

# London Waste and Recycling Board Audit Committee Meeting



12pm – 2pm Thursday 8 September 2022  
Meeting Room 5, The White Collar Factory, 1 Old Street Yard,  
London EC1A 8AF

**Webcast:** <https://www.youtube.com/channel/UCvDI-KedJAexZNplPZU9KpA>

## Agenda

### Part 1: Regular business

1. Introductions and apologies for absence
2. Declarations of interest
3. Minutes of the previous meeting (16 June 2022)
4. Written Resolutions passed since previous meeting
  - None
5. Finance Report
  - Approve revised budget
  - Summary accounts: Q1 2022/23
  - Balance sheet
6. HR Update
7. Risk Register
8. Any other business

### Part 2: Confidential business (REDACTED)

#### Appendices as attachments:

- Detailed accounts
- Risk register
- Organogram

## 3. Minutes of the previous meeting held 16 June 2022

*Approved at the ReLondon Audit Committee Meeting on 8 September 2022*

*Signature: .....  
Joe Murphy, Committee Chair*

Committee Members present: Joe Murphy (Chair), Chantelle Nicholson, Cllr Claire Holland

Also present: Liz Goodwin, ReLondon Chair, Wayne Hubbard, ReLondon, Adam Leibowitz, ReLondon, Jo Rogers, ReLondon

### 1. **Introductions and apologies for absence**

Apologies were received from Cllr Krupa Sheth.

JM welcomed everyone to the meeting, noted that it was his first as Chair and thanked Guy Senior for his input while in the role of Chair.

Noted that the composition of the Committee would be reviewed by the Board in September once the vacancy on the Board left by Guy Senior's departure had been filled.

### 2. **Declarations of interest**

No declarations were made over and above those already noted in the Board's register of interests.

### 3. **Minutes of the previous meeting**

Minutes of the meeting held on 17 March 2022 were agreed.

### 4. **Written Resolutions passed since previous meeting**

None.

### 5. **Finance**

Q4 2021-22 Finance Report

JR introduced the report. JM welcomed the revised format, which now gives more emphasis to income.

Noted that there is an underspend due to vacancies within the team and to work that had to be halted due to COVID (as well as some central savings, eg due to the office move).

The committee noted that while income is significantly higher than budgeted, this is largely due to sponsorship and grants rather than commercial revenues, and requested that the split between these be made more explicit.

JM noted that the budgeted income for the coming year remains at £165k, and proposed that this figure be looked at further and the Committee consider whether a more challenging target should be set, and whether that should be formally recognised in the 2022/23 budget.

The year-end cash position (£10.4m) was noted along with the current expenditure rate (approx. £3m/yr), which will leave no reserves after approximately 3 years unless income is greatly increased.

## Budget

The proposed revised budget was reviewed by the Committee, which noted the changes were in relation to previously advised accruals of underspends from 2021/22 to 2022/23. The Committee approved these changes but requested that a formal materiality threshold be agreed at the next meeting, above which budget changes are to be approved by the Board (a figure of 10% of net expenditure was proposed).

## Investment update

The Committee noted verbal update on investments.

## Treasury Management update

The Committee noted that the Board's reserves were currently held on loan to the GLA who paid interest on these in line with their group investment fund. While this return is good when compared to bank rates, it is below inflation, which is rising.

The committee requested that the executive carry out some initial research on other possible treasury management solutions, their possible returns and likely risk profiles.

## 6. Internal Audit

Assurance Review and Internal Audit Report presented by the internal auditors (TIAA) were noted by the committee. JM added that they provided a very clean report on ReLondon.

## 7. Annual Governance and Accountability Return

The Committee noted the timeline for the approval and submission of the Annual Governance and Accountability Return for 2021/22.

The committee reviewed the reports presented and:

- Noted the Annual Internal Audit Report 2021/22 and the Assurance Review of the Annual Governance and Accountability Return prepared by ReLondon's internal auditors Ankura/TIAA Ltd.
- Approved the Annual Governance Statements (Section 1 of the AGAR)
- Approved the Accounting Statements 2021/22 (Section 2 of the AGAR)
- Recommended to the full Board that the that it approve the Governance and Accounting Statements for 2021/22.

## 8. HR Update

The high turnover of staff presented in the HR update was noted, but the Committee acknowledged that there was no evidence that this was specific to ReLondon. JR reported that recruitment into all of the vacant posts was well underway and good applications were being received.

## 9. Risk Register

AL introduced the risk register and highlighted the main proposed changes:

- Risk I (financial resources) time frame extended beyond current business plan period.
- Risk 6 (political environment) likelihood reduced now that local elections had taken place.
- Risk 9 (investments fail to deliver) likelihood reduced now that LGF has closed.
- Risk 10 (Brexit) risk deleted from register.
- Risk 11 (Covid) risk deleted from register.
- Risk 12 (commercial activity) reputation risk around sponsorship added.
- Risk 13 (Global uncertainty) new risk added.

LG added that she and the CEO review the register on a regular basis.

The Committee approved these changes to the Risk Register (noting however that risk around Covid and Brexit had not completely gone away, but agreed they were appropriately included in an overall risk around global uncertainty).

In addition, the Committee requested that the likelihood of Risk I (financial resources) be increased. As the time frame has been extended, this is now highly likely beyond the current business plan period. An increase in likelihood makes this an overall high risk which will be reported to the next meeting of the Board.

The Committee noted that number of risks included in the register was quite high and they were not all of equal importance. The Committee recommended that an opportunity be made for the full Board to consider and review entire register with a view to making it more succinct.

## 10. Any other business

WH reported that ReLondon was considering applying for further ERDF funding for the SME support programme to extend it to June 23 (rather than December 22). There will also be an opportunity in October to apply to the Shared Prosperity fund.

JM thanked JR, AL and whole team for their work in preparing for the meeting.

## 5. Finance report

### Introduction

Please note changes to both the format and content of the finance report.

1. All income is now being presented at the top of the summary accounts to provide a more accurate account of ReLondon's revenue streams.
2. Restricted grant income received will be either accrued or deferred to match expenditure.
3. Accounts will present invoiced income but will be followed by a section detailing 'secured' or confirmed income and a pipeline of proposals either in submission or in development
4. Forecasted changes to full year budget greater than 5% will be explained, (see materiality recommendation).
5. Budgets have been phased to reflect expected timing of activity and minimise unnecessary variance reporting.
6. The projected year end cash balance (reserves) position will be updated and reported quarterly.

### Headlines

- Income target has been increased by £553k as a result of greater ambition for fundraising.
- 62% of total income target is secured at end August 2022.
- Total programme expenditure forecast increased by £150k to deliver a new pan London food campaign (new funds have been secured to deliver the work).
- Total net programme expenditure reduced by c£400k due to increased income target.
- Investments commitments for the year reduced to £2m.
- Total draw on ReLondon reserves reduced by £617k to £4.3m

### Materiality

At the June Audit Committee meeting it was agreed that levels of materiality and approvals would be agreed. From the SODA:

- Any virements between approved Business Plan budget lines below £50,000 shall require the approval of the Chief Executive Officer and will be reported to the next meeting of the Audit Committee.
- Any virements between approved Business Plan budget lines of between £50,000 and £100,000 shall require the approval of the Audit Committee at the next Audit Committee meeting.
- Any virements between approved Business Plan budget lines over £100,000 shall require the approval of the Board.

The executive recommend that in addition to these approval requirements any change to the full year forecast of a budget line of 5% or more will be explained without exception.

Proposed budget revision for 2022/23: For approval

As requested at the last Audit Committee (point 5 in minutes) meeting we propose some adjustments to the budget to recognise increased focus and ambition in relation to fundraising.

We present an income target increased by £553k, which includes the £150k secured for the London Food Campaign for this financial year and a further £402k in new grants.

The board are asked to approve this budget which will then become the baseline that we report against quarterly.

	2022/23 Budget	Proposed budget revision	Var to original budget	Var to original budget %
<b>Income</b>				
Consultancy	70,000	70,000	0	0%
Training Academy	65,000	65,000	0	
Sponsorship	30,000	30,000	0	0%
Campaigns	0	150,000	150,000	
Grants and fundraising	871,000	1,273,000	402,000	46%
Other income	0	1,000	1,000	
Investments income	753,000	753,000	0	0%
<b>Total income</b>	<b>1,789,000</b>	<b>2,342,000</b>	<b>553,000</b>	<b>31%</b>
<b>Core programme activity expenditure</b>				
Local Authority Support	1,315,000	1,315,000	0	0%
Core business sector support and transformation	487,000	487,000	0	0%
Business sector support restricted grants projects*	1,206,000	1,206,000	0	0%
Communications	420,000	570,000	150,000	36%
Central costs	1,104,000	1,104,000	0	0%
<b>Total programme expenditure</b>	<b>4,532,000</b>	<b>4,682,000</b>	<b>150,000</b>	<b>3%</b>
<b>NET PROGRAMME EXPENDITURE</b>	<b>2,743,000</b>	<b>2,340,000</b>	<b>(403,000)</b>	<b>-15%</b>
Investments expenditure	2,214,000	2,000,000	(214,000)	-10%
<b>RELONDON NET SPEND</b>	<b>4,957,000</b>	<b>4,340,000</b>	<b>(617,000)</b>	<b>-12%</b>
Opening cash balance at 1 April 2022	11,857,000	11,857,000		
Movement in funds	(4,957,000)	(4,340,000)		
Closing balance at 31 March 2023	6,900,000	7,517,000		

## Profit and loss summary for Q1 (to 30 June 2022)

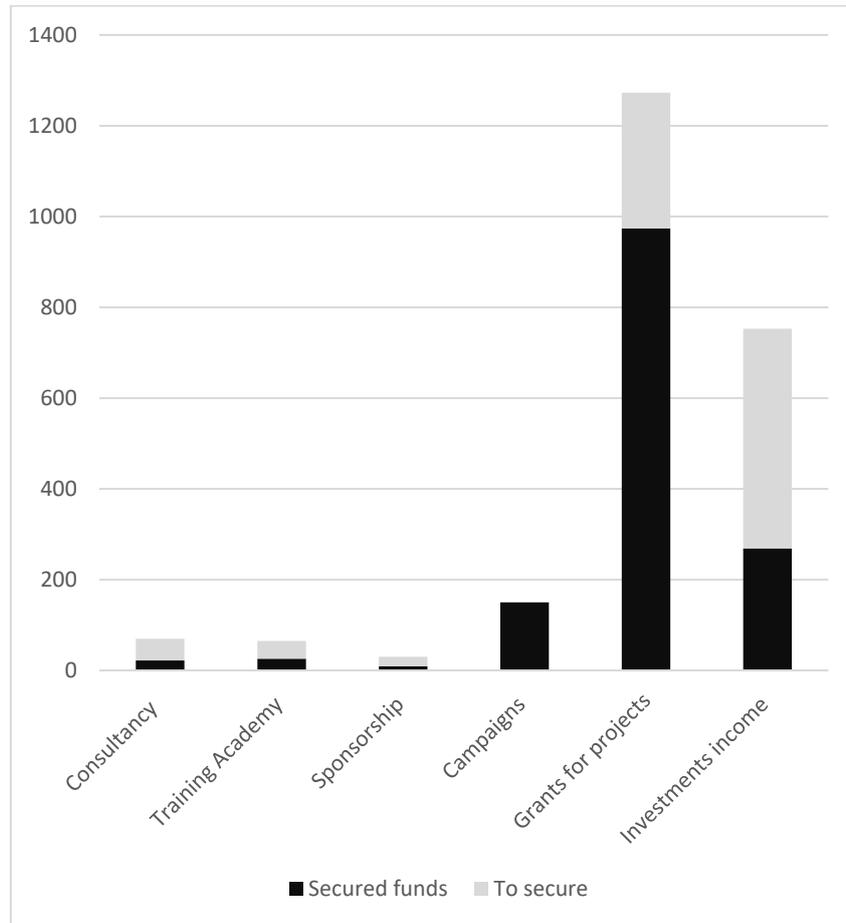
	Q1 Actual	Q1 Budget	Variance	% Var	FY Proposed budget	
<b>Income</b>						
Consultancy	0	4,000	(4,000)	-100%	70,000	
Training Academy	11,980	16,250	(4,270)	-26%	65,000	
Sponsorship	9,500	7,500	2,000	27%	30,000	
Campaigns	0	0	0	0%	150,000	
Grants and fundraising	191,324	264,500	(73,176)	-28%	1,273,000	
Other income	1,049	0	1,049		1,000	
Investments income	269,268	188,250	81,018	43%	753,000	
<b>Total income</b>	<b>483,121</b>	<b>480,500</b>	<b>2,621</b>	<b>1%</b>	<b>2,342,000</b>	
<b>Core programme activity expenditure</b>						
Local Authority Support	140,316	146,000	(5,684)	-4%	1,315,000	
Core business sector support and transformation	136,277	139,250	(2,973)	-2%	487,000	
Business sector support restricted grants projects*	244,215	334,500	(90,285)	-27%	1,206,000	
Communications	93,913	105,000	(11,087)	-11%	570,000	
Central costs	288,557	273,965	14,592	5%	1,104,000	
<b>Total programme expenditure</b>	<b>903,277</b>	<b>998,715</b>	<b>(95,438)</b>	<b>-38%</b>	<b>4,682,000</b>	
	<b>0</b>	<b>420,157</b>	<b>518,215</b>	<b>(98,058)</b>	<b>-19%</b>	<b>2,340,000</b>
Investments expenditure	1,400,000	1,400,000	0	0%	2,000,000	
<b>RELONDON NET SPEND</b>	<b>1,820,157</b>	<b>1,918,215</b>	<b>100,679</b>	<b>5%</b>	<b>4,340,000</b>	

## Income

Most income lines are behind budget at end Q1 however the table and graph below show income at end Aug which has been secured but is either not received or not invoiced for yet.

	Original budget	Proposed revised budget	Secured to date	% of revised budget
Consultancy	£70k	£70k	£22k	31%
Training Academy	£65k	£65k	£26k	40%
Sponsorship	£30k	£30k	£9.5k	32%
Campaigns	£0	£150k	£150k	100%
Grants for projects	£871k	£1.27m	£974k	76%
Investments income	£753k	£753k	£269k	36%
<b>Total</b>	<b>£1.79mk</b>	<b>£2.34m</b>	<b>£1.47m</b>	<b>62%</b>

2022/23 income secured to date (at Aug 2022)



## Programme Expenditure

Expenditure budgets have been profiled based on expected timing of activity rather than spread equally over the year. As such the costs for quarter one are broadly in line with expectation, with a few points of note:

**Business sector restricted grant projects:** expenditure here is 27% behind budget, however a significant proportion of this are ‘through costs’ which will have no significant bearing on ReLondon’s year end financial position. Staffing costs, which do have bearing, are mostly on track. The Advance London / ERDF programme has had reduced capacity in the team but a new senior business advisor starts in September and will increase activity and therefore capacity to draw down more funding against salary costs. .

**Central costs:** Most areas of expenditure are in line with expectation, salary costs and professional fees are ahead of budget for Q1 but expected to balance out in Q2. Verbal update in confidential section.

## Balance Sheet

London Waste and Recycling Board  
As at 30 June 2022

Account	30 Jun 2022	31 Mar 2022
<b>Fixed Assets</b>		
<b>Tangible Assets</b>		
Investment: Circularity European Growth Fund 1 LLP	2,146,544	1,356,770
Investment: Foresight Environmental Fund LP	0	745,473
Investment: Greater London Investment Fund (GLIF)/MMC	6,388,652	4,988,652
Investment: Seeders/ Project equity Sustainable accelerator	300,001	300,001
<b>Total Tangible Assets</b>	<b>8,835,198</b>	<b>7,390,896</b>
<b>Total Fixed Assets</b>	<b>8,835,198</b>	<b>7,390,896</b>
<b>Current Assets</b>		
<b>Total Cash at bank and in hand</b>	<b>8,308,623</b>	<b>10,425,171</b>
Debtors and prepayments	342,532	358,768
<b>Total Current Assets</b>	<b>8,651,154</b>	<b>10,783,939</b>
<b>Total Creditors: amounts falling due within one year</b>	<b>936,600</b>	<b>1,018,872</b>
<b>Net Current Assets (Liabilities)</b>	<b>7,714,555</b>	<b>9,765,067</b>
<b>Total Assets less Current Liabilities</b>	<b>16,549,752</b>	<b>17,155,964</b>
<b>Total Creditors: amounts falling due after more than one year</b>	<b>41,066</b>	<b>41,066</b>
<b>Net Assets</b>	<b>16,508,686</b>	<b>17,114,897</b>
<b>Capital and Reserves</b>		
Current Year Earnings	(606,211)	(3,002,930)
Profit and Loss Account	15,399,851	18,402,781
Unusable reserves - Capital adjustment fund	5,776,644	5,776,644
Usable reserves - General fund	(4,061,598)	(4,061,598)
<b>Total Capital and Reserves</b>	<b>16,508,686</b>	<b>17,114,897</b>

## 6. HR Update

### Staff turnover

Since the last meeting of the Committee on 16 June 2022, the following staff changes have been confirmed.

#### Leavers

- None

#### Starters

- Senior Advisor, Local Authority Support (September)
- Advisor, Local Authority Support x2 (July, August)
- Financial Controller, Central Team (August)
- Senior Business Advisor, Business Transformation (September)
- Online Community Manager, Business Transformation – fixed term. (September).

#### Moves/Changes

- The position of Strategic Advisor, Local Authority Support has been filled internally by one of the Project Coordinators within the team.
- Local Authority Support Project Coordinator positions have been regraded as Advisors.

#### Recruitment

We are currently recruiting for a fixed term (<2 years) Campaign Lead in the Communications team to support the London Food Campaign.

#### Vacant posts

The vacant positions Business Engagement Coordinator (Business Transformation Team) has been deleted. There remains one unfilled position of Communications and Campaigns Lead (Love Not Landfill) which is not being filled at the present time.

#### Training & Development

Over the last two months we have undertaken a review of staff development needs and will be implementing an organisation wide learning and development programme from September. It will incorporate management training, specific hard and soft skills training and coaching.

Jo Rogers  
Director of Operations and Governance  
August 2022