

## London Waste & Recycling Board (Operating as ReLondon) Final

### Finance Report Q4 2020/21 (See Appendix D for comparison with Q4 Draft numbers)

#### Profit & Loss Summary

For the 12 months to 31<sup>st</sup> March 2021 LWARB interest and funding of £563k was above budget by £225k, this was however offset by a negative £923k asset revaluation. Budget\*\* underspend on programmes (£855k) and overheads (£121k), led to a net spend of £3.7m compared to a budget of £4.0m.

Business Transformation (formerly Advanced London) underspend £71k, Local authority support and Communications and behaviour change (Resource London) underspend £659k, Business and sector support (Circular London) under budget by £126k.

#### LWARB P&L summary to 31/03/2021

P&L	Actual Q4 2020/21	Budget Q4 2020/21	Variance	%	FY Budget 2020/21	%
£000	£000	£000	£000			
<b>Income</b>						
Bank Interest and other income	87	-	87	-	-	-
Funding	476	338	138	41%	338	141%
Asset sale/revaluation	(923)	-	(923)	-	-	-
<b>Total income</b>	<b>(360)</b>	<b>338</b>	<b>(698)</b>	<b>41%</b>	<b>338</b>	<b>141%</b>
<b>SME support</b>	<b>(352)</b>	<b>(422)</b>	<b>71</b>	<b>-17%</b>	<b>(422)</b>	<b>83%</b>
Local authority support, Comms & BC	(1,024)	(1,683)	659	-39%	(1,683)	61%
Business and sector support	(532)	(658)	126	-19%	(658)	81%
<b>Total Programme spend</b>	<b>(1,908)</b>	<b>(2,763)</b>	<b>855</b>	<b>-31%</b>	<b>(2,763)</b>	<b>69%</b>
<b>Overheads</b>						
Rent & rates	(361)	(359)	(1)	0%	(359)	100%
Staff Costs*	(657)	(731)	74	-10%	(731)	90%
Other Overheads	(393)	(442)	48	-11%	(442)	89%
<b>Total Overheads</b>	<b>(1,411)</b>	<b>(1,532)</b>	<b>121</b>	<b>-8%</b>	<b>(1,532)</b>	<b>92%</b>
<b>Profit/Loss</b>	<b>(3,679)</b>	<b>(3,958)</b>	<b>279</b>	<b>-7%</b>	<b>(3,958)</b>	<b>93%</b>

\* 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 a better opening position and 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)	(3,679)	(3,958)	279	-7%	(3,958)	93%
Decrease in equity investments	1,021	0	1,021	-	-	-
(increase) in equity investments	(793)	(2,405)	1,612	-67%	(2,405)	33%
Other	(196)	0	(196)	-	-	0%
Net Income / (Expenditure)	(3,647)	(6,363)	2,715	-43%	(6,363)	57%
Closing cash	14,890	13,066	1,824	14%	13,066	114%

## LWARB Income and Expenditure detail

<b>Income &amp; Expenditure (£000s)</b> London Waste and Recycling Board For the 3 months ended 31 March 2021															
	Period							YTD							Commentary line
	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	15	-	15		91	(77)	-84%	87	-	87		199	(112)	-56%	1
C&A Foundation	14	-	14		27	(13)	-47%	36	-	36		111	(75)	-67%	2
Grant income	56	67	(10)	-16%	253	(196)	-78%	196	268	(72)	-27%	413	(216)	-52%	2
Loan interest income	-	-	-		-	-		-	-	-		-	-		
Other income	96	20	76	382%	74	22	30%	244	70	174	248%	117	126	108%	3
<b>Total Income</b>	<b>182</b>	<b>87</b>	<b>95</b>	<b>109%</b>	<b>445</b>	<b>(263)</b>	<b>-59%</b>	<b>563</b>	<b>338</b>	<b>225</b>	<b>67%</b>	<b>840</b>	<b>(277)</b>	<b>-33%</b>	
<b>Programme Expenditure</b>															
Advance London programme expenditure	102	106	(4)	-4%	105	(3)	-3%	352	422	(71)	-17%	458	(106)	-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	136	161	(25)	-16%	81	55	68%	532	658	(126)	-19%	275	257	93%	6
Investment programme costs	-	-	-		-	-		-	-	-		8	(8)	-100%	
Impairment losses	282	-	282		768	(486)	-63%	923	-	923		376	547	145%	8
Resource London programme expenditure	187	416	(230)	-55%	492	(306)	-62%	1,024	1,683	(659)	-39%	1,776	(752)	-42%	4
<b>Total Programme Expenditure</b>	<b>706</b>	<b>683</b>	<b>23</b>	<b>3%</b>	<b>1,537</b>	<b>(831)</b>	<b>-54%</b>	<b>2,831</b>	<b>2,763</b>	<b>68</b>	<b>2%</b>	<b>3,252</b>	<b>(421)</b>	<b>-13%</b>	7*
<b>Administrative Expenditure</b>															
Staff costs	180	74	105	141%	167	13	8%	657	731	(74)	-10%	610	47	8%	9
Serviced Accomodation	-	-	-		-	-		-	-	-		-	-		
Professional fees	(2)	12	(15)	-120%	14	(16)	-118%	33	50	(17)	-34%	22	11	50%	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)	-40%	8	(2)	-20%	21	42	(21)	-49%	29	(8)	-28%	12
Other overheads	148	191	(43)	-22%	100	48	49%	339	350	(11)	-3%	190	149	79%	12
<b>Total Administrative Expenditure</b>	<b>422</b>	<b>378</b>	<b>44</b>	<b>12%</b>	<b>358</b>	<b>63</b>	<b>18%</b>	<b>1,411</b>	<b>1,532</b>	<b>(121)</b>	<b>-8%</b>	<b>1,116</b>	<b>295</b>	<b>26%</b>	13
<b>Net Income / (Expenditure)</b>	<b>(946)</b>	<b>(974)</b>	<b>28</b>	<b>3%</b>	<b>(1,450)</b>	<b>504</b>	<b>35%</b>	<b>(3,679)</b>	<b>(3,958)</b>	<b>279</b>	<b>7%</b>	<b>(3,528)</b>	<b>(151)</b>	<b>-4%</b>	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. £87k of interest on reserves with the GLA were received in the year and £15k 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 £232k. This consists of accrued EU funding under the SME support ERDF programme of £180k, EU funding of £16k CircE, and £36k from the Lourdes Foundation.<sup>5</sup>
3. Other income at £244k is £174k more than budget. The £244k 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, £30k GND money was allocated to work done in 2020/21 and £13k of miscellaneous income was received.
4. Local authority support programme expenditure is £1m which is 39% (£659k) under budget for the full year. Included in this figure is staff £575k and discretionary expenditure of £449k). 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 £352k is 17% (£71k) 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.
6. Business and sector support programme expenditure at £532k is 19% (£126k) under budget. Some significant procurement was delayed due to staff changes, and capacity issues resulting from COVID.
7. The net effect of the above is overall programme expenditure of £1.9m which is 29% (£855k) under budget for the year to 31<sup>st</sup> March 2021.
8. Impairment losses of £923k relate to the downward revision of investments to March 2021 (£1,021), this was offset by a gain of the early disposal of another asset £97k (see Appendix B Investment summary).
9. Central staff costs at £657k are £74k 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 £33k are under budget by £17k.
11. Rent is in line with budget at £361k.
12. Other overheads and office expenses are £360k which is £32k under budget, savings due to the office not being opened, offset to some extent by increased IT costs and the ECAP £27k bad debt.
13. Overall Operating expenses are 8% (£121K) under budget for the year at £1.4m.
14. Net Expenditure at £3.7m overall is 7% (£279k) under the budget.

LWARB Balance Sheet detail and commentary

<b>Balance Sheet (£000s)</b>			
<b>London Waste and Recycling Board</b>			
<b>As at 31 March 2021</b>			
	<b>Movement YTD</b>	<b>Closing Balance</b>	
<b>Fixed Assets &amp; Investments</b>			
Cycle	0	0	
Equity investments	(227)	5,549	1
<b>Current Assets</b>			
RL grants receivable	(109)	0	4
C A Foundation	(22)	0	
Debtors	933	1,118	2
Project loans	0	0	
Prepayments	(151)	22	3
Total Bank	(3,647)	14,890	5
<b>Total Current Assets</b>	<b>(2,997)</b>	<b>16,030</b>	
<b>Current Liabilities</b>			
Accruals	(118)	103	6
Provisions - GND Fundings	974	974	7
Deferred income	(150)	308	8
Provision for committed project expenditure	(160)	22	9
Trade creditors	(92)	52	10
Virtual Card	0	2	
Total Current Liabilities	<b>455</b>	<b>1,461</b>	
<b>Net Assets</b>	<b>(3,679)</b>	<b>20,118</b>	
<b>Equity</b>			
Current Year Earnings	(151)	(3,679)	11
General fund	(3,528)	23,797	
<b>Total Equity</b>	<b>(3,679)</b>	<b>20,118</b>	

- Equity investments decreased by £227k in year (£423k GLIF management fees, £370k Circularity Capital, and -£1,021k write down of other funds).
- Debtors stand at £1,118k, of which £1,005k is the invoice raised for the GND, £90k is the ERDF claim outstanding, this is offset in the balance sheet by the GND provision. The remaining £26k relates to £23k LB Islington plus £3k NLWA. Less a £3k bad debt provision for an old invoice on the system.
- Prepayments of £22k relate to £10k insurance cost and £12k IT Licenses. The prior year included £167k April drawdown for Circularity Capital.

4. The RL grants receivable has nothing outstanding for ECAP or Trifocal.
5. 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 at £103k include accumulated holidays £23k, PRP £61k, £19k for various outstanding bills not received.
7. Provision for GND stands at £974k which is the funding received from the GLA £1,005k less the amount allocated to work done in 2020/21 £31k.
8. Deferred income is the remainder of the payment received for Circuit £258k plus the FoodWave funding received of £49k.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £22k 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 £52k relates mainly PAYE & NI liability for March paid in April.
11. Current-year earnings reflect the P&L

## LWARB Cashflow analysis and commentary

	YTD £000's	
<b>Net Income / (Expenditure)</b>	<b>(3,679)</b>	1
(Increase)/decrease in fixed assets	-	
(Increase)/decrease in project loans	-	
(Increase)/decrease in grants receivable	132	3
(increase)/decrease in equity investments	227	4
(increase)/decrease in debtors	(933)	5
(increase)/decrease in prepayments	151	6
increase/(decrease) in creditors	(91)	7
Increase/(decrease) in accruals	(118)	8
Increase/(decrease) GND Provision	974	9
Increase/(decrease) in deferred income	(150)	10
Increase/(decrease) in stamp duty		
increase/(decrease) in provision for committed project expenditure	(160)	
<b>Net cash inflow (outflow)</b>	<b>(3,647)</b>	2
<b>Opening cash</b>	<b>18,537</b>	
<b>Closing cash</b>	<b>14,890</b>	

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 in the year of £132k is made up of £22k C&A, £45k Trifocal, and £64k ECAP (£26k written-off as shared liability of partner liquidation).
4. Equity investments increased by £227k in year (£423k GLIF, £370k Circularity Capital, offset by -£1,021k write down of other funds).
5. Debtors increase of £933k 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 £91k in the 12 months to March 2021.
8. Accruals reduced by £118k mainly due to Ogilvy £93k dropping out.
9. Increase in GND provision is funding from GLA £1,005k less costs for 2020/21 £31k.
10. Deferred income relates to Circuit income of £200k which has been recognised in the period, offset by the additional £49k FoodWave funds.

Opening and closing cash reconcile to the bank account

**Notes to Q4 Finance report: -**

These are Final numbers.

Final Investment Fund Manager reports to March 2021 received.

Accruals for 2020/2 finalised.

Local authority support programme committed spend figure is still being finalised.

Q4 ERDF claim for 2020/21 finalised.

£26k RL Grants receivable written off.

## 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 1<sup>st</sup> April 2021. This forecast estimated a saving in operations of approx. £1m for the year to 31<sup>st</sup> 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 actual numbers.

The table shows that the revised operational savings were made, and in fact are exceeded by the actual numbers by approx. £250k.

While the table shows an overall adverse variance of £680k for the actual numbers against the revised forecast, this is impacted by the negative investment revaluation of £923k, without which a positive variance of £243k would have resulted. 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		
<b>Income</b>							
Bank Interest and other income	87	-	87	-	-	87	-
Funding	476	338	138	41%	499	(23)	95%
Asset sale/revaluation	(923)	-	(923)	-	-	(923)	-
<b>Total income</b>	<b>(360)</b>	<b>338</b>	<b>(698)</b>	<b>41%</b>	<b>499</b>	<b>(859)</b>	<b>95%</b>
<b>Advance London</b>	<b>(352)</b>	<b>(422)</b>	<b>71</b>	<b>-17%</b>	<b>(407)</b>	<b>55</b>	<b>86%</b>
<b>Resource London</b>	<b>(1,024)</b>	<b>(1,683)</b>	<b>659</b>	<b>-39%</b>	<b>(1,104)</b>	<b>80</b>	<b>93%</b>
<b>Circular London</b>	<b>(532)</b>	<b>(658)</b>	<b>126</b>	<b>-19%</b>	<b>(630)</b>	<b>98</b>	<b>84%</b>
<b>Total Programme spend</b>	<b>(1,908)</b>	<b>(2,763)</b>	<b>855</b>	<b>-31%</b>	<b>(2,141)</b>	<b>233</b>	<b>89%</b>
<b>Overheads</b>							
Rent & rates	(361)	(359)	(1)	0%	(361)	0	100%
Staff Costs*	(657)	(731)	74	-10%	(662)	5	99%
Other Overheads	(393)	(442)	48	-11%	(334)	(59)	118%
<b>Total Overheads</b>	<b>(1,411)</b>	<b>(1,532)</b>	<b>121</b>	<b>-8%</b>	<b>(1,357)</b>	<b>(54)</b>	<b>104%</b>
<b>Profit/Loss</b>	<b>(3,679)</b>	<b>(3,958)</b>	<b>279</b>	<b>-7%</b>	<b>(2,999)</b>	<b>(680)</b>	<b>123%</b>



**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

<b>Income Summary (£000's)</b>			
<b>London Waste and Recycling Board</b>			
<b>For the month ended 31 March 2021</b>			
	<b>FY Actual</b>	<b>Q4 Mgnt Accts</b>	<b>Variance</b>
<b>Income</b>			
Bank interest receivable	87	86	1
C&A Foundation	36	36	0
Grant income	196	202	-6
Other income	244	270	-26
<b>Total Income</b>	<b>563</b>	<b>595</b>	<b>-32</b>

### Bank interest receivable

Income made up almost entirely of interest on GLA account

Q1 £31,685

Q2 £23,033

Q3 £17,361

Q4 £14,517

Total for 2020/21 £86,820 includes £224 from RBS current account.

#### 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.

### 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'20) and £46103 (Mar'21) relating for the

first half of this year. Claims for the second half of the year of £85,618k mean a full figure of £179,599.

### **Other income**

Green New Deal costs for 2020/21 £30,870

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

Misc. Income £13,877 includes £12 of invoices raised plus £2k sponsorship

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

## Appendix D – Commentary on final management accounts compared to the draft Q4

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

Overall, the profit and loss of £3.7m is in line with the Q4 draft numbers (£3.3m).

The £3.3m loss in the Q4 draft accounts was prior to the final write down of the LGF (£379k)  
The key movement between the previous Q4 Draft £3,345k and the final number £3,679 are as follows: -

<b>Actual interest received from GLA account higher</b>	<b>£1k</b>
<b>Funding income decreased (£33k) from £509k to £476k due to: -</b>	
Y/e Income accrual for ERDF revised down	- £6k
Y/e FoodWave income moved to 2021/22	- £49k
Y/e GND Costs recognised in 2020/21	£31k
Misc. income Credit reclassified not income	- £8k
Rounding	<u>- £1k</u>
	<b>- £33k</b>
<b>Asset sale/revaluation: -</b>	
Q4 Foresight Fund Manager revaluation write down	- £379k
Q4 Profit realised on sale of Asset	<u>£ 97k</u>
	<b>- £282k</b>
The changes in the programme costs are: -	
SME Support revised down	£ 2k
Local authority support costs previously provided for SME Support revised down	£38k
	<u>£ 7k</u>
	<b>£47k</b>
The changes in the overhead costs are: -	
Staff costs upward revision	-£ 4k
Other overheads	
ECAP Bad debt	-£26k
Staff holidays accrual	-£ 5k
Prof Fess accrual	-£ 7k
Accounts Fess accrual	-£ 8k
Temp staff accrual	-£ 7k
Other accruals and invoices	<u>-£ 10k</u>
	<u>-£63k</u>
	<b>-£67k</b>
<b>Total variance to Q4 Draft accounts as detailed above</b>	<b>-£334k</b>

