

# London Waste and Recycling Board Audit Committee Meeting

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

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



## Agenda

### Part I: 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
5. Finance Report
  - Summary accounts: Q2 2022/23
  - Balance sheet
6. HR Update
7. Review of Governance Procedures
8. Risk Register
9. Any other business

### Part 2: Confidential business

#### Appendices as attachments:

1. Detailed accounts
2. Governance Documents for review
  - a) Standing Orders amendments
  - b) Audit Committee Terms of Reference
  - c) Scheme of Delegated Authority
3. Risk register

## 3. Minutes of the previous meeting

12.00, 16 June 2022

Via Zoom

### Committee Members Present

Joe Murphy (Chair)

Chantelle Nicholson

Cllr Claire Holland

*Approved at the ReLondon Audit Committee Meeting on 1 December 2022*

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

### 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 his 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.

The last meeting of the Committee was scheduled for 8 September 2022. Unfortunately, a quorum was not present so the meeting could not formally go ahead. Those present did consider the items presented and the finance report was subsequently presented to the Board at its meeting on 12 October. The one decision required of the Committee (an agreement to recommend a modification of the 2022/23 budget to the Board) was agreed by a written resolution.

Minutes of the meeting held on 16<sup>th</sup> June 2022 remain to be approved by the Committee.

## 4. Written Resolutions

Written Resolution 20/09/22 – 2022/23 Budget amendment was approved by the Committee on 27 September 2022 and the recommended budget amendment was subsequently approved by the Board at its meeting on 12 October 2022.

## 5. Finance report

### Headlines

- Total forecasted income is £33k ahead of budget at £2.37m.
- 70% of total income target is secured at end October 2022. (62% at last meeting)
- Total forecasted net programme expenditure is under budget by c£85k

### Profit and loss summary for Q2 (to 30 September 2022)

	Q2 YTD Actual	Q2 YTD budget	Variance	% Var	FY Budget	FY Reforecast	% Var
<b>Income</b>							
Consultancy	4,400	10,000	(5,600)	-56%	70,000	70,000	0%
Training Academy	16,495	20,000	(3,505)	-18%	65,000	65,000	0%
Sponsorship	9,500	10,000	(500)	-5%	30,000	30,000	0%
Campaigns	5,000	5,000	0	0%	150,000	150,000	0%
Grants and fundraising	502,782	540,745	(37,963)	-7%	1,273,000	1,240,071	-3%
Other income	267,104	1,000	266,104	26610%	1,000	320,000	31900%
Investments income	269,219	376,500	(107,281)	-28%	753,000	500,000	-34%
<b>Total income</b>	<b>1,074,500</b>	<b>963,245</b>	<b>111,255</b>	<b>12%</b>	<b>2,342,000</b>	<b>2,375,071</b>	<b>1.41%</b>
<b>Core programme activity expenditure</b>							
Local Authority Support	382,840	410,998	(28,158)	-7%	1,315,000	1,315,000	0%
Core business sector support and transformation	247,871	258,498	(10,627)	-4%	487,000	463,000	-5%
Business sector support restricted grants projects*	432,280	515,248	(82,968)	-16%	1,206,000	1,174,000	-3%
Communications	190,153	229,998	(39,845)	-17%	570,000	570,000	0%
Central costs	539,849	537,568	2,281	0%	1,104,000	1,104,000	0%
Investments - Fair value adjustments	4,377	0	4,377		0	4,377	
<b>Total programme expenditure</b>	<b>1,797,370</b>	<b>1,952,310</b>	<b>(154,940)</b>	<b>-44%</b>	<b>4,682,000</b>	<b>4,630,377</b>	<b>-1%</b>
<b>Net programme expenditure</b>	<b>722,870</b>	<b>989,065</b>	<b>(266,195)</b>	<b>-27%</b>	<b>2,340,000</b>	<b>2,255,306</b>	<b>-4%</b>
Investments expenditure	1,448,679	1,400,000	48,679	3%	2,000,000	2,000,000	0.00%
<b>RELONDON NET SPEND</b>	<b>2,171,549</b>	<b>2,389,065</b>	<b>377,451</b>	<b>16%</b>	<b>4,340,000</b>	<b>4,255,306</b>	<b>-1.95%</b>

Opening cash balance at 1 April 2022	10,400,000	10,400,000
Movement in funds	(4,340,000)	(4,255,306)
Adjustment for Non-Cash items	0	(600,000)
Closing balance at 31 March 2023	6,060,000	5,544,694

## Income

Most income lines are behind budget at end Q2 in the summary accounts due to a lag in invoicing for work that has been contracted, however the table below shows income at end October which has been secured but has not have been received or invoiced for yet.

In addition £241k has been released into the P&L from a deferred income fund.

	Budget	Secured to date	% of revised budget
Consultancy	£70k	£47k	68%
Training Academy	£65k	£28k	43%
Sponsorship	£30k	£9.5k	32%
Campaigns	£150k	£185k	123%
Grants for projects	£1.27m	£931k	73%
Investments income	£753k	£269k	36%
Total	£2.34m	£1.63m	70%

Currently amendments to the year end projection include:

Reduction of funds released to P&L for Green New Deal by £32k – expenditure has been reduced to match this, so no significant impact on the bottom line.

Increased ‘other income’ projections to £320k to reflect £241k of funds released to the P&L from a deferred income account and c£60k of bank interest.

Forecasting a reduction in return on investments by £253k, as plans for an exit in the Circularity Capital fund have been postponed.

Income projection for the year is currently £33k ahead of budget.

## 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 the year to date (end Q2) are broadly in line with expectation, with a few points of note:

**Local Authority Support:** c£28k or 7% behind budget, of which c£20k is a result of new team members taking up posts later than budgeted for and as such is not expected to ‘catch up’. The remaining £8k is made up of low level overs and unders on direct costs across all projects.

**Business sector & support core activity:** overall expenditure is c£10k behind budget, which is made up of £24k actual savings on circular economy week, whilst staffing was over budget in Q1 but is expected to level off over the year. Currently expenditure is forecasted to be 24k below budget at year end.

**Business sector restricted grant projects:** expenditure is 16% behind budget, specific points to note

Final expenditure for the Green New Deal programme has been reduced by £32k to reflect the amount of funding available (see above).

The majority of the rest of the underspend is direct expenditure through costs which will have no significant impact on ReLondon.

**Communications:** Staffing expenditure is on track and expenditure slightly behind as invoices for the insights work for the pan London food campaign had not been received.

**Central costs:** Expenditure lines are broadly in line with budget, with the exceptions of training costs and professional fees. Training costs are underspent as a result of kicking off the development programme in Q3 rather than Q2 (£17k underspent) and will catch up over remainder of the year.

Professional fees are ahead of budget at this point in the year as a result of front loading consultants, but this is expected to balance out over the year

Expenditure forecast for the year is currently £85k below budget.

We retain a full year budget projection of £2m investment liabilities, but these may not all be drawn in this financial year.

## **Projected year end out turn.**

Currently projecting a net programme spend of £2.25m against a budget of £2.34m and with investment commitments a total net spend of £4.25m.

Some issues around the treatment of deferred income have been identified which has led us to plan a non-cash adjustment to the balance by -£600k. This clearly affects our projected year end balance and we are taking active steps to minimize the impact on the business and maximise the YE balance.



## Balance sheet

### Balance Sheet

London Waste and Recycling Board  
As at 30 September 2022

Account	30 Sep 2022	31 Mar 2022
<b>Fixed Assets</b>		
<b>Tangible Assets</b>		
Investment: Foresight Environmental Fund LP	0	745,473
Investment: Seeders/ Project equity Sustainable accelerator	300,001	300,001
Investment: Circularity European Growth Fund 1 LLP	2,146,544	1,356,770
Investment: Greater London Investment Fund (GLIF)/MMC	6,712,408	4,988,652
<b>Total Tangible Assets</b>	<b>9,158,953</b>	<b>7,390,896</b>
<b>Current Assets</b>		
Total Cash at bank and in hand	7,341,490	10,425,171
Debtors and prepayments	253,728	358,768
<b>Total Current Assets</b>	<b>7,595,218</b>	<b>10,783,939</b>
<b>Total Creditors: amounts falling due within one year</b>	<b>362,143</b>	<b>1,018,872</b>
<b>Net Current Assets (Liabilities)</b>	<b>7,233,075</b>	<b>9,765,067</b>
<b>Total Assets less Current Liabilities</b>	<b>16,392,028</b>	<b>17,155,964</b>
<b>Total Creditors: amounts falling due after more than one year</b>	<b>0</b>	<b>41,066</b>
<b>Net Assets</b>	<b>16,392,028</b>	<b>17,114,897</b>
<b>Capital and Reserves</b>		
Current Year Earnings	(722,870)	(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>16,392,028</b>	<b>17,114,897</b>

## 6. HR Update

### Staff turnover

Since the last scheduled meeting of the Committee on 8 September 2022, the following staff changes have been confirmed.

### Leavers

- Senior Business Advisor, Business Transformation Team (November)
- Online Community Manager, Business Transformation – fixed term. (September)\*.

### Starters

- Campaign Lead (Food). (Part-time, fixed term)

\*Note: This one year post is has been filled with two associates from the On Purpose programme, each working for ReLondon for six months each.

### Recruitment

Recruitment is underway for a Senior Business Advisor in the Business Transformation Team to replace the current advisor who will leave at the end of November.

### Training & Development

Over the summer we undertook a review of staff development needs and an organisation wide learning and development programme is being rolled out which includes:

- Six month professional coaching for a cohort of four
- Organisation wide leadership and management training
- Presentation training
- Project management skills
- Business development skills

## 7. Review of Governance Procedures

### Background

The London Waste and Recycling Board Order (2008) allows that ReLondon (as the operating name of LWARB ) may determine its own procedures, establish any committees it wishes and delegate its functions to any Board member, committee or employee it chooses. To these ends, the Board has an approved set of Standing Orders and a Scheme of Delegated Authority (SODA) and currently has one committee (the Audit Committee).

The Audit Committee's Terms of Reference include in the responsibilities of the Committee :

- To review annually the Terms of Reference of any committees of the Board;
- To review the Board's governance arrangements, to include the Board's Standing Orders.

Governance arrangements were last formally reviewed by the Audit Committee in September 2021.

While reviews of the Standing Orders, SODA and Committee Terms of Reference are within the remit of the Audit Committee, any changes require the approval of the Board.

### **Standing Orders (including the Code of Conduct and Declarations of Interest)**

The current Standing Orders are shown at Appendix 2a with proposed amendments shown as 'tracked changes'.

The proposed amendments are:

- Inclusion of reference to ReLondon as the operating name of the London Waste and Recycling Board;
- Replacement of "Chairman" with "Chairperson" throughout;
- Removal of some redundant entries in the list of definitions;
- Updating of some staff job titles;
- Addition of online meetings to definition of a quorum;
- Removal of references to the now disbanded Investment Committee;
- Addition of public access via webcast.

### **Audit Committee**

The Audit Committee Terms of Reference are attached at Appendix 2b with proposed amendments shown as 'tracked changes'.

The proposed amendments are:

- Removal of some un-necessary text;
- Inclusion of reference to ReLondon as the operating name of the London Waste and Recycling Board;
- Replacement of "Chairman" with "Chairperson" throughout;

- Amended job titles (Chief Executive, Director of Operations and Governance);
- Amendment of attendance list: addition of Governance Lead and Financial Controller; removal of External Auditors (who no longer attend now that ReLondon is classified as a smaller authority);
- Addition of liaison with internal auditors;
- Timetable for review of governance procedures amended from annual to “keep under review”;
- Replacement of ‘establishing’ a pay policy with review;
- Amended approval of staff structure to include permanent staff only (as already reflected in the SODA);
- Addition of responsibility for oversight of annual and long-term budget planning.

## **Scheme of Delegated Authority**

The current SODA is attached at Appendix 2c.

The current proposed amendments are:

- Updating of some job titles;
- Including Head of Communications and Behaviour Change with Head’s of Programmes and alignment of delegated authority for all;
- Addition of some further, internally approved, delegations to more junior staff;
- Updating of bank approvals to simplify and reflect staff changes.

The Audit Committee is recommended to agree the amendments to the Standing Orders, Audit Committee Terms of Reference and Scheme of Delegated Authority and recommend they be approved by the Board.

## 8. Risk Register

The current corporate level risk register is attached at Appendix 3. No significant changes have been made to this since the last formal meeting of the Committee.

Points of note:

The significant risk on the register is the long term financial sustainability of ReLondon which is being actively addressed.

Jo Rogers

Director of Operations and Governance

November 2022