

London Waste & Recycling Board (Operating as ReLondon)

Finance Report Q2 2021/22

Profit & Loss Summary

For the 6 months

	Q1				Q2				YTD			
	Q1 Actual	Q1 Budget	Variance	Variance as a %	Q2 Actual	Q2 Budget	Variance	Variance as a %	YTD Actual	YTD Budget	YTD Variance	YTD Variance as a %
Local Authority Support (LAS)	229,776.94	319,755.00	(89,978.06)	-28.14%	126,907.85	319,755.00	(192,847.15)	-60.31%	356,684.79	639,510.00	(282,825.21)	-44.23%
Business and sector support (BSS) & Communications (Com) & Behaviour cl	330,281.22	111,236.00	219,045.22	196.92%	267,132.73	64,670.00	202,462.73	313.07%	597,413.95	175,906.00	421,507.95	239.62%
Central Costs	113,327.64	120,000.00	(6,672.36)	-5.56%	148,346.36	150,000.00	(1,653.64)	-1.10%	261,673.99	270,000.00	(8,326.01)	-3.08%
Revenue programme	325,220.00	278,999.00	46,221.00	16.57%	411,991.63	278,999.00	132,992.63	47.67%	737,211.64	557,998.00	179,213.64	32.12%
	(131,571.77)	(23,745.00)	(107,826.77)	454.10%	(155,988.38)	(23,745.00)	(132,243.38)	556.93%	(287,560.15)	(47,490.00)	(240,070.15)	505.52%
NET PROGRAMME EXPENDITURE	867,034.03	806,245.00	60,789.03	7.54%	798,390.19	789,679.00	8,711.19	1.10%	1,665,424.22	1,595,924.00	69,500.22	4.35%
Investments	(11,353.88)	553,500.00	(564,853.88)	-102.05%	(11,113.59)	553,500.00	(564,613.59)	-102.01%	(22,467.47)	1,107,000.00	(1,129,467.47)	-102.03%
LWARB NET SPENT	855,680.15	1,359,745.00	(504,064.85)	-37.07%	787,276.60	1,343,179.00	(555,902.40)	-41.39%	1,642,956.75	2,702,924.00	(1,059,967.25)	-39.22%

For the 6 months to 30th Sep 2021 ReLondon has an overall 4.35% overspent variance for Programme expenditure and 102% for investments. For Local authority support, Internal resources were effectively used to reduce costs and various projects faced delays due to pandemic situation. Business sector support and Business transformation is showing an overspend variance of £421k. However, the YTD budget figure of £175.9k above includes income for CIRCulT and AL/ERDF totalling £328.5k which we have not yet received. Excluding these fundings, Business sector support and Business transformation overspent by £93k. Communications and behaviour change closely followed the budgeted expenditure with £8k underspent variance. Central costs currently showing an overspent variance of £179k. This was due to additional expenditure on temp staff and dilapidation costs. Both rent and temp staff costs will reduce going forward and we expect to see an overall underspent from Q3. Revenue income is above budget by £240k. But this mainly due to timing issues as fundraising and consultancy services is difficult to budget between the quarters. Investment income made up of interest income which remains stable, and any investment write off will be included in Q4. The large variance in investments (102%) is mainly due to the budgeted expenditure being in the P&L (for additional investments) and the actual expenditure being in the balance sheet. We are ahead of our target on investment expenditure. At the end of Q2 we spent £1.4m compared to the budget of £1.1m.

LWARB Income and Expenditure detail

Management accounts

London Waste and Recycling Board
For the months ended 30 September 2021

	Q1				Q2				YTD				REF
	Q1 Actual	Q1 Budget	Variance	Variance as a %	Q2 Actual	Q2 Budget	Variance	Variance as a %	YTD Actual	YTD Budget	YTD Variance	YTD Variance as a %	
Local Authority Support (LAS)													
Staff costs	109,825.39	165,000.00	(55,174.61)	-33.44%	97,164.83	165,000.00	(67,835.17)	-41.11%	206,990.22	330,000.00	(123,009.78)	-37.28%	1
Research, innovation & development (F	84,271.95	75,251.00	9,020.95	11.99%	29,743.02	75,251.00	(45,507.98)	-60.47%	114,014.97	150,502.00	(36,487.03)	-24.24%	1
Focus area projects (RL; FAP)	4,623.30	27,501.00	(22,877.70)	-83.19%	-	27,501.00	(27,501.00)	-100.00%	4,623.30	55,002.00	(50,378.70)	-91.59%	1
Capacity building (CB)	0.00	12,501.00	(12,501.00)	-100.00%	-	12,501.00	(12,501.00)	-100.00%	0.00	25,002.00	(25,002.00)	-100.00%	1
Service advice & support (SA&S)	105.30	27,001.00	(26,895.70)	-99.61%	-	27,001.00	(27,001.00)	-100.00%	105.30	54,002.00	(53,896.70)	-99.81%	1
Circular directory (CD)	30,951.00	12,501.00	18,450.00	147.59%	-	12,501.00	(12,501.00)	-100.00%	30,951.00	25,002.00	5,949.00	23.79%	1
Total Local Authority Support (LAS)	229,776.94	319,755.00	(89,978.06)	-28.14%	126,907.85	319,755.00	(192,847.15)	-60.31%	356,684.79	639,510.00	(282,825.21)	-44.23%	
Business and sector support (BSS) & Business Transformation (BT)													
Staff costs	139,033.77	89,751.00	49,282.77	54.91%	145,131.76	89,751.00	55,380.76	61.70%	284,165.53	179,502.00	104,663.53	58.31%	2
CE Week (CEW)	34,380.67	36,500.00	(2,119.33)	-5.81%	1,728.00	1,700.00	28.00	1.65%	36,108.67	38,200.00	(2,091.33)	-5.47%	2
Research (Mfa + jobs and skills)	2,550.00	0.00	2,550.00	100.00%	2,707.20	20,000.00	(17,292.80)	-86.46%	5,257.20	20,000.00	(14,742.80)	-73.71%	2
Commercialisation (Commerc)	12,000.00	10,000.00	2,000.00	20.00%	-	-	-	0.00%	12,000.00	10,000.00	2,000.00	20.00%	2
Investment in knowledge (Iik)+ Circular	-	-	-	0.00%	-	-	-	0.00%	-	0.00	0.00	0.00%	2
Corporate engagement (Corp Eng)	-	-	-	0.00%	348.00	400.00	(52.00)	-13.00%	348.00	400.00	(52.00)	-13.00%	2
CIRCulT Staff costs	28,526.04	38,499.00	(9,972.96)	-25.90%	28,458.69	38,499.00	(10,040.31)	-26.08%	56,984.74	76,998.00	(20,013.26)	-25.99%	3
CIRCulT Project expenditure	15,239.99	15,000.00	239.99	1.60%	6,090.95	6,000.00	90.95	1.52%	21,330.94	21,000.00	330.94	1.58%	3
CIRCulT Funding	-	(82,251.00)	82,251.00	-100.00%	-	(82,251.00)	82,251.00	-100.00%	-	(164,502.00)	164,502.00	-100.00%	3
GND Staff costs	30,686.16	36,133.00	(5,446.84)	-15.07%	26,906.23	36,276.00	(9,369.77)	-25.83%	57,592.39	72,409.00	(14,816.61)	-20.46%	4
GND Project expenditure	306,299.00	184,251.00	122,048.00	66.24%	292,500.00	184,251.00	108,249.00	58.75%	598,799.00	368,502.00	230,297.00	62.50%	4
GND Funding	(305,000.00)	(212,751.00)	(92,249.00)	43.36%	(292,500.00)	(212,751.00)	(79,749.00)	37.48%	(597,500.00)	(425,502.00)	(171,998.00)	40.42%	4
AL / ERDF Staff costs	64,488.83	76,027.00	(11,538.17)	-15.18%	51,993.09	61,026.00	(9,032.91)	-14.80%	116,481.92	137,053.00	(20,571.08)	-15.01%	5
AL / ERDF Project expenditure	2,076.76	2,076.00	0.76	0.04%	3,768.80	3,768.00	0.80	0.02%	5,845.56	5,844.00	1.56	0.03%	5
AL / ERDF Funding	0.00	(81,999.00)	81,999.00	-100.00%	0.00	(81,999.00)	81,999.00	-100.00%	-	(163,998.00)	163,998.00	-100.00%	5
Total Business and sector support (I)	330,281.22	111,236.00	219,045.22	196.92%	267,132.73	64,670.00	202,462.73	313.07%	597,413.95	175,906.00	421,507.95	239.62%	
Communications (Com) & Behaviour change (BCC)													
Staff	67,643.39	70,000.00	(2,356.61)	-3.37%	70,821.68	70,000.00	821.68	1.17%	138,465.06	140,000.00	(1,534.94)	-1.10%	6
Behaviour Change Campaigns (BCC)	39,566.61	40,000.00	(433.39)	-1.08%	67,357.05	70,000.00	(2,642.95)	-3.78%	106,923.66	110,000.00	(3,076.34)	-2.80%	6
Marketing and communications (Com)	6,117.64	10,000.00	(3,882.36)	-38.82%	10,167.63	10,000.00	167.63	1.68%	16,285.27	20,000.00	(3,714.73)	-18.57%	6
Total Communications (Com) & BCC	113,327.64	120,000.00	(6,672.36)	-5.56%	148,346.36	150,000.00	(1,653.64)	-1.10%	261,673.99	270,000.00	(8,326.01)	-3.08%	
Central Costs													
Staff	133,743.46	134,000.00	(256.54)	-0.19%	137,255.41	134,000.00	3,255.41	2.43%	270,998.88	268,000.00	2,998.88	1.12%	7
Office expenses	80,714.41	49,998.00	30,716.41	61.44%	109,825.31	49,998.00	59,827.31	119.66%	190,539.72	99,996.00	90,543.72	90.55%	8
Other overheads	(2,560.40)	0.00	(2,560.40)	100.00%	473.70	0.00	473.70	100.00%	(2,086.70)	0.00	(2,086.70)	100.00%	9
Office Rent	95,218.57	90,000.00	5,218.57	5.80%	135,982.21	90,000.00	45,982.21	51.09%	231,200.78	180,000.00	51,200.78	28.44%	10
Professional fees	18,103.96	5,001.00	13,102.96	262.01%	28,455.00	5,001.00	23,454.00	468.99%	46,558.96	10,002.00	36,556.96	365.50%	11
Total Central Costs	325,220.00	278,999.00	46,221.00	16.57%	411,991.63	278,999.00	132,992.63	47.67%	737,211.64	557,998.00	179,213.64	32.12%	
Revenue programme													
Resource London	(23,767.69)	(9,999.00)	(13,768.69)	137.70%	(69,144.99)	(9,999.00)	(59,145.99)	591.52%	(92,912.68)	(19,998.00)	(72,914.68)	364.61%	12
Accreditation service	-	(2,499.00)	2,499.00	-100.00%	-	(2,499.00)	2,499.00	-100.00%	-	(4,998.00)	4,998.00	-100.00%	12
Training	-	(2,499.00)	2,499.00	-100.00%	-	(2,499.00)	2,499.00	-100.00%	-	(4,998.00)	4,998.00	-100.00%	12
Fundraising	(49,824.37)	(6,249.00)	(43,575.37)	697.32%	(26,426.00)	(6,249.00)	(20,177.00)	322.88%	(76,250.37)	(12,498.00)	(63,752.37)	510.10%	12
Sponsorship	(6,000.00)	(2,499.00)	(3,501.00)	140.10%	-	(2,499.00)	2,499.00	-100.00%	(6,000.00)	(4,998.00)	(1,002.00)	20.05%	12
Other income	(51,979.71)	-	(51,979.71)	100.00%	(60,417.39)	-	(60,417.39)	100.00%	(112,397.10)	-	(112,397.10)	100.00%	12
Total Revenue programme	(131,571.77)	(23,745.00)	(107,826.77)	454.10%	(155,988.38)	(23,745.00)	(132,243.38)	556.93%	(287,560.15)	(47,490.00)	(240,070.15)	505.52%	
NET PROGRAMME EXPENDITURE	867,034.03	806,245.00	60,789.03	7.54%	798,390.19	789,679.00	8,711.19	1.10%	1,665,424.22	1,595,924.00	69,500.22	4.35%	
Investments													
Investment income	(11,353.88)	-	(11,353.88)	100.00%	(11,113.59)	-	(11,113.59)	100.00%	(22,467.47)	-	(22,467.47)	100.00%	13
Investment expenditure	-	553,500.00	(553,500.00)	-100.00%	-	553,500.00	(553,500.00)	-100.00%	-	1,107,000.00	(1,107,000.00)	-100.00%	14
Total Investments	(11,353.88)	553,500.00	(564,853.88)	-102.05%	(11,113.59)	553,500.00	(564,613.59)	-102.01%	(22,467.47)	1,107,000.00	(1,129,467.47)	-102.03%	
LWARB NET SPENT	855,680.15	1,359,745.00	(504,064.85)	-37.07%	787,276.60	1,343,179.00	(555,902.40)	-41.39%	1,642,956.75	2,702,924.00	(1,059,967.25)	-39.22%	

LWARB Income and expenditure commentary

1. Local Authority Support (LAS)

Overall, there is an underspent of £283k for Local Authority Support at the end of Q2. The budget is profiled evenly across the four quarters/financial year, but project planning and then project deployment mean that the majority of spend naturally falls into the later part of the financial year once project is live, so project spend is at the back end of the financial year. This has been further compounded by Covid restriction delaying project deployment and, in some instances, we have decided to cancel projects that had been planned at the start of the year. Furthermore, we have also been successful in delivering one-to-one charged for support to a number of London boroughs redirecting capacity to these projects.

Staff costs - At the end of Q2, the staff costs showing an underspent variance of £123k. The staff budget underspend is due to a combination of 1) being two staff below full complement for both Q1 and Q2 (with one grade 5 starting 1st Sept, and the other grade 5 starting 13th September), and 2) the staff budget being inflated above required budget demands.

For Q3 the LA support team will be up to a full staff compliment of seven. Staffing budget of £165k per quarter was based on historic data. Under previous years business plans the programme was jointly funded by WRAP and under this arrangement a percentage central staff costs were recharged to the programme budget.

Research, innovation & development (RID) - Much of the research work has been internally resourced and in commissioning in the two quarter, deployment was also delayed due to continued COVID lockdown restrictions, spend is forecast to increase in later quarters as commissioned work completes. Additionally certain projects require external match funding to proceed, officers continue to explore match opportunities but project such as the commercial waste data project will not proceed until appropriate match funding is secured.

Focus area projects (RL; FAP) - Most of the work on focus area projects in Q1&2 was internal resource and planning, as project enter the live phase in later quarters spend will increase. Delivery was however delayed due to continued COVID lockdown restrictions, impacting project viability.

Capacity building (CB) - Delivery here has been through internal resources to date, so little to no external spend has been needed this should change as the year progresses. However, this is likely to come in under budget.

Service advice & support (SA&S) - Work in Q1&Q2 was internal resource and planning, however delivery of a number of service support project were heavily delayed/impacted by the continued COVID lockdown restrictions, impacting project viability - some of these projects have now been cancelled for this year and a revised budget forecast has been prepared. Additionally significant officer time has been taken up delivering 1-2-1 charged for consultancy support projects for individual boroughs which have brought in income for ReLondon.

Circular directory (CD) costs – Variance due to the budget split evenly across the four quarters. Professional fees for reports to be incurred from Q3.

2. Business and sector support (BSS) & Business Transformation (BT)

Overall overspent variance of £422k is mainly due to the CIRCulT and AL/ERDF funding not being received. Excluding the funding lines, the variance is £93k.

Staff costs - At the end of Q2, the management accounts show staff costs overspent by £104k. However, this is mainly due to the new presentation and staff time recharges to GND, CIRCuIT and ERDF lines. Combining all staff cost within Business and sector support (BSS) & Business Transformation (BT), we have an underspent of £49k at the end of Q2.

CE Week (CEW) – actual cost closely followed the budget. We expect a £4k underspent by the end of the financial year.

Research – The management accounts showing an underspent variance of approx. £15k to the end of Q2. For the full year we expect £20k underspent to budget as one of the projects - the jobs and skills research will be fully delivered in Q1 of next financial year so part of the costs (£20k) will need to be paid in 2022/2023. We expect to pay for Food MFA approx. £25k in Q3. Methodology project has a budget of £40k and we expect the cost to be incurred in Q4.

Commercialisation (Commerc) – actual cost closely followed the budget.

Investment in knowledge (IiK)+ Circular Economy Outcome Fund: £10k will be used to fund the development of knowledge outputs and £30k has been allocated to develop the Circular Economy Outcome Fund project. We expect the costs to be incurred later in the year.

Corporate engagement (Corp Eng) - Cost as planned in the budget.

3. CIRCuIT

CIRCuIT Staff costs – We expected the CIRCuIT staff costs to be lower than the budget for two quarters due to delay in recruiting secondee, internal staff allocations.

CIRCuIT Project expenditure - Cost as planned in the budget.

CIRCuIT Funding - We are expecting to receive this funding however there has been a delay. Hopefully will receive by end of next quarter.

4. GND

GND Staff costs - Overspend compared to original estimated budget but still underspent against GND budget on the management accounts. We utilised £17k underspend from last year and front-loaded costs for one staff member into 21/22 (contract due to expire in May 22 after the end of GND - difference to be covered by Circuit)

GND Project expenditure & GND Funding - In Q1, grants of £305k was paid to 37 SMES. In Q2, £292.5K was paid to 33 eligible SMEs. Variance of £58k due the way budget allocated evenly across four quarters (timing issue).

5. AL / ERDF

AL / ERDF Staff costs - Underspend will be carried over to next year's delivery plus extension to Mar 2023. Please note original £467k is ERDF budget (£367k) plus underspend from 20/21 (~£97k). Staff changes and reallocation of staff to GND/Islington resulted in underspend in 21/22 which will carry into 22/23 and a programme extension to March 2023.

AL / ERDF Project expenditure - Cost as planned in the budget to Q2.

AL / ERDF Funding - We expect the match funding from last quarter likely to be paid Oct-Dec (Q3).

6. Communications (Com) & Behaviour change (BCC)

Actual spent was mostly in line with the budgeted amounts. At the end of Q2, the management accounts showed we underspent by £8k. This is a timing issue and further invoices for activities is expected in Q3 for which we have already raised purchase orders.

7. Central Staff costs

Central staff costs are in line with the budget at the end of Q2 with a variance of £3k (1%).

8. Office expenses

The office expenses is showing an overspent variance of £90k. This is mainly due to the temporary staff costs for office move and finance support up to September. No further office move support or finance support costs to be incurred from Q3 and expect the variance to drop significantly.

9. Other overheads

Other overheads include reversal of bad debt provision which we provided in 2021 accounts. In Q1 we received the payment for the outstanding invoice and therefore the provision was reversed.

10. Office Rent

Office rent is currently showing a £51k variance at the end of Q2. We started renting our new office from July and we paid rent for both offices in July. Also, we paid dilapidation costs of £42k for the previous office. Q3 and Q4 will reflect the savings made in rent.

11. Professional fees

Professional fees is showing an overspent variance of £36.5k and this mainly relates to the organisation restructuring fees paid to the end of Q2.

12. Revenue programme

Resource London is showing the fundings received for Ecosurety project.

Fundraising includes £31k received from C&A foundation and Quarter 2 ERDF claim of £41.5k

Sponsorship income received was for CE week. The £30k Love not Landfill pop up shop was invoiced in Q3 and this will be showing in the next report.

13. Investment income

Investment income received in both quarters relates mainly to our GLA account balance.

14. Investment expenditure

Impairments or a permanent fall in value of investments will be reflected in the accounts in Q4 and any expenditure on purchasing additional investment is shown in the balance sheet. The budgeted total includes expenditure on investment "additions" which we are showing in the balance sheet. At the end of Q2 we budgeted to spend £1.1m. Our actual investment expenditure to Q2 is £1.4m (£1.4m to Greater London Investment Fund in Q1 and £16k to in

Circularity European Growth Fund in Q2). Therefore, at the end of Q2 we were ahead of our target.

Balance Sheet

London Waste and Recycling Board

	As at 30-Sep-21 (£000s)	As at 30 Jun 2021 (£000s)	Change in the period (£000s)	Notes
Fixed Assets				
Investments	6,966	6,949	16	1
Total Fixed Assets	6,966	6,949	16	
Current Assets				
Cash at bank and in hand	12,252	13,364	(1,113)	2
Trade debtor	-	1	(1)	3
Other debtors	186	201	(15)	4
Total Current Assets	12,438	13,566	(1,128)	
Current Liabilities				
Trade and other creditors	43	117	(75)	5
Payroll liabilities	100	71	30	6
Deferred income	259	259	0	7
Accruals	67	53	14	8
Total current liabilities	468	499	(31)	
Provisions				
Provisions	399	691	(293)	9
Total provisions	399	691	(293)	
Net Assets	18,536	19,325	(789)	
Reserves				
General fund	12,782	13,570	(789)	10
Other funds	5,754	5,754	0	
Total Reserves	18,536	19,325	(789)	

LWARB Balance Sheet detail and commentary

1. In Q2, £16K was invested in in Circularity European Growth Fund.
2. Cash at bank and in hand balance fell by 8% to £12.2m (from £13.3m). See cash flow section for detailed explanations.
3. Trade debtor is nil at the end of Q2.
4. Other debtors decreased by £15k (7%) in the period. Other debtors include prepayments, which decreased by 29% (£15k) in the period. This was mainly due to the release of prepaid IT and other subscription expenses in the quarter. Other debtors also include accrued ERDF income of £41.5k for Q1 and accrued interest income of £11k for Q2.

5. Trade creditor balance decreased by £73k in the period. Of the £40k trade creditors outstanding at the end of Q2, most of the outstanding invoices were less than 30 days old and they were paid after the period.
6. The payroll liabilities balance of £100k is made up of PAYE & Pension liabilities and the payment was made in Q3. The salary cost for Sep was higher than June and therefore the liability was higher.
7. Deferred income balance remained the same.
8. Accruals increased by £1k in the period to £67k. This was mainly due to £12k temp staff costs were accrued in this the period.
9. Provisions total includes both provision for committed expenditure and Green New Deal (GND). The provision for committed expenditure balance remained the same. However, GND provision reduced by £293k in the period. This is because £293k grants were approved and therefore released to the P&L.
10. The general fund balance is made up of the balance at the end of the last period £13,570k less the loss for the period of £789k (adjusted for rounding differences).

LWARB Cashflow analysis and commentary

Cash Flow (£000s)

London Waste and Recycling Board
For the 6 months ended 30 Sep 2021

	Period	Notes
Net Profit/(loss)	(787)	1
(Increase)/decrease in investments	(16)	2
(Increase)/decrease in trade debtors	1	3
(Increase)/decrease in other debtors	0	4
(Increase)/decrease in prepayments	15	5
Increase/(decrease) in trade creditors	(75)	6
Increase/(decrease) in credit card balances	0	7
Increase/(decrease) in payroll liabilities	29	8
Increase/(decrease) in deferred income	0	9
Increase/(decrease) in accruals	14	10
Increase/(decrease) in Green new deal pro	(293)	11
Net cash inflow (outflow)	(1,112)	
Opening cash	13,364	
Cash movement above	(1,112)	
Closing cash	12,252	

1. Net profit/loss from "operations". This includes both paid and unpaid items. The notes 2 – 11 below are adjustments to the amount to explain the cash movement in the period.
2. Net cash outflow of £16k to Circularity European Growth Fund.
3. Small invoices from previous quarter paid.
4. No change in the quarter.
5. Decrease in prepayments adjusted as it is not a cash transaction. This amount includes accounting adjustments to release prepaid invoices.
6. Trade creditor movement of £75k is for the invoices paid between the quarters.
7. No change in the quarter.
8. Payroll liability movement £29k added back as it is a non-cash item.
9. No change in the quarter.

10. Accruals movement of £14k added back as it is a non-cash item.

11. Decrease in GND provision reflects the grants made to SMEs in the period.

Opening and closing cash reconcile to the bank account