

London Waste & Recycling Board (Operating as ReLondon) **DRAFT**

Finance Report Q4 2020/21 (Pre final Investment reports and Y/e adjustments)

Profit & Loss Summary

For the 12 months to 31st March 2021 LWARB interest and funding of £595k was above budget by £257k, this was however offset by a negative £642k asset revaluation. Budget** underspend on programmes (£808k) and overheads (£189k), led to a net spend of £3.3m compared to a budget of £4.0m.

Business Transformation (formerly Advanced London) underspend £68k, Local authority support and Communications and behaviour change (Resource London) underspend £621k, Business and sector support (Circular London) under budget by £118k.

LWARB P&L summary to 31/03/2021

	Actual Q4 2020/21	Budget Q4 2020/21	Variance	%	FY Budget 2020/21	%
P&L						
£000	£000	£000	£000			
Income						
Bank Interest and other income	86	-	86	-	-	-
Funding	509	338	171	51%	338	151%
Asset sale/revaluation	(642)	-	(642)	-	-	-
Total income	(46)	338	(384)	51%	338	151%
SME support	(354)	(422)	68	-16%	(422)	84%
Local authority support, Comms & BC	(1,062)	(1,683)	621	-37%	(1,683)	63%
Business and sector support	(540)	(658)	118	-18%	(658)	82%
Total Programme spend	(1,955)	(2,763)	808	-29%	(2,763)	71%
Overheads						
Rent & rates	(361)	(359)	(1)	0%	(359)	100%
Staff Costs*	(653)	(731)	79	-11%	(731)	89%
Other Overheads	(330)	(442)	112	-25%	(442)	75%
Total Overheads	(1,344)	(1,532)	189	-12%	(1,532)	88%
Profit/Loss	(3,345)	(3,958)	613	-15%	(3,958)	85%

* Core staff cost – excludes most dedicated programme staff, whose costs are included in relevant programme budget lines

** Budget as per 5-year budget published April 2019. A revised budget plan was provided to the board in the delivery plan review 25/02/21 and is included in Appendix A for comparison purposes.

Expenditure Summary

LWARB's cash position at year-end is £1.8m higher than budget. This is the result of cash expenditure being down on both operating costs and investments. See cash analysis for full breakdown.

LWARB expenditure summary to 31/03/2021	YTD Actual	YTD Budget	Var.	%	FY Budget	%
Opening cash	18,537	19,429	(892)	-5%	19,429	95%
Net Income / (Expenditure)	(3,345)	(3,958)	613	-15%	(3,958)	85%
Decrease in equity investments	642	0	642	-	-	-
(increase) in equity investments	(704)	(2,405)	1,701	-71%	(2,405)	29%
Other	(255)	0	(255)	-	-	0%
Net Income / (Expenditure)	(3,662)	(6,363)	2,701	-42%	(6,363)	58%
Closing cash	14,875	13,066	1,809	14%	13,066	114%

LWARB Income and Expenditure detail

Income & Expenditure (£000s)															
London Waste and Recycling Board															
For the 3 months ended 31 March 2021															
	Period							YTD							
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	
Income															
Bank interest receivable	14	-	14		91	(77)	-85%	86	-	86		199	(113)	-57%	1
C&A Foundation	14	-	14		27	(13)	-47%	36	-	36		111	(75)	-67%	2
Grant income	63	67	(4)	-6%	253	(190)	-75%	202	268	(65)	-24%	413	(210)	-51%	2
Loan interest income	-	-	-		-	-		-	-	-		-	-		
Other income	123	20	103	515%	74	49	66%	270	70	200	286%	117	153	131%	3
Total Income	214	87	127	146%	445	(231)	-52%	595	338	257	76%	840	(245)	-29%	
Programme Expenditure															
Advance London programme expenditure	103	106	(2)	-2%	105	(1)	-1%	354	422	(68)	-16%	458	(104)	-23%	5
C&A Foundation costs	-	-	-		37	(37)	-100%	-	-	-		122	(122)	-100%	
Circular Economy - Reusable Buildings	-	-	-		0	(0)	-100%	-	-	-		0	(0)	-100%	
Circular Economy Accelerator programme	-	-	-		54	(54)	-100%	-	-	-		237	(237)	-100%	
Circular Economy programme expenditure	143	161	(18)	-11%	81	62	77%	539	658	(119)	-18%	275	264	96%	6
Investment programme costs	0	-	0		-	0		0	-	0		8	(8)	-95%	
Impairment losses	-	-	-		768	(768)	-100%	642	-	642		376	265	71%	8
Resource London programme expenditure	194	416	(222)	-53%	492	(298)	-61%	1,062	1,683	(621)	-37%	1,776	(714)	-40%	4
Total Programme Expenditure	441	683	(242)	-35%	1,537	(1,096)	-71%	2,597	2,763	(167)	-6%	3,252	(656)	-20%	7*
Administrative Expenditure															
Staff costs	175	74	101	136%	167	9	5%	653	731	(79)	-11%	610	43	7%	9
Serviced Accomodation	-	-	-		-	-		-	-	-		-	-		
Professional fees	(10)	12	(22)	-180%	14	(24)	-173%	26	50	(24)	-49%	22	4	16%	10
Professional Fees - Office Move	-	-	-		9	(9)	-100%	-	-	-		23	(23)	-100%	
Office Rent	90	90	0	0%	61	29	48%	361	359	1	0%	242	119	49%	11
Office expenses	6	10	(4)	-39%	8	(2)	-19%	21	42	(21)	-49%	29	(8)	-28%	12
Other overheads	92	191	(98)	-52%	100	(7)	-7%	283	350	(67)	-19%	190	93	49%	12
Total Administrative Expenditure	354	378	(23)	-6%	358	(4)	-1%	1,344	1,532	(189)	-12%	1,116	228	20%	13
Net Income / (Expenditure)	(581)	(974)	392	40%	(1,450)	868	60%	(3,345)	(3,958)	613	15%	(3,528)	183	5%	14

*Impairment losses treated as outside programme spend in commentary

NB – Table above is a download from the Xero Finance system and some headings such as “Resource London” still need to be updated for the rebrand.

LWARB Income and expenditure commentary

1. £86k of interest on reserves with the GLA were received in the year and £14k accrued for Q4. Note the interest received has reduced from 0.69% to 0.34%, see note in Appendix C.
2. Grant income to March 2021 was £238k. This consists of accrued EU funding under the SME support ERDF programme of £186k, EU funding of £16k CircE, and £36k from the Lourdes Foundation.
3. Other income at £270k is £200k more than budget. The £270k figure includes £199k relating to Circuit (the budget excluded Circuit as this was taken to be net Zero with all expenditure being reclaimed). In addition, £50k of new funding received for FoodWave.
4. Local authority support programme expenditure is £1.1m which is 37% (£621k) under budget for the full year. Included in this figure is staff £573k and discretionary expenditure of £489k). The underspend 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. A credit for £66k was received in Feb'21 the year relating to 2019/20 expenditure.
5. SME support programme expenditure at £354k is 16% (£68k) 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. Q4 ERDF claim for 2020/21 still to be finalised.
6. Business and sector support programme expenditure at £539k is 18% (£119k) under budget. Some significant procurement was forecast for quarter 4, delayed from quarter 3 due to staff changes, and capacity issues resulting from COVID.
7. The net effect of the above is overall programme expenditure of £2m which is 29% (£808k) under budget for the year to 31st March 2021.
8. Impairment losses of £642k relate to the downward revision of investments to December 2020, March 2021 report not yet available (see Appendix B Investment summary).
9. Central staff costs at £653k are £79k below budget mainly due to the commercial manager delayed hire £50k, the lower than budgeted cost of Fundraiser £25k, and lower board costs (due to no RL partnership board and timing of appointments).
10. Professional fees at £26k are under budget by £24k, note accruals for 2020/21 still to be finalised.
11. Rent is in line with budget at £361k.
12. Other overheads and office expenses are £304k which is £88k under budget, savings due to the office not being opened, offset to some extent by increased IT costs.
13. Overall Operating expenses are 12% (£189K) under budget for the year at £1.3m.
14. Net Expenditure at £3.3m overall is 15% (£613k) under the budget.

LWARB Balance Sheet detail and commentary

Balance Sheet (£000s)			
London Waste and Recycling Board			
As at 31 March 2021			
	Movement YTD	Closing Balance	
Fixed Assets & Investments			
Cycle	0	0	
Equity investments	62	5,839	1
Current Assets			
RL grants receivable	(83)	27	4
C A Foundation	(22)	0	
Debtors	943	1,128	2
Project loans	0	0	
Prepayments	(151)	22	3
Total Bank	(3,662)	14,875	5
Total Current Assets	(2,975)	16,052	
Current Liabilities			
Accruals	(153)	68	6
Provision for GND funding	1,005	1,005	7
Deferred income	(200)	259	8
Provision for committed project expenditure	(110)	72	9
Trade creditors	(110)	34	10
Virtual Card	(0)	1	
Total Current Liabilities	432	1,439	
Net Assets	(3,345)	20,452	
Equity			
Current Year Earnings	183	(3,345)	11
General fund	(3,528)	23,797	
Total Equity	(3,345)	20,452	

- Equity investments increased by £62k in year (£423k GLIF management fees, £281k Circularity Capital, and -£642k write down for LGF).
- Debtors stand at £1,128k, of which £1,005k is the invoice raised for the GND, this is offset in the balance sheet by the GND provision. The remaining £123k is an estimated £96k of outstanding claims with ERDF, £26k on the debtors control a/c. (£23k LB Islington, £3k NLWA)
- Prepayments of £22k relate to £10k insurance cost and £12k IT Licenses. The prior year included £167k April drawdown for Circularity Capital.
- The RL grants receivable line is a debtor of £27k ECAP. Note this needs to be written off as our part of shared cost due to ECAP going into liquidation.
- Total Bank – net £3.7m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.

6. Accruals for 2020/21 to be finalised, figure expected to increase.
7. Provision for GND is the funding received from the GLA
8. Deferred income is the remainder of the payment received for Circuit.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £72k relates to funding agreements with Local Authorities made under the Local authority support programme, note this figure is still to be finalised.
10. Trade Creditors - balance of £34k relates mainly to outstanding credit notes totalling £ (94)k from Ogilvy received in April, offsetting invoices of £59k less than a month old, £55k PAYE & NI, and £10k pension payments.
11. Current -year earnings reflect the P&L

LWARB Cashflow analysis and commentary

Cash Flow (£000s)

London Waste and Recycling Board

For the 12 months ended 31 March 2021

	YTD £000's	
Net Income / (Expenditure)	(3,345)	1
(Increase)/decrease in fixed assets	-	
(Increase)/decrease in project loans	-	
(Increase)/decrease in grants receivable	105	3
(increase)/decrease in equity investments	(62)	4
(increase)/decrease in debtors	(943)	5
(increase)/decrease in prepayments	151	6
increase/(decrease) in creditors	(133)	7
Increase/(decrease) in accruals	(153)	8
Increase/(decrease) GND Provision	1,005	9
Increase/(decrease) in deferred income	(200)	10
Increase/(decrease) in stamp duty		
increase/(decrease) in provision for committed project expenditure	(87)	
Net cash inflow (outflow)	(3,662)	2
Opening cash	18,537	
Closing cash	14,875	

1. Net income/expenditure is as per the Income and Expenditure previously shown above.
2. Net cash outflow £3.7m for the year is detailed above.
3. The grants receivable £105k is made up of £22k C&A, £83k Trifocal.
4. Equity investments increased by £62 in year (£423k GLIF, £281k Circularity Capital, offset by -£642k write down for LGF).
5. Debtors increase of £943k is predominantly due to the £1,050 GND (received in April).
6. The decrease in prepayments is mainly due to the £167k payment to circularity capital at the end of the previous financial year.
7. Creditors have decreased by £133k in the 12 months to March 2021.
8. Accruals are still to be finalised for 2020/21.
9. Increase in GND provision is funding from GLA.
10. Deferred income relates to Circuit income of £199k which has been recognised in the period.

Opening and closing cash reconcile to the bank account

Notes to Q4 Finance report: -

These are DRAFT numbers.

Final Investment Fund Manager reports to March 2021 not yet received, expected early June.

Accruals for 2020/21 to be finalised, figure expected to increase.

Local authority support programme committed spend figure is still being finalised, estimate around £135k.

Q4 ERDF claim for 2020/21 still to be finalised.

£26k RL Grants receivable needs to be written off as our part of shared cost due to ECAP going into liquidation

Appendix A – Budget

Due to the impact of covid on our investments it was highlighted during the year to the Audit Committee and the Board that the original 5-year budget would need to be revised (See notes from Audit Committee meetings at the end of Appendix B).

In the October Board meeting WH provided an estimate that a saving of approx. £300k per annum over the 5-year plan would be required.

No formal revised Budget for 2020/21 was presented to the board, however a revised forecast (£3m) was taken into account when preparing the annual budget for 2021/22 published on the 1st April 2021. This forecast estimated a saving in operations of approx. £1m for the year to 31st March 2021 against the 5-year Budget plan.

The table below provides a view of this revised forecast in the columns on the left, and the variance against the Draft actual numbers.

The table shows that the revised operational savings were made, and in fact are exceeded by the Draft actual numbers by approx. £300k.

While the table shows an overall adverse variance of £346k for the Draft actual numbers against the revised forecast, this is impacted by the negative investment revaluation of £642k, without which a positive variance of £296k would have resulted in line with forecast. The negative impact of the investments has been accounted for in our revision of the income from investment figures (see Appendix B).

LWARB P&L summary to 31/03/2021

P&L	Actual Q4 2020/21	Budget Q4 2020/21	Variance	%	Revised Forecast 2020/21	Variance	%
£000	£000	£000	£000		£000		
Income							
Bank Interest and other income	86	-	86	-	-	86	-
Funding	509	338	171	51%	499	10	102%
Asset sale/revaluation	(642)	-	(642)	-	-	(642)	-
Total income	(46)	338	(384)	51%	499	(545)	102%
SME support	(354)	(422)	68	-16%	(407)	53	87%
Local authority support, Comms & BC	(1,062)	(1,683)	621	-37%	(1,104)	42	96%
Business and sector support	(540)	(658)	118	-18%	(630)	90	86%
Total Programme spend	(1,955)	(2,763)	808	-29%	(2,141)	186	91%
Overheads							
Rent & rates	(361)	(359)	(1)	0%	(361)	0	100%
Staff Costs*	(653)	(731)	79	-11%	(662)	9	99%
Other Overheads	(330)	(442)	112	-25%	(334)	4	99%
Total Overheads	(1,344)	(1,532)	189	-12%	(1,357)	13	99%
Profit/Loss	(3,345)	(3,958)	613	-15%	(2,999)	(346)	112%

Appendix B – Investment summary – This appendix is considered confidential under article 18.3 of the London Waste and Recycling Board Order (2008) because it contains commercially sensitive information.

{Redacted}

Appendix C – Income summary

Income & Expenditure (£000s)				
London Waste and Recycling Board				
For the 3 months ended 31 March 2021				
	YTD			
	Actual	Budget	Variance	%
Income				
Bank interest receivable	86	-	86	
C&A Foundation	36	-	36	
Grant income	202	268	(65)	-24%
Loan interest income	-	-	-	
Other income	270	70	200	286%
Total Income	595	338	257	76%

Bank interest receivable

Income made up almost entirely of interest on GLA account

Q1 £31,685

Q2 £23,033

Q3 £17,361

Q4 £13,933 (estimated)

Total for 2020/21 £86,012 approx.

Note A. Interest on GLA account

Interest shall be calculated on the daily balance of the Loan from day to day and shall be credited quarterly to the outstanding balance of the Loan on 31 March, 01 July, 01 October and 01 January.

The interest rate payable by the GLA (Interest Rate) shall be the daily rate of return (expressed as a percentage) on the GLA Group Investment Syndicate (GIS) investments, from the date of deposit, less a fee of 2.5bp unless otherwise agreed by the Parties in writing. Fees shall be applied from the date of the first deposit. The Parties shall review the level of fees annually and any new interest rate shall be applicable from the 1st April of the financial year to which the review relates.

Lourdes Foundation (formerly C&A)

Received two payments this year of £44,493 and £14,233.

£22,25 was accrued for 2019/20 so £36,476 relates to 2020/21.

TBC if final payment.

Grant Income

Circe payment received £23,017 of which £6,440 relates to 2019/20, therefore £16,578 for 2020/21.

ERDF figure numbers contain payments received this year of £68,369 and £48,623 (Aug'20) relating to 2019/20. Also received £47,877 (Nov'21) and £46103 (Mar'21) relating for the first half of this year. Claim for Q3 is £48,510, and Q4 being finalised, accrued at £43k. Final estimate for 2020/21 £185k.

Other income

Circuit claims for 2020/21 totalling £199,521.

Food Wave Funding received in March 2021 £49,469.71

NB: The above funding streams will be reported separately in the new format.