02/2019	Packaging Unwrapped	Future Planet	Networking	CE & packaging	PG	tbc	Delegate
13/02/2019	Bexley CE Workshop	Bexley Borough Council	Workshop	CE	AL team members	Local government, businesses	Speaker
14/02/2019	Plastics and the circular economy	Federation of Canadian Municipalities & Smart Prosperity Institute	Webinar	CE and plastics	ACr	International public bodies	Speaker
15/02/2019	ECAP Circular Textiles Ready to Market	ECAP / Rijkswaterstaat	Conference & workshops	Sustainable fashion	HC; AM; CO; OS	Fashion brands; academics; students; public sector; manufacturers; recyclers	Speakers / workshop hosts
18/02/2019	Westminster University lecture	RL / Westminster	Speaker event	Sustainable fashion	HC; OS	Students	Speaker
21/02/2019	CE Club fashion event	CE Club	Speaker & networking event	Sustainable fashion	HC; OS; AM; IK	London sustainable fashion community & CE	Speakers
27/02/2019	Meet the Investor	Advance London	Networking	Investment	AL team members	SMEs & Investors	Organiser
28/02/2019	Paint Hack workshop	Forum for the Future	Workshop	Materials sustainability	PG	Paint industry	Participant
28/02/2019	Circular Business Masterclass	Advance London	Workshop	CE	AL team members	SMEs	Host / Organiser
01/03/2019	Portuguese delegation visit	LWARB	Presentation event	CE, recycling & behaviour change campaigns	PG; VL	Portuguese CE stakeholders	Host/organiser/speakers
06/03/2019	UKELA Brexit seminar	UKELA	Seminar	Impact of Brexit on local recycling services	AB	Those interested in environmental law	Speaker
06/03/2019	There & Back Again	UAL / Chelsea College of Arts	Speaker & networking event	Sustainable fashion	HC; AM; OS	Students & fashion/design academics	Speakers
07/03/2019	Futurebuild	Futurebuild	Conference / expo	CE/Built environment	AL & CL & wider LWARB team	Industry, academics	Exhibitor, panelist, speaker
13/03/2019	CIRCE - Milan update	CIRCE	Workshop	Programme update	ACr	CIRCE programme participants	Speaker / delegate
14/03/2019	Compelling Communications	Advance London	Workshop	Refining the pitch	AL team members	SMEs	Host / Organiser
15/03/2019	Mayor's Entrepreneur Environment semi-finals pitching	GLA	Awards	Sustainable innovation	NA	Students	Judge
15/03/2019	North London Waste Prevention Exchange	NLWA	Conference	CE/re-use/waste prevention	AB	Local government, businesses	Exhibitor
15/03/2019	Guest lecture	Istituto di Marangoni	Speaker & networking event	Sustainable fashion	HC; OS	Students	Speakers
17/03/2019	Pro2Pac / International Food & Drink Event	IFE	Conference	Food & packaging innovation & CE	AL team members	Industry / businesses	Delegates / Speakers
18/03/2019	Accelerator Welcome Drinks	Circular London	Networking	Built environment & CE	JBr and LWARB team members	Start-ups	Host / Organiser
19/03/2019	International Food & Drink Event	Pro2Pac	Speaker & networking event	Plastics in food industry	ACo	Food industry	Speaker

Date	Event	Organiser	Type of event	Topic	Attended by	Audience	Role
27/03/2019	Design Thinking	Advance London / Design Thinkers Academy	Workshop	Designing consumer-focused products & services	AL team members	SMEs	Host / Organiser
27/03/2019	National food waste conference	Environment Media	Conference	Food waste recycling & food in the CE - TRiFOCAL	AB	Food waste sector	Speaker
27/03/2019	Milan TRiFOCAL capacity building	RL / TRiFOCAL team	Workshop	Running digital campaigns for behaviour change	VL	Milan council members	Organiser / trainer
02/04/2019	Food Waste Operators Group	ADBA	Speaker event	LA experience of separate food waste collections	CC	Food waste sector	Speaker
02/04/2019	Old Street BID board meeting	Old Street BID	Speaker event	Commercial waste	SC	Old Street BID board	Speaker
03/04/2019	London Conference	Resource London	Conference	Waste, recycling and CE in London	RL team; CL & LWARB team members	London waste & recycling sector; boroughs	Host / Organiser / speakers
04/04/2019	Food Club International meeting	Food & Drink Federation	Speaker & networking event	Food waste recycling & food in the CE	CC, JBi, ACo	Food & drink industry	Speakers
04/04/2019	Skinnydip talk	Skinnydip / RL	Lunch & learn	Sustainable fashion	HC; OS	Skinnydip employees	Speakers
24/04/2019	Lewisham Village for Fashion Revolution	Lewisham Village	Panel	Sustainable fashion	HC; OS	Public interested in fashion	Speakers
25/04/2019	CE Club / LWARB plastics event	CE Club / CL	Speaker & networking event	Plastics, recycling, CE	AB; PG	CE community	Host / Organiser / speakers
25/04/2019	Introducing CE opportunities for cultural heritage	Julie's Bicycle	Webinar	CE / built environment	PG	Global built environment & city stakeholders; ROCK / H2020 participants	Presenter
26/04/2019	Brighton & Hove CE workshop	Brighton & Hove	Workshop	LAs and CE	ACr; WH; PG; NA	Council reps	Speakers
30/04/2019	Circular Business Masterclass	Advance London	Workshop	Circular Economy	Advance London team	SMEs	Host / Organiser
30/04/2019	Cleantech Innovate	Cleantech Innovate	Exhibition / expo	CE innovation	JBr & AL team members	SMEs / start-ups	Sponsor / presenter
30/04/2019	London Plan EIP	GLA	Public scrutiny	London Plan	AB; ACr	Inspectors, industry, public	Participant
01/05/2019	Sustainable & Responsible Fashion	Manchester Metropolitan Uni	Conference & panel	Sustainable fashion	HC; ACr	Students & local fashion stakeholders	Speakers / panellists
01/05/2019	Guest lecture	University of Manchester	Speaker event	Sustainable fashion	HC	Fashion marketing students	Speaker

LWARB Expenditure (budget movement from March 2018 to May 2019) 2019- 2020 (LWARB spend exluding partnership contributions)	Business Plan 2019-2020 (March 2018)	Business Plan 2019-2020 (May 2019)
£000		
Advance London		
London Green Fund II		-
Circular Economy Accelerator	- 900	- 350
Circularity Capital growth fund	- 673	- 673
Business Consultancy Support	- 142	- 142
Total Advance London	- 1,715	- 1,165
Resource London	- 1,833	- 1,833
Circular London	- 300	- 300
Programme Professional Fees	- 75	- 75
Overheads		
Serviced Accommodation	- 275	- 275
Staff Costs***	- 500	- 680
Professional Fees	- 20	- 20
Training	- 20	- 20
Other Overheads	- 50	- 125
Total Overheads	- 865	- 1,120
Total spend	- 4,788	- 4,493

Notes to budget movement

Circular Economy spend revised downwards by £550k in line with this years budget spend of £300k plus a £50k contribution towards Rent & rates

Includes £50k contribution from Accelerator
£180k increase includes new Head of Programme and Commercial Manager roles in central overheads budget, as well as changes to communications team.

Budget revisied upwards by £50k due to known costs of new premises now being available.

*** Core staff costs - excludes dedicated Resource London, Advance London and Circular economy staff, who with the exception of the new Head of Programme are included in relevant programme budget lines.

Programme Expenditure (budget movement from March 2018 to May 2019) 2019- 2020 (Gross programme expenditure including partnership income contributions)	Business Plan 2019-2020 (March 2018)	Business Plan 2019-2020 (May 2019)
£000		
Partnership Income		
ERDF (Advance London funding)	142	142
GLA (contribution to LGF II)	-	-
Trifocal (local authority support funding)	175	175
European clothing action plan funding	-	-
WRAP (local authority support funding)*	500	500
CirCE (European circular economy funding)	43	43
Circularity Capital 3rd party investment	8,301	8,301
Circular Economy Accelerator match funding**	700	-
Total Partnership Income	9,861	9,161
Advance London		
London Green Fund II	-	-
Circular Economy Accelerator	- 1,600	- 350
Circular Economy growth fund	- 8,974	- 8,974
Business consultancy support	- 283	- 283
Total Advance London	- 10,857	- 9,607
Resource London	- 2,508	- 2,508
Circular London	- 343	- 343
Programme Professional Fees	- 75	- 75
Overheads		
Serviced Accommodation	- 275	- 275
Staff Costs***	- 500	- 680
Professional Fees	- 20	- 20
Training	- 20	- 20
Other Overheads	- 50	- 125
Total Overheads	- 865	- 1,120
Total spend	- 14,648	- 13,654

Notes to budget movement
Original match funding of £700k based on planned LWARB spend has been removed. Actual spend has been much lower and the amount of this suitable for matched funding is less than 100%. A match-funding target of £150k has been set for this year to deliver the second accelerator cohort. As this money has not yet been committed it has not been reflected in the Partnership Income table.
Circular Economy spend revised downwards by £1250k in line with this years budget spend of £350k and no matching contribution being included in the budget.
Includes £50k contribution from Accelerator £180k increase includes new Head of Programme and Commercial Manager roles in central overheads budget, as well as changes to communications team.
-
-
Budget revised upwards by £50k due to known costs of new premises now being available.
-
-

* WRAP contribution agreed on annual basis dependent on DEFRA/WRAP settlement

** A match-funding target of £150k has been set for this year to deliver the second accelerator cohort. As this money has not yet been committed it has not been reflected in the Partnership Income table

*** Core staff costs - excludes dedicated Resource London, Advance London and Circular economy staff, who with the exception of the new Head of Programme are included in relevant programme budget lines.

**London Waste & Recycling Board
Finance Report
Q3 2018/19**

LWARB Expenditure summary

Overall LWARB expenditure for the first half of the year is £420k under plan. This is predominantly due to Advance London being underspent by £251k and Resource London showing a £164k saving.

The Advance London spend benefits from a time lag in the work for the circular economy accelerator** (£150k), and a lower than expected net investment in the circularity capital growth fund (£141k). The overspend on Business consultancy support of £40k is expected to be recovered in-line with the full year forecast. Resource London is £164k under plan due to demand-led spending being less than anticipated. Additionally RL has been able to better utilise the WRAP contribution for this year due to changes in WRAP's administration procedures. The Circular London programme is in-line with planned spend, £6k positive variance. Programme professional fees show an underspend of £22k, due to VC investment and accelerator being delayed. Overheads are £11k over budget. Serviced accommodation which includes rent and IT cost and staff costs have had the £52k saving from moving into the new premises two months later than budgeted offset by £70k of IT costs.

LWARB Expenditure 2018- 2020 (LWARB spend excluding partnership contributions)	2018/19 Q3 Actual	2018/19 Q3 Budget	Variance	%	FY Budget	%
Advance London						
London Green Fund II		-	-		- 7,000	
Circular Economy Accelerator	- 75	- 225	- 150	33%	- 300	25%
Circularity Capital growth fund	- 309	- 450	- 141	69%	- 600	52%
Business Consultancy Support	- 212	- 172	40	124%	- 217	98%
Total Advance London	- 596	- 847	- 251	70%	- 8,117	7%
Resource London	- 1,117	- 1,281	- 164	87%	- 2,133	52%
Circular London	- 231	- 225	6	103%	- 300	77%
Programme Professional Fees	- 34	- 56	- 22	60%	- 75	45%
Overheads						
Serviced Accommodation	- 424	- 402	23	106%	-485	88%
Staff Costs*	- 442	- 428	14	103%	-570	77%
Professional Fees	- 7	- 15	8	49%	-20	37%
Training		- 15	15	0%	-20	0%
Other Overheads	- 35	- 38	3	93%	-50	70%
Total Overheads	- 908	- 897	11	101%	- 1,145	79%
Total spend	- 2,886	- 3,306	- 420	87%	- 11,770	25%

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

** Accelerator underspend – the original proposal, which was anticipated at the time of budget preparation, was amended due to feedback from Investment Committee. This had the effect of pushing back the start date and reducing the quantum of capital committed. A total of £300k of the original allocation will be spent by July 2019

London Waste & Recycling Board
Finance Report
Q3 2018/19

LWARB Income and expenditure

1. Grant income for the YTD to December is £290k. EU funding under the Advance London ERDF £80k, Trifocal £163k, and CirCE £31k programmes and net £16k from the C&A foundation.
2. £43.5k of interest on reserves with the GLA was received at the half year. Along with £1k from RBS account.
3. £2.7k of loan interest came in from Ecotech Ltd.
4. Resource London programme expenditure is £1,117k which is 13% (£164k) under budget for the year. Included in this figure is staff £351k and overhead of recharges £229k. The underspend is in line with expectations due to demand led spending being less than anticipated and RL better utilising the WRAP contribution for the year.
5. Advance London programme expenditure is 16% (£56k) below budget for the year. This principally relates to programme underspend on consultancy and marketing of around £55k. The team has used this capacity in the budget to pay for a 6th team member, so the underspend will reduce by y/e.
6. Circular Economy programme expenditure is 20% (£57k) under budget and follows on from the numbers seen in the first half of the year. This is in line with expectations and is allocated against work to be done on metrics and route map reviews in the last quarter of the year. The reusable buildings spend of £23k is expected to be fully recovered.
7. Investment programme costs are under budget by £22k as the programme is behind schedule.
8. The net effect of the above is overall programme expenditure 15% (£300k) under budget for the year to date.
9. Staff costs for the six months are in line with budget showing a 4% (£17k) favourable variance.
10. Serviced accommodation, office move, and rent in total are under budget by £47k, which is roughly equal to two months' rent in the new offices. The move took place in October but was budgeted from August. The P&L shows a YTD saving in serviced accommodation of £352k, which needs to be offset against the £210k shown in Professional Fees – Office move, and the £95k in Office Rent.
11. Professional fees at £7k are £8k under budget.
12. Other overheads are £74k over budget but include £70k of IT costs which may be reclassified with Rent and rates.
13. Overall admin expenditure is 1% (£11k) over budget for the year at £908k.

14. Net expenditure at £2.2m overall is 16% (£425k) under budget for the year.

The income and expenditure report excludes investments in the LWARB expenditure summary of £7.9m (LGF II (£7.0m), Circular Accelerator (£300k), and Circularity Capital (£600k). There are also £544k of full year additional costs included in the budget for which we expect to incur and then have refunded.

Balance Sheet

15. Equity investments are £3.1m, £0.6m of this relates to our fair value assessments of investments into Circularity Capital and Sustainable Accelerator. The remaining equity balance relates to a legacy investment in London Green Fund which is in exit mode.
16. Project Loan £1.2m, this relates to the outstanding balance on our loan to East London Biogas. This asset is in the process of being sold which should see a recovery of circa £1-1.1m
17. The current £47k balance includes £36.5k AL grants receivable, £8.5k existing CirCE, along with £2k of staff loans. The decrease in the Debtors balance of £27k in the quarter is mainly due to GLA funding £30k for CirCE project (received in September) being paid out in November.
18. The £3k prepayments relate to Insurance.
19. Cash – The net £2,614k decrease in cash over the nine months to December is reconciled to the net cash outflow figure in the Cash Flow statement.
20. Trade Creditors - The trade creditors balance of £136k relates mainly to the outstanding invoices £114k, additionally there is £17k PAYE and NI related, £12k Pensions, and around £7k of credit card balances.
21. Deferred income –The £58k balance relates to the receipt of EU grant funding that hasn't yet been matched to project expenditure.
22. Provision for committed expenditure – This reflects outstanding contractual funding commitments. The £466k relates to funding agreements with Local Authorities made under the Resource London programme.

Income & Expenditure (£000s)
London Waste and Recycling Board
For the 3 months ended 31 December 2018

	Period							YTD						
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%
Income														
Grant income	(28)		(28)		45	(73)	-163%	290	200	90	45%	44	245	552%
LGF1 crystallisation income												18,000	(18,000)	-100%
Loan interest income					45	(45)	-100%			3		138	(136)	-98%
Bank interest receivable					25	(25)	-99%	44		44		53	(8)	-16%
Other income					3	(3)	-99%					7	(7)	-97%
Total Income	(28)		(28)		118	(146)	-124%	337	200	137	68%	18,242	(17,906)	-98%
Programme Expenditure														
Resource London programme expenditure	370	641	(271)	-42%	347	23	7%	1,117	1,281	(164)	-13%	955	161	17%
Advance London programme expenditure	71	109	(38)	-35%	72	(1)	-1%	287	344	(56)	-16%	210	78	37%
Circular Economy programme expenditure	74	90	(16)	-17%	61	14	23%	208	288	(80)	-28%	195	13	7%
Circular Economy Accelerator programme expenditure					61	(61)	-100%					61	(61)	-100%
Circular Economy - Reusable Buildings	20		20			20		23		23			23	
Impairment losses					70	(70)	-100%					10,211	(10,211)	-100%
Investment programme costs	29	19	10	55%	105	(76)	-72%	34	56	(22)	-40%	106	(72)	-68%
Total Programme Expenditure	565	859	(294)	-34%	716	(151)	-21%	1,669	1,969	(300)	-15%	11,738	(10,069)	-86%
Administrative Expenditure														
Staff costs	135	143	(8)	-6%	121	14	12%	411	428	(17)	-4%	371	40	11%
Serviced Accommodation	(15)	153	(168)	-109%	22	(37)	-165%	50	402	(352)	-88%	73	(23)	-32%
Professional fees	(25)	5	(30)	-594%	7	(31)	-475%	7	15	(8)	-51%	12	(5)	-40%
Professional Fees - Office Move	78		78			78		210		210			210	
Office Rent	77		77			77		95		95			95	
Office expenses	5		5			5		8		8			8	
Other overheads	85	18	68	387%	17	68	400%	127	53	74	141%	50	76	152%
Total Administrative Expenditure	341	318	23	7%	167	175	105%	908	897	11	1%	507	402	79%
Net Income / (Expenditure)	(934)	(1,177)	243	21%	(765)	(170)	-22%	(2,241)	(2,666)	425	16%	5,997	(8,238)	-137%

Balance Sheet (£000s)
London Waste and Recycling Board
As at 31 December 2018

	Movement YTD	Closing Balance
Fixed Assets & Investments		
Total Non-current Assets	101	3,101
Current Assets		
Project loans	(235)	1,227
Debtors	(5)	47
Prepayments	(43)	3
Cash and cash equivalents	(2,614)	24,658
Total Current Assets	(2,897)	25,935
Current Liabilities		
Accruals	(21)	15
Deferred income		58
Stamp Duty	(9)	(9)
Trade creditors	(455)	136
Total Current Liabilities	(485)	200
Provision for committed project expenditure	(71)	466
Net Assets / (Liabilities)	(2,241)	28,371
General Fund	(2,241)	28,371

Cash Flow (£000s) London Waste and Recycling Board For the 3 months ended 31 December 2018		
	Period	YTD
Net Income / (Expenditure)	(934)	(2,241)
(Increase)/decrease in project loans		235
(increase)/decrease in equity investments	69	(101)
(increase)/decrease in debtors	34	5
(increase)/decrease in prepayments	65	43
increase/(decrease) in creditors	(153)	(455)
Increase/(decrease) in accruals		(21)
Increase/(decrease) in stamp duty		(9)
Increase/(decrease) in deferred income		
increase/(decrease) in provision for committed project expenditure	(19)	(71)
Net cash inflow (outflow)	(940)	(2,614)
Opening cash	25,598	27,272
Closing cash	24,658	24,658

LWARB fund forecast to 31/03/2020

Fund Forecast 2018- 2020	2018/19	2019/20
£000		
Income		
Bank interest	133	84
Project returns*	262	1,100
Total income	395	1,184
Advance London		
London Green Fund II	- 7,000	-
Circular Economy Accelerator	- 300	- 900
Circularity Capital growth fund	- 600	- 673
Business Consultancy Support	- 217	- 142
Total Advance London	- 8,117	- 1,715
Resource London	- 2,133	- 1,833
Circular London	- 300	- 300
Programme Professional Fees	- 75	- 75
Overheads		
Serviced Accomodation	- 485	- 275
Staff Costs	- 500	- 500
Professional Fees	- 20	- 20
Training	- 20	- 20
Other Overheads	- 50	- 50
Total Overheads	- 1,075	- 865
Total spend	- 11,700	- 4,788
b/f cash	26,202	14,897
c/f cash	14,897	11,293

* Anticipated loan returns based on secured investments

Potential upside from LGF 1 of £2.9m if currently performing unsecured unsecured investments continue to perform as projected by fund manager, with returns likely early in next business plan period.

Returns from accelerator, capital growth fund and LGF II due in next business plan period.

In addition, LWARB will continue to discuss with government funding to support our work, and pursue any appropriate grants where they support the aims of our business plan.

No.	Note	Risk	Type	Causes Of Risk	Impact	Existing Controls / Mitigation	Proposed Controls	Likelihood Score (1-5)	Impact Score (1-5)	Risk Score	Risk Owner	Risk Owner Actions/Comments
1		Insufficient resources to deliver the post-2020 business plan/strategic goals:	Financial	Reduced local authority finances; Failure to attract private capital for co-investment. Failure to attract further funding from DEFRA. Limited access to EU funding. Linked with restricted investment, threat to sustainability. Over-reliance on investment activity to the detriment of other income streams.	Objectives would not be fulfilled. Focus of LWARB's mission might need to change; its effectiveness will be affected.	Demonstrate the value of LWARB's programmes to attract funding. Manage resources efficiently. Lobby government for additional funds; Nurture current projects and monitor investments; Careful selection of investment projects to secure a financial return to LWARB; Begin to build up reserves from returns on investment over and above the 2015-20 budget.	Better treasury management. Explore new funding options/business opportunities that generate income. Consider securing additional resources for fundraiser to support some of LWARB's activity. Ensure that team is aware of need for securing funds and that this does not become simply a task for an identified function within the organisation.	4	4	16	WH/EC	
2		Reputational risk through not achieving London's recycling targets:	Strategic	Limited influence over LA's / local politics / Long-term borough contracts / Failure of boroughs to engage in RL support offerings Insufficient funding to achieve Mayors recycling targets / Reductions to local authority funding WRAP budget cut by DEFRA impacting on its contribution to Resource London Impact of global market conditions. Household recycling stagnates despite Resource London's programme activities; London demographics Resource London fails to deliver its expected benefits	LWARB held accountable for failure to achieve target. Reputational risk to LWARB; LWARB loses support of LA's.	- £1m of extra money to support flats recycling due to the increased target. - Compare London with other big UK and world cities - Specific programme of activity with Local Authorities providing tailored and bespoke communications and service support as well as London-wide programmes. - Regional and local communication and behaviour change activity to promote recycling among residents.	Rigorous evaluation of everything done - to have strong evidence LWARB is doing everything in its power. Raising the profile of the projects.	5	3.5	17.5	AB	
3		Failure to influence key stakeholders in delivering the circular economy:	Strategic	Limited influence over businesses Need to balance views of multiple stakeholders Programmes fails to deliver tangible benefits	LWARB objectives not met; reputational damage; failure to secure funding.	LWARB is part of different global networks which brings them into contact with large business stakeholders. Establishing collaboration to engage with stakeholders. Leading the debate on the circular economy Influencing big policy changers. Board members to use their influence more	Influence enough businesses of scale: fundraisers, access to ministers. Identifying which Prioritise LWABs CE partnerships to those which can be most effective	3.5	4	14	CO	
4		Lack of skills / experience to deliver LWARB objectives / vision:	Operational	. Over-reliance on personal relationships with key stakeholders . Potential loss of key staff . Lack of appropriate in-house skills . Lack of succession planning and development pathways	Insufficient skills to deliver LWARB objectives	New HR system has been put in place which will help to monitor skills and competencies within the team. Required skills are specified in job descriptions for positions to be filled; Whenever possible a handover period between incoming and outgoing staff is sought; External consultants are engaged if required; Operational procedures are recored in an operations manual to aid continuity.	Re-map HR system - move towards a competency-based system. Identify and analyse what skills are needed to deliver the business plan -> identify any gaps in skills and fill them. Have a succession plan - identifying key people and have a plan if those key people leave. Bringing in new skills and expertise. Sharing knowledge - in case someone leaves.	4	3	12	WH/AL/EC	
5		Failure to deliver externally funded programmes:	Strategic	Projects do not deliver the expected benefits	Reputational damage among key stakeholders Could result in penalties.	Robust governance, good skills and practice, good project methodology.		3	3.5	10.5	WH/(AB, SF, CO)	

