



**06/02/2020 – 2**  
**Chief Executive Officer's Report**

|                                  |                               |                         |
|----------------------------------|-------------------------------|-------------------------|
| <b>Board paper title</b>         |                               | Paper<br>06/02/2020 - 2 |
| Chief Executive Officer's Report |                               |                         |
| <b>Report by</b>                 | Wayne Hubbard                 |                         |
| <b>2B Job Title</b>              | Chief Executive Officer       |                         |
| <b>3B Date of decision</b>       | Board Meeting 6 February 2020 |                         |

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| <b>Summary</b>                                     |
| This report provides an update on recent activity. |

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| <b>Recommendations</b>   |
| The Board is recommended to: <ul style="list-style-type: none"><li>• Note the updates presented.</li></ul> |

|  |                                |
|--|--------------------------------|
| <b>Risk Management</b>                                       |                                |
| <b>Risk</b>  | <b>Action to mitigate risk</b> |
| No specific risks are identified in relation to this report. |                                |

|                              |
|------------------------------|
| <b>6B Implications</b>       |
| <b>7B Legal</b><br>None      |
| <b>8B Financial</b><br>None  |
| <b>9B Equalities</b><br>None |

|                            |  |
|----------------------------|--|
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**Why the paper is being presented**

The paper is presented in order to provide an update on activities since the last meeting of the Board.

**Report**

**Staffing**

*New Starters*

Ingrina Shieh joined in December as the CIRCuiT Programme Project Co-ordinator. Andrea Charlson will start in March at the CIRCuiT Programme Project Manager.

*Leavers*

Jane Mossman (Advance London Business Engagement Co-ordinator) left at the end of her fixed term contract at the end December.

*Recruitment*

The Fundraiser Lead position was advertised before Christmas with a deadline of 28<sup>th</sup> January for applications. An update will be provided at the meeting.

Recruitment for the vacant position of Advance London Business Engagement Co-ordinator and the two new Circular Economy Advisor positions will begin once the business plan has been approved.

We are currently considering the job description for a commercial manager as informed by the commercialisation work presented elsewhere at this meeting and recruitment will begin in Q1 2020/21.

*Contract Extensions*

All fixed-term employment contracts for positions which will extend into the 2020-2025 business planning period have now been converted into permanent ones.

**Communications and publicity**

Most of the period covered by this update paper was a national pre-election period, so activity has been minimal since October 2019.

**News releases and launches**

Only two news releases have been distributed since the last Board meeting:

- #LoveNotLandfill pop-up shop announcement in early November;
- Flats report launch on 28<sup>th</sup> January (still in development at the time of writing).

The latter will be accompanied by a photo opportunity on one of the pilot Peabody estates; social media support; the publication of a final report, an evaluation study and individual estate case studies; and a podcast episode.

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#### Events

LWARB and its programme teams have both run and attended a series of events since the last Board meeting. An events calendar is at Appendix 1.

Upcoming events before the pre-election period include:

- Going Circular: how new fashion business models can help save the planet – this will be at LWARB offices on 20<sup>th</sup> February and will showcase Circular London's work on the 'Circular Fashion Fast Forward' project, funded by the C&A Foundation;
- SDG 12.3 (food waste) event – this is a collaboration with the Danish Embassy and Winnow; it will be a half-day event on 12<sup>th</sup> March featuring senior industry speakers from the hospitality and food service sector, to promote London's record on food waste, to call on food businesses to sign up as friends of the SDG and to join the Flagship City consortium of partners and businesses.

#### Podcast

One episode of the podcast has been released since the last Board meeting: on the built environment, featuring a debate on refit vs. new build. Three more episodes will be released before the end of March: one on flats recycling; and two on food.

The podcast has been listened to by almost 10k people so far and several businesses have recently approached the communications team to get involved as contributors and/or sponsors.

#### Branding

A comprehensive review of our corporate and programme brands has been commissioned and stage 1 of the work ('evaluation') is underway. A short presentation on the project will be shared at the Board meeting.

#### Behaviour change campaigns

TRiFOCAL will have closed as a funded project by the time of the Board meeting. No active campaign activity has taken place under TRiFOCAL since October 2019.

ECAP closed as a funded project at the end of December 2019. The #LoveNotLandfill campaign will continue beyond the funded period and into the new business plan period, but with minimal LWARB funding; commercial and other funding partners will be sought to amplify and grow the campaign during 2020.

#### Progress Against Business Plan Milestones

##### Circular London

- ***Advance London Business Support***

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The Advance London business support programme has completed a rebranding cycle that resulted in a significantly upgraded, on-line programme presence. The support services provided to the SMEs have been streamlined and businesses can apply for specific services (redesign, validate or amplify). The portfolio now consists of 176 SMEs (leads and converted) who have each received business advice and support from LWARB's specialist team. Over half of these have received the higher level of support (12 hours), which in many cases lead to the launch of new circular products or services. The website features 9 case studies with businesses that Advance London has either helped amplify their impact and reach new markets or has guided in starting their circular trajectory.

In Q1 of 2020, the team will continue to deliver support to businesses with specific support streams being rolled out. More specifically:

- Circular Business Masterclass on the 21<sup>st</sup> of January in partnership with First Mile Recycling, 16 new SMEs have applied
- Unwrapping 'circular' packaging on the 25<sup>th</sup> February, currently 7 new SMEs have applied
- Meet the Investor on the 17<sup>th</sup> March, currently 11 new SMEs have applied

The team is currently developing two knowledge products:

- A Circular Restaurant Guide in collaboration with the Sustainable Restaurant Association with the aim to be completed by March 2020.
- A Circular Business Guide estimated to be completed by end of March

As of Dec 2019, the project has over-delivered or is on track to deliver its various 3-year target outputs. The extension targets, based on previous performance, have an increase of 40% on the first three years.

- ***Continue to work with other European cities and regions to share good practice on circular economy policy and evidence base through the EU CircE project.***

The action plan for LWARB (created as an outcome of the project) has now been approved by the EU. Phase 2 of the project (delivery of the action plan) is now underway.

- ***Engage London boroughs with the circular economy agenda and benefits through the development of the circular economy champions programme.***

Bromley and LWARB have been working on the development of a procurement tool to help boroughs include circular economy in procurements. A draft version of the tool is now being tested and refined. Officers from LWARB will deliver a workshop to Bromley officers on 10<sup>th</sup> February to provide training on circular economy in procurement. LWARB is exploring how the tool can be shared with other boroughs.

Camden launched its refill market stall in December, and Hackney is setting up a Library of Things. An officer from Camden also accompanied LWARB representatives

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to an EMF CE100 event and Camden is now exploring with LWARB the opportunity to set up a plastics packaging optimisation pilot in Kentish town.

The LEDNET Circular Economy group held 3 meetings throughout 2019 with the aim of increasing group members understanding of the circular economy. To ensure this knowledge is now applied and turned into action, the group will become part of the Climate Change group. This will allow closer alignment of LWARB's ambition to reduce CO2 emissions through circular economy action across London.

**Resource London**

- **Resource London will continue to have a primary focus on supporting London's waste authorities to drive up household recycling rates.**

Resource London is delivering a number of regional, sub-regional projects and individual authority support projects. The major projects currently being undertaken are:

- *Flats Project:* (in partnership with Peabody Housing Association and six inner London boroughs) – the final project report will be launched 28 January 2020.
- *Contamination Hit Squad:* (in partnership with LEDNET and four London boroughs) – the project is testing the hypothesis that a shared dedicated team of officers (the hit squad) checking contamination in kerbside containers, presents a cost-effective way of managing and reducing contamination, and reducing borough costs of dealing with contamination.
- Short term lets – Two interrelated projects are being delivered: an ethnographic study of HMO residents and audience insights research into users of London holiday rentals both looking at waste and recycling behaviours.
- *Reduction and Recycling Plans (RRPs):* At the time of writing 29 boroughs had submitted their plans, with the GLA working with the remaining four boroughs.
- ***There will be an additional focus on promoting commercial waste recycling (including food).***

Commercial recycling Project: Resource London is supporting a number of boroughs to improve their commercial services and supporting London BIDs to look at the feasibility of introducing waste consolidation schemes.

**Audit Committee Activity**

This is a summary of the Audit Committee activity, from the Committee Chair, Cllr. Bassam Mahfouz.

The Committee met once, on 28 November 2019, since the previous Board meeting and considered the following items.

**Staffing**

The committee noted the departure of Philip Guthrie and Jane Mossman, the appointment of Ingrina Shieh as the CIRCuIT programme project coordinator and the

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intention to start the recruitment of a Fundraising Lead before Christmas (*Note: the position was advertised in December 2019 with a 28<sup>th</sup> January as the deadline for applications. An update will be given at the Board meeting*).

**Funding**

The committee noted that the CIRCuIT funding agreement had been signed but that the position in the event of a no-deal Brexit remained uncertain as, while the funding would be covered by the Government guarantee scheme, whether or not London could remain a project partners was still unclear.

**Business Planning Update**

The Committee noted the progress on developing the business plan, including the re-allocation of funds to the Resource London budget following discussions at the 31 October 2019 Board meeting.

**Finance Reports**

The Committee reviewed and approved the Q2 2019/2020 finance report (Appendix 2)

**Internal Audit**

The Committee considered that given the changes to the organisation that will be put in place to deliver the 2020/205 business plan, a detailed review of current systems would not be worthwhile and agreed that the 2019/20 audit would cover the core finance and delivery of a Risk Management Workshop for Board members.

**External Audit**

The Committee reviewed the Annual Audit Letter from the external auditors, Grant Thornton, and noted it included an unqualified opinion on the accounts and an unqualified value for money conclusion.

**Risk Register**

The Committee reviewed the current risk register. Updates agreed at the previous meeting were noted, no further updates were made.

**Supporting papers/appendices**

Appendix 1 – Events List

Appendix 2 – Finance Reports Q2 2019/20

Appendix 1: Events List

| Date          | Event   | Organiser   | Type of event | Topic  | Attended by             | Audience                       | Role                                   |
|---------------|---|---|---------------|--|-------------------------|--------------------------------|--|
| 22/01/2010    | CIWM OPen meeting   | CIWM  | Conference    | Circular economy   | JC                      | Waste industry                 | Keynote speaker                        |
| 08/10/2019    | Lazard Sustainability lunch and learn                           | Lazard  | Seminar       | Climate change and sustainability: financing the transition          | JC                      | Financial Services             | Keynote speaker                        |
| 23/10/2019    | Business Green's Leaders Summit                                 | Business Green Leaders  | Summit        | Circular business models   | NA                      | Business                       | Panelist                               |
| 25/10/2019    | APSE Refuse, Recycling, Street scene, Grounds and Parks Seminar | APSE  | Seminar       | Peabody flats project  | CC                      | Industry networks              | Speaker                                |
| 03/11/2019    | Swap rebellion x Body Shop swap shop                            | Swap rebellion  | Swap shop     | Sustainable Fashion  | OS                      | 16-35-year-old Londoners       | Sponsor                                |
| 05/11/2019    | National Development and Reform Commission of China and EMF     | EMF   | Seminar       | Circular economy   | JC and AB               | International                  | Keynote speaker                        |
| 07/11/2019    | Consumption matters   | Resource Efficiency Wales   | Conference    | Peabody flats project  | CC                      | Industry networks              | Speaker                                |
| 13/11/2019    | OCS briefing  | OCS   | Seminar       | Waste and circular economy   | SC & JB                 | Business                       | Speakers                               |
| 13/11/2019    | TEC and LEDNET meeting on climate change                        | London Councils   | Workshop      | Circular Economy and Consumption as two of 6 main areas              | JC                      | TEC and LEDNET members         | Facilitator                            |
| 20/11/2019    | Food matters live   | Food matters live   | Conference    | Working with partners to reduce food waste                           | JB                      | Business and industry networks | Panelist                               |
| 22/11/2019    | UCL lecture   | UCL   | Lecture       | Climate policy and negotiations                                      | JC                      | Students                       | Speaker                                |
| 22/11/2019    | Imperial Hult Prize HAKathon                                    | Imperial College  | Hackathon     | Support to students coming up with new ideas to drive climate action | JC, IK, EM, AS          | Students                       | Key note speech, mentoring and judging |
| 26/11/2019    | London and the Circular Economy: The Role of Higher Education   | EMF   | Seminar       | Promoting circular economy to universities                           | JC                      | University staff               | Panelist                               |
| 02/12/2019    | Smart cities summit   | Evolve Media Group  | Summit        | What is the Ideal Smart City and Who is Leading the Way              | JC                      | Business and industry networks | Panelist                               |
| 03/12/2019    | The Smart City Summit and Urban Mobility Expo reservation       | Smart City Summit   | Conference    | Circular Economy and Urban Micromobility                             | JC                      | Business                       | Panelist and panel chair               |
| 04/12/2019    | Smart sustainable cities  | EMF   | Conference    | Driving innovation in the circular economy                           | JB                      | Industry networks              | Speaker                                |
| 04/12/2019    | Business Improvement District Commercial Waste Network          | LWARB   | Seminar       | Embedding sustainability & Waste zoning                              | SC & JB                 | Businesses                     | Host                                   |
| 05/12/2019    | Local Authority Commercial Waste Network                        | LWARB   | Seminar       | Food waste - service establishment and business development)         | SC                      | Local government               | Host                                   |
| 22/01/2020    | CIWM L&SCC open meeting   | CIWM L&SCC  | Seminar       | Peabody flats project  | BS                      | Waste industry                 | Speakers                               |
| 24/01/2020    | Managing Plastic Waste Forum: Eliminating Single Use Plastic    | Knowledge Exchange  | Conference    | Circular economy   | JC                      | Business                       | Panelist                               |
| 30/01/2020    | Circular Economy: Learning from London                          | San Sebastian   | Conference    | Circular economy   | JC                      | Business and Government        | Key note speaker (speaker)             |
| 05/02/2020    | Foresight Environment conference                                | Foresight   | Conference    | Circular economy and sustainable infrastructure                      | JC                      | Business and investors         | Panelist                               |
| 19/11/2020    | Circular Glasgow event/launch                                   | Glasgow Chamber of Commerce   | Conference    | Circular economy in the city; launch of Circular Glasgow network     | WH                      | Business & local government    | Speaker                                |
| 13-17/11/2019 | #LoveNotLandfill Charity Pop Up #2                              | #LoveNotLandfill team   | Pop Up        | Second-hand fashion  | HC, OS, AM, ABu, EM, IK | London citizens                | Organisers                             |
| 30-31/01/2020 | II International Meeting of Circular Economy                    | Department of the Environment of the Provincial Council of Gipuzkoa | Conference    | Circular economy   | JC                      | Business and government        | Speaker                                |

## London Waste & Recycling Board

### Finance Report Q2 2019/20

#### Profit & Loss Summary

LWARB performance for the first half of the financial year was much better than forecast showing a £0.7m positive variance against budget. The highlight of this was realising a sale price approaching £1.5m for the ELBL business which was £473k in excess of the book value. This was offset to an extent by an £81k write down in the value of the London Green fund. However lower than expected costs of £253k for the programme spend and £44k for overheads also contributed to the positive variance.

#### LWARB P&L summary to 30/09/2020

| P&L                            | 2019/20<br>Q2<br>Actual | Budget<br>Q2<br>2019/20 | Variance    | %           | FY Budget<br>2019/20 | %           |
|--------------------------------|-------------------------|-------------------------|-------------|-------------|----------------------|-------------|
| <b>£000</b>                    |                         |                         |             |             |                      |             |
| <b>Income</b>                  |                         |                         |             |             |                      |             |
| Bank Interest and other income | 55                      | 42                      | 13          | 31%         | 84                   | 66%         |
| Funding                        | 161                     | 164                     | (3)         | -2%         | 283                  | 57%         |
| Asset sale/revaluation         | 392                     |                         | 392         |             |                      |             |
| <b>Total income</b>            | <b>608</b>              | <b>206</b>              | <b>402</b>  | <b>29%</b>  | <b>367</b>           | <b>122%</b> |
| <b>Advance London</b>          | <b>(232)</b>            | <b>(187)</b>            | <b>(45)</b> | <b>24%</b>  | <b>(283)</b>         | <b>82%</b>  |
| <b>Resource London</b>         | <b>(681)</b>            | <b>(969)</b>            | <b>289</b>  | <b>-30%</b> | <b>(1,938)</b>       | <b>35%</b>  |
| <b>Circular London</b>         | <b>(372)</b>            | <b>(381)</b>            | <b>9</b>    | <b>-2%</b>  | <b>(762)</b>         | <b>49%</b>  |
| <b>Total Programme spend</b>   | <b>(1,284)</b>          | <b>(1,537)</b>          | <b>253</b>  | <b>-16%</b> | <b>(2,983)</b>       | <b>43%</b>  |
| <b>Overheads</b>               |                         |                         |             |             |                      |             |
| Rent & rates                   | (120)                   | (138)                   | 17          | -13%        | (275)                | 44%         |
| Staff Costs*                   | (315)                   | (303)                   | (12)        | 4%          | (680)                | 46%         |
| Other Overheads                | (73)                    | (113)                   | 39          | -35%        | (225)                | 33%         |
| <b>Total Overheads</b>         | <b>(508)</b>            | <b>(553)</b>            | <b>44</b>   | <b>-8%</b>  | <b>(1,180)</b>       | <b>43%</b>  |
| <b>Profit/Loss</b>             | <b>(1,184)</b>          | <b>(1,883)</b>          | <b>699</b>  | <b>-37%</b> | <b>(3,796)</b>       | <b>31%</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 was also favourable to budget benefitting from the improved P&L, as well as lower than expected investment in funds (£1.6m compared to an expected £2.1m in the budget), as a result of lower than expected drawdowns from GLIF for management fees and Circularity Capital.

| LWARB expenditure summary to 30/09/2020   | Q2 Actual | Q2 Budget | Var.  | %    | FY Budget | %    |
|---|-----------|-----------|-------|------|-----------|------|
| Opening cash                              | 23,748    | 23,748    |       |      | 23,748    |      |
| Net Income / (Expenditure)                | (1,184)   | (1,883)   | 699   | -37% | (3,796)   | 31%  |
| (Increase)/decrease in project loans      | 1,013     | 1,100     | (87)  | -8%  | 1,100     | 92%  |
| (increase)/decrease in equity investments | (1,517)   | (2,087)   | 570   | -27% | (2,773)   | 55%  |
| Other                                     | (72)      |           | (72)  | 0%   |           | 0%   |
| Net Income / (Expenditure)                | (1,760)   | (2,870)   | 1,110 | -39% | (5,469)   | 32%  |
| Closing cash                              | 21,988    | 20,878    | 1,110 | 5%   | 18,279    | 120% |



LWARB Income and Expenditure detail

| <b>Income &amp; Expenditure (£000s)</b>  |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
|--|--------------|--------------|-------------|-------------|--------------|---------------------------------------|----------------|----------------|----------------|--------------|-------------|----------------|---------------------------------------|-------------|
| London Waste and Recycling Board         |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
| For the 3 months ended 30 September 2019 |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
|  | Period       |              |             |             |              |                                       |                | YTD            |                |              |             |                |                                       |             |
|  | Actual       | Budget       | Variance    | %           | Prior Year   | Variance<br>(Actual to<br>Prior Year) | %              | Actual         | Budget         | Variance     | %           | Prior Year     | Variance<br>(Actual to<br>Prior Year) | %           |
| <b>Income</b>                            |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
| Bank interest receivable                 | 55           | 21           | 34          | 161%        | 44           | 11                                    | 25.06%         | 55             | 42             | 13           | 31%         | 44             | 11                                    | 25%         |
| C&A Foundation                           | 122          |              | 122         |             | 44           | 78                                    | 178.69%        | 85             |                | 85           |             | 44             | 41                                    | 94%         |
| Grant income                             | 76           | 80           | (3)         | -4%         | 105          | (29)                                  | -27.33%        | 76             | 164            | (88)         | -54%        | 304            | (228)                                 | -75%        |
| Loan interest income                     | 473          |              | 473         |             |              | 473                                   |                | 473            |                | 473          |             | 3              | 470                                   | 17235%      |
| Other income                             |              |              |             |             |              |                                       |                |                |                |              |             |                | (0)                                   | -40%        |
| <b>Total Income</b>                      | <b>725</b>   | <b>101</b>   | <b>625</b>  | <b>622%</b> | <b>192</b>   | <b>533</b>                            | <b>277.32%</b> | <b>689</b>     | <b>206</b>     | <b>483</b>   | <b>234%</b> | <b>395</b>     | <b>294</b>                            | <b>74%</b>  |
| <b>Programme Expenditure</b>             |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
| Advance London programme expenditure     | 121          | 88           | 33          | 37%         | 148          | (27)                                  | -18.15%        | 232            | 187            | 45           | 24%         | 216            | 15                                    | 7%          |
| C&A Foundation costs                     | 85           |              | 85          |             |              | 85                                    |                | 85             |                | 85           |             |                | 85                                    |             |
| Circular Economy - Reusable Buildings    |              |              |             |             | 3            | (3)                                   | -100.00%       |                |                |              |             | 3              | (3)                                   | -100%       |
| Circular Economy Accelerator programme   | 109          | 88           | 21          | 24%         |              | 109                                   |                | 139            | 175            | (36)         | -21%        |                | 139                                   |             |
| Circular Economy programme expenditure   | 41           | 84           | (44)        | -52%        | 61           | (21)                                  | -33.89%        | 140            | 168            | (28)         | -17%        | 164            | (25)                                  | -15%        |
| Investment programme costs               | 6            | 19           | (13)        | -70%        |              | 6                                     |                | 8              | 38             | (29)         | -79%        | 5              | 3                                     | 61%         |
| Impairment losses                        | 81           |              | 81          |             |              | 81                                    |                | 81             |                | 81           |             |                | 81                                    |             |
| Resource London programme expenditure    | 327          | 485          | (158)       | -33%        | 439          | (112)                                 | -25.50%        | 681            | 969            | (289)        | -30%        | 759            | (79)                                  | -10%        |
| <b>Total Programme Expenditure</b>       | <b>769</b>   | <b>763</b>   | <b>6</b>    | <b>1%</b>   | <b>651</b>   | <b>118</b>                            | <b>18.14%</b>  | <b>1,365</b>   | <b>1,537</b>   | <b>(172)</b> | <b>-11%</b> | <b>1,148</b>   | <b>217</b>                            | <b>19%</b>  |
| <b>Administrative Expenditure</b>        |              |              |             |             |              |                                       |                |                |                |              |             |                |                                       |             |
| Staff costs                              | 157          | 164          | (7)         | -4%         | 128          | 29                                    | 22.82%         | 315            | 303            | 12           | 4%          | 276            | 39                                    | 14%         |
| Serviced Accomodation                    |              |              |             |             | (6)          | 6                                     | 100.00%        |                |                |              |             | 65             | (65)                                  | -100%       |
| Professional fees                        | 8            | 5            | 3           | 51%         |              | 7                                     | 2265.00%       | 8              | 10             | (2)          | -24%        | 5              | 3                                     | 60%         |
| Professional Fees - Office Move          | 6            |              | 6           |             | 159          | (153)                                 | -96.26%        | 6              |                | 6            |             | 159            | (153)                                 | -96%        |
| Office Rent                              | 60           | 69           | (8)         | -12%        | 18           | 42                                    | 233.31%        | 120            | 138            | (17)         | -13%        | 18             | 102                                   | 565%        |
| Office expenses                          | 5            |              | 5           |             |              | 5                                     | 2568.65%       | 15             |                | 15           |             |                | 15                                    | 7311%       |
| Other overheads                          | 17           | 51           | (35)        | -68%        | 32           | (16)                                  | -48.93%        | 45             | 103            | (58)         | -57%        | 47             | (3)                                   | -5%         |
| <b>Total Administrative Expenditure</b>  | <b>253</b>   | <b>289</b>   | <b>(36)</b> | <b>-13%</b> | <b>331</b>   | <b>(78)</b>                           | <b>-23.70%</b> | <b>508</b>     | <b>553</b>     | <b>(44)</b>  | <b>-8%</b>  | <b>570</b>     | <b>(61)</b>                           | <b>-11%</b> |
| <b>Net Income / (Expenditure)</b>        | <b>(296)</b> | <b>(952)</b> | <b>655</b>  | <b>69%</b>  | <b>(790)</b> | <b>494</b>                            | <b>62.49%</b>  | <b>(1,184)</b> | <b>(1,883)</b> | <b>699</b>   | <b>37%</b>  | <b>(1,323)</b> | <b>138</b>                            | <b>10%</b>  |

## LWARB Income and expenditure commentary

1. Grant income for the year to September is £76k. Made up of EU funding under the Advance London ERDF programme of £47k, and a Circular London payment of £29k from Climate-KIC. There is also £85k of income from C&A Foundation of which £40k is accrued against current expenditure.
2. £55k of interest on reserves with the GLA were received prior to the end of September (the second quarter payment of £52k was received in October).
3. Resource London programme expenditure is £681k which is 30% (289k) under budget for the September year to date. Included in this figure is staff £300k, overhead recharges £100k, and discretionary expenditure of £275k (incl. RL projects £133k, and EU Life projects: Trifocal £133k and ECAP £10k). The underspend is in line with expectations due to demand led spending. Significant contractual and grant agreements have been made which will bring the total in the full year close to budget. However, certain projects are still forecasting an underspend, most notably the flats project.
4. Advance London programme expenditure at £232k is 24% (£45k) over budget for the year to September. This is however in-line with the schedule agreed in August with ERDF when the new funding was confirmed.
5. Circular London programme expenditure at £372k is 2% (£9k) under plan including the Investment programme costs. These figures include a £36k underspend on the accelerator programme which closed the 1<sup>st</sup> cohort in September, and a shortfall against budget of £28k for programme spend. These have been offset by £85k of C&A Foundation funded costs which were not included in the budget. The Investment programme costs of £8k are £29k under budget and include £5k for analysis of the business plan.
6. The net effect of the above is overall programme expenditure 16% (£253k) under budget for the year to date for September (NB For presentation purposes the impairment loss of £81k relating to the LGF is shown in the "Asset sale/revaluation" income line in the summary table on page 1).
7. Central staff costs at £315k are just over budget showing a 4% (£12k) adverse variance.
8. Professional fees at £14k are £4k below budget and are mainly audit fees.
9. Office rent is £17k under budget at £120k due to higher than expected contributions from programmes overhead recharges.
10. Other overheads and office expenses are £60k are which is £43k under budget. Included in this is Marketing spend which is £21k under budget due to timings.
11. Overall admin expenditure is 8% (£44k) under budget for the year at £508k
12. Expenditure at £1.8m overall is 14% (£297k) under budget for the year.

NB: The income and expenditure report includes £283k of full year additional costs in the budget which we expect to incur and then have refunded.

## LWARB Balance Sheet detail and commentary

| <b>Balance Sheet (£000s)</b>                |                         |                            |
|---|-------------------------|----------------------------|
| <b>London Waste and Recycling Board</b>     |                         |                            |
| <b>As at 30 September 2019</b>              |                         |                            |
|   | <b>Movement<br/>YTD</b> | <b>Closing<br/>Balance</b> |
| <b>Fixed Assets &amp; Investments</b>       |                         |                            |
| Cycle                                       |                         | 1                          |
| Equity investments                          | 1,517                   | 4,729                      |
| <b>Current Assets</b>                       |                         |                            |
| Project loans                               | (1,013)                 |                            |
| Debtors                                     | (268)                   | (1)                        |
| C A Foundation                              | 41                      | 41                         |
| Prepayments                                 | (10)                    | 5                          |
| RL grants receivable                        |                         | 22                         |
| Total Bank                                  | (1,760)                 | 21,988                     |
| <b>Total Current Assets</b>                 | <b>(3,010)</b>          | <b>22,055</b>              |
| <b>Current Liabilities</b>                  |                         |                            |
| Accruals                                    | (274)                   | 18                         |
| Virtual Card                                | 1                       | 1                          |
| Stamp Duty                                  |                         | (9)                        |
| Trade creditors                             | 112                     | 232                        |
| <b>Total Current Liabilities</b>            | <b>(161)</b>            | <b>242</b>                 |
| Provision for committed project expenditure | (148)                   | 402                        |
| <b>Net Assets / (Liabilities)</b>           | <b>(1,184)</b>          | <b>26,141</b>              |
| <b>Total Equity</b>                         | <b>(1,184)</b>          | <b>26,141</b>              |

1. Equity investments increased by £1.5m in the year to date (£1.5m GLIF, and £70k Circularity Capital which was offset by a write down of £81k for LGF).
2. Project Loan movements of £1m reflect the sale of ELBL which was on the books at £1m and final settlement from PlasRecycle £13k. We no longer have any loans on our books.
3. Debtors stand at £1k since receiving £179k from HMRC and £88k of grant funds
4. There is £41k of accrued funding from the C&A Foundation to cover work done with QSA
5. The £5k prepayments is mainly Insurance.
6. The RL grants receivable line is a debtor of £22k made up of £18k Trifocal and £4k ECAP
7. Total Bank – net £1.8m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.
8. Trade Creditors - balance of £232k relates mainly to outstanding invoices of £198k the majority of which were cleared in the following month, additionally there was £23k PAYE and NI related, £16k Pensions, and around £5k of credit card balances.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £402k relates to funding agreements with Local Authorities made under the Resource London programme.

## LWARB Cashflow analysis and commentary

| <b>Cash Flow (£000s)</b>   |               |                |
|--|---------------|----------------|
| <b>London Waste and Recycling Board</b>                            |               |                |
| <b>For the 3 months ended 30 September 2019</b>                    |               |                |
|  | <b>Period</b> | <b>YTD</b>     |
| <b>Net Income / (Expenditure)</b>                                  | <b>(296)</b>  | <b>(1,184)</b> |
| (Increase)/decrease in fixed assets                                |               |                |
| (Increase)/decrease in project loans                               | 1,013         | 1,013          |
| (Increase)/decrease in grants receivable                           | (41)          | (41)           |
| (increase)/decrease in equity investments                          | (1,469)       | (1,517)        |
| (increase)/decrease in debtors                                     | 179           | 268            |
| (increase)/decrease in prepayments                                 | 4             | 10             |
| increase/(decrease) in creditors                                   | (5)           | 113            |
| Increase/(decrease) in accruals                                    |               | (274)          |
| Increase/(decrease) in stamp duty                                  |               |                |
| increase/(decrease) in provision for committed project expenditure | (148)         | (148)          |
| <b>Net cash inflow (outflow)</b>                                   | <b>(763)</b>  | <b>(1,760)</b> |
| <b>Opening cash</b>  | <b>22,751</b> | <b>23,748</b>  |
| <b>Closing cash</b>  | <b>21,988</b> | <b>21,988</b>  |

1. Year-to-date net income/expenditure is as per the Income and Expenditure detail above
2. Project Loan movements of £1m, relate to the book value of ELBL and PlasRecycle
3. Grants movement of £41k shows the C&A Foundation accrual made against the invoices already paid.
4. The cash outflow for equity investments relates to the £1.5m GLIF and £70k Circularity Capital payments, offset by an £81k write down for LGF
5. The £268k of debtor income is made up £179k of withholding tax refunded by HMRC plus ERDF and CirCE payments received.
6. Creditors increased by £113k in the year-to-date for September
7. Previously accrued payments of £274k have gone out the door. This was essentially made up of £182k to Ogilvy, £69k of redundancy costs, and the rent payment for March of £22k.
8. £148k of committed spend was paid in the period £115k to WRAP, £25k to Hackney, and £10k to Merton.

Appendix – Discussion document for future cashflow forecast

LWARB Cashflow forecast to 31/03/2020

| Expenditure Forecast<br>2018 to 2020 | May'19 Plan<br>2019/20 | Act to Sep'19<br>2019/20 | F'cast Oct'19<br>2019/20 | F'cast Nov'19<br>2019/20 | F'cast Dec'19<br>2019/20 | F'cast Jan'19<br>2019/20 | F'cast Feb'19<br>2019/20 | F'cast Mar'19<br>2019/20 | FY Forecast<br>2019/20 |
|--------------------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <b>£000</b>                          |                        |                          |                          |                          |                          |                          |                          |                          |                        |
| <b>Income</b>                        |                        |                          |                          |                          |                          |                          |                          |                          |                        |
| Bank Interest                        | 84                     | 55                       | 52                       |                          | 46                       |                          |                          | 42                       | 195                    |
| Project returns                      | 1,100                  | 1,457                    |                          |                          |                          |                          |                          |                          | 1,457                  |
| <b>Total income</b>                  | <b>1,184</b>           | <b>1,512</b>             | <b>52</b>                |                          | <b>46</b>                |                          |                          | <b>42</b>                | <b>1,652</b>           |
| <b>Advance London</b>                |                        |                          |                          |                          |                          |                          |                          |                          |                        |
| London Green Fund II                 | (2,100)                | (1,597)                  |                          |                          | (252)                    |                          |                          | (251)                    | (2,100)                |
| Circular Economy Accelerator         | (350)                  | (139)                    | (35)                     | (35)                     | (35)                     | (35)                     | (35)                     | (36)                     | (350)                  |
| Circular Economy growth fund         | (673)                  |                          | (39)                     | (40)                     | (40)                     | (40)                     | (40)                     | (40)                     | (239)                  |
| Business consultancy support         | (142)                  | (184)                    | 25                       | (44)                     | (44)                     | 27                       | (44)                     | 17                       | (248)                  |
| <b>Total Advance London</b>          | <b>(3,265)</b>         | <b>(1,920)</b>           | <b>(49)</b>              | <b>(119)</b>             | <b>(371)</b>             | <b>(48)</b>              | <b>(119)</b>             | <b>(310)</b>             | <b>(2,937)</b>         |
| <b>Resource London</b>               | <b>(1,833)</b>         | <b>(681)</b>             | <b>(190)</b>             | <b>(190)</b>             | <b>(190)</b>             | <b>(190)</b>             | <b>(190)</b>             | <b>(202)</b>             | <b>(1,833)</b>         |
| <b>Circular London</b>               | <b>(300)</b>           | <b>(141)</b>             | <b>(26)</b>              | <b>(26)</b>              | <b>(27)</b>              | <b>(26)</b>              | <b>(26)</b>              | <b>(28)</b>              | <b>(300)</b>           |
| Programme Professional Fees          | (75)                   | (20)                     | (9)                      | (9)                      | (9)                      | (9)                      | (9)                      | (10)                     | (75)                   |
| <b>Overheads</b>                     |                        |                          |                          |                          |                          |                          |                          |                          |                        |
| Serviced Accommodation               | (275)                  | (121)                    | (26)                     | (26)                     | (25)                     | (26)                     | (26)                     | (25)                     | (275)                  |
| Staff Costs***                       | (680)                  | (314)                    | (61)                     | (61)                     | (61)                     | (61)                     | (61)                     | (61)                     | (680)                  |
| Professional Fees                    | (20)                   | (14)                     | (6)                      |                          |                          |                          |                          |                          | (20)                   |
| Advertising & Marketing              | (60)                   |                          | (10)                     | (10)                     | (10)                     | (10)                     | (10)                     | (10)                     | (60)                   |
| Training                             | (20)                   |                          | (3)                      | (3)                      | (4)                      | (3)                      | (3)                      | (4)                      | (20)                   |
| Other Overheads                      | (125)                  | (60)                     | (10)                     | (10)                     | (10)                     | (10)                     | (10)                     | (15)                     | (125)                  |
| <b>Total Overheads</b>               | <b>(1,180)</b>         | <b>(509)</b>             | <b>(116)</b>             | <b>(110)</b>             | <b>(110)</b>             | <b>(110)</b>             | <b>(110)</b>             | <b>(115)</b>             | <b>(1,180)</b>         |
| <b>b/f cash</b>                      | <b>23,748</b>          | <b>23,748</b>            | <b>21,988</b>            | <b>21,650</b>            | <b>21,196</b>            | <b>20,535</b>            | <b>20,152</b>            | <b>19,697</b>            | <b>23,748</b>          |
| <b>c/f cash</b>                      | <b>18,279</b>          | <b>21,988</b>            | <b>21,650</b>            | <b>21,196</b>            | <b>20,535</b>            | <b>20,152</b>            | <b>19,697</b>            | <b>19,074</b>            | <b>19,074</b>          |