

London Waste & Recycling Board (Operating as ReLondon)

Finance Report Q3 2021/22

Profit & Loss Summary

For the 9 months

Account	Actual			Q1 -Q3				Q4		2021/22			
	Q1	Q2	Q3	Actual	Budget	Variance	Variance as a %	Forecast	Budget	Forecast of actual for 21/22	Board approved budget	Variance	Variance as a %
Total Local Authority Support	160,109	78,368	115,038	353,516	797,256	(443,740)	-56%	417,058	265,744	770,574	1,063,000	(292,426)	-28%
Total Business sector support & Transf	207,024	197,098	217,548	621,670	695,997	(74,327)	-11%	(6,939)	232,003	614,731	928,000	(313,269)	-34%
Total Communications	85,471	169,209	244,444	499,123	512,247	(13,124)	-3%	144,702	170,753	643,825	683,000	(39,175)	-6%
Total Central Costs	284,275	376,261	210,574	871,109	881,250	(10,141)	-1.2%	201,032	293,750	1,072,141	1,175,000	(102,859)	-9%
Total Revenue programme	(16,801)	(26,906)	(65,256)	(108,964)	(71,241)	(37,723)	53.0%	(4,000)	(23,759)	(112,964)	(95,000)	(17,964)	19%
NET PROGRAMME EXPENDITURE	720,077	794,030	722,347	2,236,454	2,815,509	(579,055)	-21%	751,853	938,491	2,988,307	3,754,000	(765,693)	-20%
Total Investments	(11,354)	(11,116)	(191,645)	(214,114)	1,660,500	(1,874,614)	-112.9%	(11,000)	553,500	(225,114)	2,214,000	(2,439,114)	-110%
LWARB NET SPENT	708,723	782,914	530,702	2,022,340	4,476,009	(2,453,669)	-55%	740,853	1,491,991	2,763,193	5,968,000	(3,204,807)	-54%

For the 9 months to 31 Dec 2021 ReLondon has an overall 21% (£579k) underspend against budget for programme expenditure.

Local authority support: Expenditure to end of Q3 is below budget due to some vacant positions, delays to activity as well as an unbudgeted grant from Ecosurety.

Business sector support and Business transformation has a year to date underspend of £74k (11%). This is mainly due to an underspend on Advance London/ERDF project, activity is being pushed into next year.

Comms and behaviour change expenditure to date is broadly in line with budget expectations, expenditure exceeds budget in line with income received for the Food Wave project.

Overall Central costs are broadly in line with YTD budget, however an underspend due to vacant positions has been offset by dilapidations costs on the old office and temp staff costs.

Revenue income is above budget by £37k due to the receipts from liquidation of London Reuse Limited and Vanish sponsorship income. 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 is mainly due to the budgeted expenditure being in the P&L and the actual expenditure being in the balance sheet. We have spent £1.4m to Greater London Investment Fund in Q1 and £441k to in Circularity European Growth Fund to Q3 totalling £1.8m compared to the total budget of £1.6m. We are ahead of our target on investment expenditure.

Management accounts

London Waste and Recycling Board
For the month ended 31 December 2021

Account	Actual			Q1 -Q3				Q4		2021/22				Notes
	Q1	Q2	Q3	Actual	Budget	Variance	Variance as a %	Forecast	Budget	Forecast of actual for 21/22	Board approved budget	Variance	Variance as a %	
Local Authority Support														
Staff costs	86,401	97,165	112,238	295,804	358,500	(62,696)	-17%	112,238	119,500	408,042	478,000	(69,958)	-15%	1
Research, innovation & development (RID)	8,475	2,707	-	11,182	93,753	(82,571)	-88%	45,000	31,247	56,182	125,000	(68,818)	-55%	1
Focus area projects (RL; FAP)	4,623	-	12,283	16,906	57,000	(40,094)	-70%	171,000	19,000	187,906	76,000	111,906	147%	1
Capacity building (CB)	-	-	-	-	37,500	(37,500)	-100%	9,000	12,500	9,000	50,000	(41,000)	-82%	1
Service advice & support (SA&S)	84,377	47,641	482	132,501	213,003	(80,502)	-38%	75,000	70,997	207,501	284,000	(76,499)	-27%	1
Circular directory (CD)	-	-	15,322	15,322	37,500	(22,178)	-59%	22,992	12,500	38,314	50,000	(11,686)	-23%	1
Ecosurety funding	(23,768)	(69,145)	(25,286)	(118,198)	-	(118,198)	100%	(18,172)	-	(136,370)	-	(136,370)	100%	1
Total Local Authority Support	160,109	78,368	115,038	353,516	797,256	(443,740)	-56%	417,058	265,744	770,574	1,063,000	(292,426)	-28%	
Business sector support & Transformation														
Staff costs	107,129	113,064	119,455	339,648	348,000	(8,352)	-2%	100,364	116,000	440,012	464,000	(23,988)	-5%	2
CE Week (CEW)	34,381	1,728	-	36,109	30,000	6,109	20%	0	10,000	36,109	40,000	(3,891)	-10%	2
Research	25,026	-	38,456	63,482	74,997	(11,515)	-15%	49,312	25,003	112,794	100,000	12,794	13%	2
Commercialisation (Commerc)	12,000	-	12,000	24,000	15,000	9,000	60%	0	5,000	24,000	20,000	4,000	20%	2
Investment in knowledge (IK)	-	-	3,098	3,098	29,997	(26,899)	-90%	0	10,003	3,098	40,000	(36,902)	-92%	2
Corporate engagement (Corp Eng)	-	348	-	348	3,753	(3,405)	-91%	0	1,247	348	5,000	(4,652)	-93%	2
CIRCUI Staff costs	31,431	32,724	31,655	95,810	115,500	(19,690)	-17%	24,876	38,500	120,686	154,000	(33,314)	-22%	3
CIRCUI Project expenditure	15,240	6,091	2,604	23,935	131,247	(107,312)	-82%	25,000	43,753	48,935	175,000	(126,065)	-72%	3
CIRCUI Funding	(38,709)	(61,316)	(39,698)	(139,723)	(246,753)	107,030	-43%	(40,018)	(82,247)	(179,741)	(329,000)	149,259	-45%	3
GND Staff costs	36,143	34,388	27,746	98,277	86,250	12,027	14%	34,286	28,750	132,563	115,000	17,563	15%	4
GND Project expenditure	306,299	292,500	52,615	651,414	552,753	98,661	18%	190,153	184,247	841,567	737,000	104,567	14%	4
GND Funding	(305,000)	(292,500)	-	(597,500)	(638,253)	40,753	-6%	(376,630)	(212,747)	(974,130)	(851,000)	(123,130)	14%	4
AL / ERDF Staff costs	68,515	66,303	78,652	213,470	350,253	(136,783)	-39%	78,566	116,747	292,036	467,000	(174,964)	-37%	5
AL / ERDF Project expenditure	2,077	3,769	24,520	30,365	89,253	(58,888)	-66%	9,788	29,747	40,153	119,000	(78,847)	-66%	5
AL / ERDF Funding	(87,507)	-	(139,972)	(227,479)	(246,000)	18,521	-8%	(96,219)	(82,000)	(323,698)	(328,000)	4,302	-1%	5
ISLINGTON staff costs	-	-	6,417	6,417	-	6,417	100%	32,583	-	39,000	-	39,000	100%	6
ISLINGTON Project expenditure	-	-	-	-	-	-	-	140,000	-	140,000	-	140,000	100%	6
ISLINGTON Funding	-	-	-	-	-	-	-	(179,000)	-	(179,000)	-	(179,000)	100%	6
Total Business sector support & Transformati	207,024	197,098	217,548	621,670	695,997	(74,327)	-11%	(6,939)	232,003	614,731	928,000	(313,269)	-34%	
Communications														
Staff costs	72,213	76,142	76,684	225,039	224,250	789	0.4%	59,702	74,750	284,741	299,000	(14,259)	-5%	7
Foodwave funding	(49,470)	-	(12,816)	(62,286)	-	(62,286)	100%	-	-	(62,286)	-	(62,286)	0%	7
Behaviour Change Campaigns (BCC)	39,567	69,131	156,213	264,911	235,500	29,411	12%	76,000	78,500	340,911	314,000	26,911	9%	7
Marketing and communications (Com)	23,161	23,935	24,363	71,459	52,497	18,962	36%	9,000	17,503	80,459	70,000	10,459	15%	7
Total Communications	85,471	169,209	244,444	499,123	512,247	(13,124)	-3%	144,702	170,753	643,825	683,000	(39,175)	-6%	
Central Costs														
Staff	110,963	137,857	114,954	363,774	446,250	(82,476)	-18.5%	120,632	148,750	484,406	595,000	(110,594)	-19%	8
Other overheads	59,989	94,615	42,007	196,611	150,000	46,611	31.1%	20,791	50,000	217,402	200,000	17,402	9%	9
Office Rent	95,219	124,556	44,289	264,063	270,000	(5,937)	-2.2%	44,289	90,000	308,352	360,000	(51,648)	-14%	10
Professional fees	18,104	19,233	9,324	46,661	15,000	31,661	211.1%	15,320	5,000	61,981	20,000	41,981	210%	11
Total Central Costs	284,275	376,261	210,574	871,109	881,250	(10,141)	-1.2%	201,032	293,750	1,072,141	1,175,000	(102,859)	-9%	
Revenue programme														
Consultancy services	-	-	(18,477)	(18,477)	(30,000)	11,523	-38.4%	0	(10,000)	(18,477)	(40,000)	21,523	-54%	12
CE directory	-	-	-	-	(7,497)	7,497	-100.0%	0	(2,503)	0	(10,000)	10,000	-100%	12
Training Academy	-	-	-	-	(7,497)	7,497	-100.0%	(4,000)	(2,503)	(4,000)	(10,000)	6,000	-60%	12
Fundraising	(8,291)	(26,426)	-	(34,717)	(18,750)	(15,967)	85.2%	0	(6,250)	(34,717)	(25,000)	(9,717)	39%	12
Sponsorship	(6,000)	-	(32,000)	(38,000)	(7,497)	(30,503)	406.9%	0	(2,503)	(38,000)	(10,000)	(28,000)	280%	12
Other income	(2,510)	(480)	(14,779)	(17,769)	-	(17,769)	100.0%	0	-	(17,769)	-	(17,769)	100%	12
Total Revenue programme	(16,801)	(26,906)	(65,256)	(108,964)	(71,241)	(37,723)	53.0%	(4,000)	(23,759)	(112,964)	(95,000)	(17,964)	19%	
NET PROGRAMME EXPENDITURE	720,077	794,030	722,347	2,236,454	2,815,509	(579,055)	-21%	751,853	938,491	2,988,307	3,754,000	(765,693)	-20%	
Investments														
Investment income	(11,354)	(11,116)	(191,645)	(214,114)	-	(214,114)	100.0%	(11,000)	-	(225,114)	-	(225,114)	100%	13
Investment expenditure	-	-	-	-	1,660,500	(1,660,500)	-100.0%	-	553,500	-	2,214,000	(2,214,000)	-100%	14
Total Investments	(11,354)	(11,116)	(191,645)	(214,114)	1,660,500	(1,874,614)	-	(11,000)	553,500	(225,114)	2,214,000	(2,439,114)	-110%	
LWARB NET SPENT	708,723	782,914	530,702	2,022,340	4,476,009	(2,453,669)	-55%	740,853	1,491,991	2,763,193	5,968,000	(3,204,807)	-54%	

LWARB Income and expenditure commentary

1. Local Authority Support

Overall, there is a total underspend of £443k of which £325k was underspent on actual planned expenditure and £118k covered by the Ecosurety grant. The budget is profiled more or less 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.

Staff costs - At the end of Q3, the staff costs showing an underspend of £63k. 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 actual staff cost allocation to various programme expenditures post organisation restructuring. For Q3 the LA support team was up to a full staff compliment of seven. Q4 will be forecasted to be similar to Q3 as the team is at capacity.

Research, innovation & development (RID) – Costs were incurred in Q1 and Q2 to deliver the policy mapping report. £40k will be commissioned by March 22 to deliver the methodology research project. £30k of the budget line was allocated to the delivery of pilot projects with fashion corporates as part of the Textiles 2030 programme. This has been put on hold because of the lack of internal resources to deliver but also as it is not a priority for the Textiles 2030 programme to deliver pilot project until 2023.

Focus area projects (RL; FAP) - Internal resource and planning was used for most of the work. In Q3 expenditure was incurred on developing of a toolkit for Borough assessment and HGV driver shortage communications. For Q4, we agreed funding of £55k with LB Bexley for the food waste project and we will shortly be committing to another grant funding with LB Hounslow for £100k for the ULWN project. We expect additional £15k for contractor to support us in the development of the ULWN project.

Capacity building (CB) - Lower expenses as expected as the training modules have mostly been developed internally and marketing went through our usual channels. £20k of this budget has been reallocated to the Matchmaker (circular directory) and will need to be carried over to the next financial year.

Service advice & support (SA&S) - Expenditure related to Flats Ecosurety project including some delayed billing from POs signed earlier in the year, but the main expenditure is for the project evaluation. Delivery of several service support projects were heavily delayed/impacted by the continued COVID lockdown restrictions, impacting project viability - some of these projects have now been cancelled for this year.

Circular directory (CD) costs – Work continues on the directory and forecasting £23k of costs for Q4. The remaining budget will be carried over to spend in the next financial year. We incurred some delays in the development of the citizen-facing side of the matchmaker that will need to be planned for the next financial year. In total £35k budget will need to be carried over to the next financial year for the development of the matchmaker "capacity building" underspent and the "circular directory" underspend.

Ecosurety funding - at the end of Q3, £18k of the Ecosurety grant remains undrawn and to be claimed in Q4.

2. Business and sector support & Business Transformation

Overall underspend of £74k at the end of Q3. This is due to £151k overspent for GND, £20k underspent in Circuit, £177k underspent for ERDF, £6k overspent for Islington and the remaining £34k underspent relates to the activities of the core BT team. The budget is profiled more or less evenly across the four quarters/financial year and therefore creating the periodic under/overspending. In future provisions will be made for this to reduce inconsistencies in the budget.

Staff costs - Staff costs for the core Business Transformation team is forecasted to be in line with full years budget.

CE Week (CEW) – Most of the cost was incurred in Q1. We are forecasting a £4K underspend for the year.

Research – Actual cost closely followed the budget with £12k overspent expected for the year. The jobs and skills research will be fully delivered by Q1 of the next financial year.

Commercialisation (Commerc) – We expect to be over budget by £2k for the full year.

Investment in knowledge (IiK) - £30k of budget has been re-allocated to the development of the circular economy outcome fund. This is not expected to start this financial year as we are seeking an anchor funder for the project to be launched.

Corporate engagement (Corp Eng) - Costs have been reduced significantly as a result of activity happening on line rather than in person.

3. CIRCUIT - The costs required for the project have been reprofiled and we expect it to be lower than original budget, mainly as a result of some demonstrators being financed by project partners directly and activity being delivered online.

4. GND - The activity is expected to end in Q4 with the payment of the final grants. GND delivery is still within total project budget. £31k of the £1,005k was used in previous financial year and the remaining £974k spent in the current financial year. The staff time and project related costs are not incurred evenly throughout the quarters and therefore showing a £151k overspend against budget but this is a phasing issue.

5. AL / ERDF

Staff costs – Forecasted underspend against budget to be carried over into next year and fund programme extension to Mar '23.

Project expenditure - Forecasted underspend against budget to be carried over into next year and fund programme extension to Mar '23, with some budget lines re-allocated to staff costs.

6. Islington grants

Circular Economy Grants for Islington was not in the original budget. Activity involved partnering with Islington Council to offer grants and expert advice to small businesses based in the borough of Islington to help them build circular economy practices into their business or scale up the circular activities they already do. The grants will be fully disbursed in Q4.

7. Communications & Behaviour change

Actual spend was mostly in line with the budgeted amounts. Significant costs incurred in Q3 related to Love Not Landfill Pop Up 2021, London Recycles London wide campaign 2021/2022 and COP26 related expenses.. At the end of Q3, the management accounts showed an underspend of £13k (3%) and forecasted an underspend of £39k (6%) for the financial year.

8. Central Staff costs

At the end of Q3, the central staff costs shows an underspend of £82k. This was mainly due to over budgeting for some roles and also filling some roles only from Q3. The HR executive and Director of Operations roles have now been filled. The Q4 forecast excludes PRP estimate.

9. Other overheads

At the end of Q3, we have an underspend of £46k. 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 incurred from Q3. We are forecasting a total overspend of £17k by the end of Q4.

10. Office Rent

Office rent is currently showing a £6k underspend at the end of Q3. We started renting our new office from July and we paid rent for both offices in July. We paid dilapidation costs of £42k for the previous office. Q3 reflects the savings made in rent.

11. Professional fees

Professional fees is showing an overspent variance of £31.6k by the end of Q3 and this mainly relates to the organisation restructuring fees paid to the end of Q2.

12. Revenue programme

Fundraising includes £31.4k received from C&A foundation & ECAP audit fee of £3.3k.

Sponsorship income of £6k received was for CE week and £32k (80%) Love not Landfill pop up shop. The remaining Love not Landfill pop up shop £8k (20%) sponsorship was invoiced in Q4.

13. Investment income

We continue to received interest income from GLA of approx. £11k per quarter on our loan balance. In Q3 we sent payment request for the sale of Oakleaf of £180k.

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 Q3 we budgeted to spend £1.6m. Our actual investment expenditure to Q3 is just over £1.8m (£1.4m to Greater London Investment Fund in Q1 and £441k to in Circularity European Growth Fund to Q3). Therefore, at the end of Q3 we were ahead of our target.

LWARB Balance Sheet detail and commentary

Balance Sheet

London Waste and Recycling Board
As at 31 December 2021

Account	30 Sep 2021	Variance	Variance as a %	Notes
Fixed Assets				
Tangible Assets	0	11,592	100%	1
Investments	6,965,607	425,290	6%	2
Total Fixed Assets	6,965,607	436,882	6%	
Current Assets				
Trade debtors	0	218,610	100%	3
Other Debtors	305,506	93,328	31%	4
Cash at bank and in hand	12,251,588	(1,169,480)	-10%	5
Total Current Assets	12,557,094	(857,541)	-7%	
Creditors: amounts falling due within one				
Trade & other creditors	83,722	(43,273)	-52%	6
Payroll liability	100,552	(23,400)	-23%	7
Taxation	101	4,215	4165%	8
Deferred income	258,681	190,790	74%	9
Accruals	54,563	(10,338)	-19%	10
Total Creditors: amounts falling due wi	497,619	117,994	24%	
Net Current Assets (Liabilities)	12,059,474	(975,536)	-8%	
Total Assets less Current Liabilities	19,025,081	(538,654)	-3%	
Provisions for Liabilities				
Provisions	398,891	(7,952)	-2%	11
Total Provisions for Liabilities	398,891	(7,952)	-2%	
Net Assets	18,626,190	(530,702)	-3%	
Reserves				
Usable reserve	11,678,617	(967,584)	-8%	12
Unusable reserve	6,947,573	436,882	6%	12
Total Reserves	18,626,190	(530,702)	-3%	12

1 Computers purchased in Q3, capitalised.

2 Two Payments made in Q3 to Circularity European Growth Fund totalling £425k. A further payment of £53k will be required next financial year to reach our commitment (£1.5m) for Circularity European Growth Fund.

3 The trade debtor balance of £219k is mainly made up of the payment request for oakleaf sale £180k and Vanish sponsorship of £32k.

4 Other debtors mainly include accrued ERDF income of £54k and £39k for Circuit.

5 See cash flow section for the key movements.

6 Supplier invoices outstanding as at 31st December was £40k lower. Due to christmas, suppliers were paid promptly compared to previous quarter. Credit card balance outstanding at the end of Dec was also £3k lower compared to previous quarter.

7 In the previous quarter, the pensions liability was higher due to payment delays in previous months and was paid in Q3. The current Q3 liability is cleared fully in Q4.

8 This is the net VAT balance that is due to HMRC and mainly due to the sponsorship invoice issued which included output VAT. We have yet to receive final VAT registration confirmation from HMRC and once we receive the confirmation, a partial exemption calculation will be done and irrecoverable VAT will be reflected in the P&L.

9 Circuit income received (£190,790) covers the period June 2019 to November 2020. On 13 May 2020, We recived pre financing £528,234 for Circuit. The pre-financing payment is designed to ensure cash flow for implementing the project. It remains the property of the EU Commission until the balance payment (https://www.ffg.at/en/europe/legalandfinancialmatters/h2020_external-cash-flow). Although we have initialy accounted for it as a deferred income, it should have been treated like a "deposit" balance. The income received from Circuit in Q3 was allocated to reverse the deferred income releases.

10 £10k accrual release mainly covers the costs accrued for temp admin staff. The invoices were received in Q3 and therefore accrual released to P&L.

11 £9.5k grant funding was paid to one company from the "committed projects" during the period. We also received back £1.6k from one of the GND fund applicants in Q3 for administrative reasons but was returned in Q4.

12 The movement in reserves represents the net loss for Q3 (as per P&L).

LWARB Cashflow analysis and commentary

Cash flows

London Waste and Recycling Board
For the 9 months ended 31 December 2021

	Period £	Notes
Net profit/(Loss)	(530,702)	1
(Increase)/decrease in investments	(436,882)	2
(Increase)/decrease in trade debtors	(218,610)	3
(Increase)/decrease in other debtors & prepayments	(93,328)	4
Increase/(decrease) in trade creditors	(40,289)	5
Increase/(decrease) in credit card	(2,984)	6
Increase/(decrease) in payroll liabilities	(23,400)	7
Increase/(decrease) in VAT	4,215	8
Increase/(decrease) in deferred income	190,790	9
Increase/(decrease) in accruals	(10,338)	10
Increase/(decrease) in provisions	(7,952)	11
Net cash inflow (outflow)	(1,169,480)	
Opening cash	12,251,588	
Cash movement	(1,169,480)	
Closing cash	11,082,108	