

## London Waste & Recycling Board

### Finance Report Q3 2020/21

#### Profit & Loss Summary

For the 9 months to December LWARB was ahead of budget on income and underspent on overheads leading to a net spend of £2.1m compared to a forecast net spend of £3.0m.

Advanced London underspend £57k, Resource London underspend £438k, Circular London under budget by £101k.

#### LWARB P&L summary to 31/12/2020

P&L	Actual Q3 2020/21	Budget Q3 2020/21	Variance	%	FY Budget 2020/21	%
£000	£000	£000	£000			
<b>Income</b>						
Bank Interest and other income	72	-	72	-	-	-
Funding	309	251	58	23%	338	91%
Asset sale/revaluation	(74)	-	(74)	-	-	-
<b>Total income</b>	<b>307</b>	<b>251</b>	<b>56</b>	<b>23%</b>	<b>338</b>	<b>91%</b>
<b>Advance London</b>	<b>(259)</b>	<b>(317)</b>	<b>57</b>	<b>-18%</b>	<b>(422)</b>	<b>61%</b>
<b>Resource London</b>	<b>(829)</b>	<b>(1,267)</b>	<b>438</b>	<b>-35%</b>	<b>(1,683)</b>	<b>49%</b>
<b>Circular London</b>	<b>(396)</b>	<b>(497)</b>	<b>101</b>	<b>-20%</b>	<b>(658)</b>	<b>60%</b>
<b>Total Programme spend</b>	<b>(1,484)</b>	<b>(2,080)</b>	<b>597</b>	<b>-29%</b>	<b>(2,763)</b>	<b>54%</b>
<b>Overheads</b>						
Rent & rates	(271)	(270)	(1)	0%	(359)	75%
Staff Costs*	(456)	(554)	97	-18%	(731)	62%
Other Overheads	(238)	(331)	94	-28%	(442)	54%
<b>Total Overheads</b>	<b>(965)</b>	<b>(1,155)</b>	<b>190</b>	<b>-16%</b>	<b>(1,532)</b>	<b>63%</b>
<b>Profit/Loss</b>	<b>(2,141)</b>	<b>(2,984)</b>	<b>843</b>	<b>-28%</b>	<b>(3,958)</b>	<b>54%</b>

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

#### Expenditure Summary

LWARB's cash position at the end of Q3 was £1.2m better than budget due to £843k better P&L for the period and lower investment expenditure (the opening cash position was above the original budget as a result of accelerated investment in the GLIF in 2019/20).

LWARB expenditure summary to 30/9/2020	Q3 Actual	Q3 Budget	Var.	%	FY Budget	%
Opening cash	18,537	19,429	(892)	-5%	19,429	95%
Net Income / (Expenditure)	(2,141)	(2,984)	843	-28%	(3,958)	54%
(Increase)/decrease in project loans	-	0	-	-	-	-
(increase)/decrease in equity investments	(378)	(1,804)	1,426	-79%	(2,405)	16%
Other	(139)	0	(139)	-	-	0%
<b>Net Income / (Expenditure)</b>	<b>(2,658)</b>	<b>(4,788)</b>	<b>2,130</b>	<b>-44%</b>	<b>(6,363)</b>	<b>42%</b>
Closing cash	15,879	14,641	1,238	8%	13,066	122%

LWARB Income and Expenditure detail

Income & Expenditure (£000s)														
London Waste and Recycling Board														
For the 3 months ended 31 December 2020														
	Period							YTD						
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%
<b>Income</b>														
Bank interest receivable	10	-	10		53	(42)	-80%	72	-	72		108	(36)	-33%
C&A Foundation	-	-	-		(1)	1	100%	22	-	22		84	(62)	-74%
Grant income	(33)	67	(100)	-149%	109	(142)	-130%	140	201	(61)	-30%	160	(20)	-13%
Loan interest income	-	-	-		-	-		-	-	-		-	-	
Other income	1	20	(20)	-98%	14	(14)	-96%	147	50	0	194%	43	104	241%
<b>Total Income</b>	<b>(22)</b>	<b>87</b>	<b>(109)</b>	<b>-125%</b>	<b>175</b>	<b>(198)</b>	<b>-113%</b>	<b>381</b>	<b>251</b>	<b>130</b>	<b>52%</b>	<b>395</b>	<b>(14)</b>	<b>-3%</b>
<b>Programme Expenditure</b>														
Advance London programme expenditure	89	106	(16)	-16%	122	(32)	-27%	259	317	(57)	-18%	353	(94)	-27%
C&A Foundation costs	-	-	-		-	-		-	-	-		85	(85)	-100%
Circular Economy - Reusable Buildings	-	-	-		-	-		-	-	-		-	-	
Circular Economy Accelerator programme	-	-	-		36	(36)	-100%	-	-	-		183	(183)	-100%
Circular Economy programme expenditure	162	161	1	0%	45	116	258%	396	497	(101)	-20%	195	201	103%
Investment programme costs	-	-	-		-	-		-	-	-		8	(8)	-100%
Impairment losses	-	-	-		-	-		74	-	74		(392)	466	119%
Resource London programme expenditure	232	416	(184)	-44%	595	(363)	-61%	829	1,267	(438)	-35%	1,283	(455)	-35%
<b>Total Programme Expenditure</b>	<b>483</b>	<b>683</b>	<b>(200)</b>	<b>-29%</b>	<b>797</b>	<b>(314)</b>	<b>-39%</b>	<b>1,558</b>	<b>2,080</b>	<b>(523)</b>	<b>-25%</b>	<b>1,716</b>	<b>(158)</b>	<b>-9%</b>
<b>Administrative Expenditure</b>														
Staff costs	175	178	(2)	-1%	146	29	20%	456	554	(97)	-18%	443	13	3%
Serviced Accomodation	-	-	-		-	-		-	-	-		-	-	
Professional fees	1	13	(11)	-89%	1	1	70%	35	38	(3)	-8%	8	26	312%
Professional Fees - Office Move	-	-	-		7	(7)	-100%	-	-	-		13	(13)	-100%
Office Rent	90	90	0	0%	61	30	49%	271	270	1	0%	181	90	50%
Office expenses	6	10	(4)	-39%	6	0	5%	14	31	(18)	-56%	21	(8)	-35%
Other overheads	66	87	(21)	-25%	41	25	59%	189	262	(73)	-28%	90	99	110%
<b>Total Administrative Expenditure</b>	<b>339</b>	<b>378</b>	<b>(39)</b>	<b>-10%</b>	<b>262</b>	<b>77</b>	<b>29%</b>	<b>965</b>	<b>1,155</b>	<b>(190)</b>	<b>-16%</b>	<b>758</b>	<b>207</b>	<b>27%</b>
<b>Net Income / (Expenditure)</b>	<b>(844)</b>	<b>(974)</b>	<b>129</b>	<b>13%</b>	<b>(884)</b>	<b>40</b>	<b>4%</b>	<b>(2,141)</b>	<b>(2,984)</b>	<b>843</b>	<b>28%</b>	<b>(2,078)</b>	<b>(63)</b>	<b>-3%</b>

## **LWARB Income and expenditure commentary**

1. Grant income for the 9 months to December was £140k. This consists of accrued EU funding under the Advance London ERDF programme. Note the Q2 figure was overstated by £86k due to the total cost numbers being used rather than 50% reclaimable)
2. £72k of interest on reserves with the GLA were received in the year and £30k accrued for Q3 (to Dec). Note the interest received has reduced from 0.69% at the start of April to 0.38% at the end of December in-line with interest rates generally. The rate of return is still comparatively good when compared to deposit accounts available.
3. Resource London programme expenditure is £829k which is 35% (438k) under budget for the full year. Included in this figure is staff £415k and discretionary expenditure of £414k). The current underspend against forecast is primarily due to delays in project deployment as a result of the disruption caused by the COVID pandemic. Additionally, some underspend relates to saving in the staffing budget, where one post has remained unfilled. Resource London forecast recovering some of the underspend as some commitments have been made in the third quarter. However the forecast is that the outturn will be lower than the original budget.
4. Advance London programme expenditure at £259k is 18% (£57k) under budget for the year (in-line with 50% income accrued). This is a result of staffing vacancies and reduced spending from the workshops which were moved on-line. The expenditure has been reprofiled so the end of the year will be close to the budget.
5. Circular London programme expenditure at £396k is 20% (£102k) under plan. Some significant procurement is forecast for quarter 4, delayed from quarter 3 due to staff changes, and capacity issues resulting from COVID. However, these will bring spent back to budget. The outturn will be therefore be lower than the original budget.
6. The net effect of the above is overall programme expenditure of £1.5m which is 29% (£597k) under budget for the 9 months to December 2020.
7. Impairment losses of £74k relate to the downward revision of the LGF investment in the June and September fund managers' reports. December report not yet available.
8. Central staff costs at £456k are £97k below budget mainly due to the commercial manager not yet being hired £50k, lower than budgeted cost of Fundraiser £25k, and board costs £10k (due to no RL partnership board and timing of appointments).
9. Professional fees at £35k are under budget by £3k, main cost has been advice on commercialisation from RSM.
10. Rent is in line with budget at £270k.
11. Other overheads and office expenses are £203k which is £91k under budget, mainly due to underspend on marketing & communications £30k as well as savings in a number of other areas due to the office not being opened. As a consequence, IT costs have hit the full year budget number.

12. Overall Operating expenses are 16% (£190K) under budget for the year at £965k.

13. Net Expenditure at £2.1m overall is 28% (£843k) under budget for the period.

#### LWARB Balance Sheet detail and commentary

<b>Balance Sheet (£000s)</b>		
<b>London Waste and Recycling Board</b>		
<b>As at 31 December 2020</b>		
	<b>Movement YTD</b>	<b>Closing Balance</b>
<b>Fixed Assets &amp; Investments</b>		
Cycle	0	0
Equity investments	378	6,154
<b>Current Assets</b>		
RL grants receivable	(45)	65
C A Foundation	(22)	0
Debtors	(60)	125
Project loans	0	0
Prepayments	(170)	3
Total Bank	(2,658)	15,879
<b>Total Current Assets</b>	<b>(2,955)</b>	<b>16,072</b>
<b>Current Liabilities</b>		
Accruals	(232)	(11)
Credit Card - Confoy	(0)	(0)
Deferred income	(134)	325
Provision for committed project expenditure	0	182
Trade creditors	(69)	75
Virtual Card	(1)	(0)
Total Current Liabilities	<b>(436)</b>	<b>570</b>
<b>Net Assets</b>	<b>(2,141)</b>	<b>21,656</b>
<b>Equity</b>		
Current Year Earnings	1,387	(2,141)
General fund	(3,528)	23,797
<b>Total Equity</b>	<b>(2,141)</b>	<b>21,656</b>

- Equity investments increased by £378 in the half-year to date (£430k GLIF, and -£70k write down for LGF).
- Debtors stand at £125k, of which £96k is outstanding claims with ERDF, £6k Circe, and £22k on the debtors control a/c. (£13k LB Islington, £8k NLWA)

3. Prepayments of £3k relate to insurance cost. The prior year included £167k April drawdown for Circularity Capital.
4. The RL grants receivable line is a debtor of £65k ECAP. Note possible write down £25k due to default by another member.
5. Total Bank – net £2.7m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.
6. Accruals low due to expected income for GLA bank interest to Dec £17k and expected credit from Ogilvy £28k
7. Trade Creditors - balance of £74k relates mainly to outstanding invoices of £23k, additionally there was £18k PAYE, £26 NI, and £11k pension payments.
8. Provision for committed expenditure reflects outstanding contractual funding commitments. The £182k relates to funding agreements with Local Authorities made under the Resource London programme.

## LWARB Cashflow analysis and commentary

### Cash Flow (£000s)

#### London Waste and Recycling Board

For the 9 months ended 31 December 2020

	YTD £000's
<b>Net Income / (Expenditure)</b>	<b>(2,141)</b>
(Increase)/decrease in fixed assets	-
(Increase)/decrease in project loans	-
(Increase)/decrease in grants receivable	67
(increase)/decrease in equity investments	(378)
(increase)/decrease in debtors	60
(increase)/decrease in prepayments	170
increase/(decrease) in creditors	(71)
Increase/(decrease) in accruals	(232)
Increase/(decrease) in deferred income	(134)
Increase/(decrease) in stamp duty	
increase/(decrease) in provision for committed project expenditure	-
<b>Net cash inflow (outflow)</b>	<b>(2,658)</b>
<b>Opening cash</b>	<b>18,537</b>
<b>Closing cash</b>	<b>15,879</b>

1. Net income/expenditure is as per the Income and Expenditure detail above
2. The cash outflow for equity investments in the period are £0.4m GLIF offset by the LGF write-down.
3. Debtors have decreased by £60k due to receipts from EDRF and CIRcE.
4. Creditors have decreased by £71k in the 9 months to December 2020.
5. Accruals have reduced by £232k as the March 2020 balance included a number of large balances for invoices expected but not received including Ogilvy and Greenmiles.
6. Deferred income relates to Circuit income of £134k which has been recognised in the period.