

# London Waste and Recycling Board Audit Committee Meeting

12pm – 2pm Wednesday 17 May 2023  
Meeting Room 8, The White Collar Factory, 1 Old Street Yard,  
London EC1A 8AF



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

## Agenda

### Part 1: Regular business

1. Introductions and apologies for absence
2. Declarations of interest
3. Minutes of the previous meeting (22 February 2023)
4. Written Resolutions passed since previous meeting (none)
5. 2022/23 Internal Audit
6. Annual Governance and Accountability Return 2022/23
7. Finance Report
  - 2023-24 budget and income
  - 2022-23 Q4
8. HR update
9. Any other business

### Part 2: Confidential business:

- Pipeline update
- Risk register

### Appendices as attachments:

1. 2022/23 Internal Audit Report
2. 2022/23 Year end detailed management accounts
3. Risk register (confidential)

### 3. Minutes of the previous meeting

12.00, 22 February 2023

The White Collar Factory, 1 Old Street Yard, London EC1A 8AF

And via Zoom

#### Committee Members Present

Joe Murphy (Chair)

Chantelle Nicholson

Cllr Krupa Sheth

Cllr Nicholas Bennett

*Approved at the ReLondon Audit Committee  
Meeting on 17 May 2023*

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

#### Also Present

Liz Goodwin, ReLondon Chair

Jo Rogers, ReLondon

Wayne Hubbard, ReLondon

Adam Leibowitz, ReLondon

### Part I: Non-confidential Business

#### 1. Committee Membership, introductions and apologies for absence

Apologies were received from Cllr Claire Holland.

The committee noted approval of the current Audit Committee membership by the Board at its 15 December 2022 meeting as:

- Joe Murphy (Chair)
- Chantelle Nicholson
- Cllr Krupa Sheth
- Cllr Claire Holland
- Cllr Nicholas Bennett

#### 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 16 June 2022 were agreed.

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

The Committee noted the approval of the Written Resolution 01/12/22 – *Review of Governance Procedures* by the Committee on 7 December 2022 and the subsequent approval of the recommended amendments to the Standing Orders, Audit Committee Terms of Reference and Scheme of Delegated Authority by the Board.

#### 5. Finance Report

*Summary of Accounts: Q3 2022/23 & Balance Sheet*

JR introduced the Q3 finance report and balance sheet noting in particular that the year end forecast balance is approximately £6m. JM noted that there is

nothing new or material in the accounts presented and that the year-end forecast provides the this is the starting point for planning. The Committee approved the report as presented.

*Full Accounts 2021/22*

JR explained ReLondon's formal requirement to prepare accounts is met by the Annual Governance and Accountability Return (AGAR) and that the full accounts presented are unaudited and for information only. They are prepared for ReLondon's corporation tax submission and as part of ReLondon's report on activities to government.

JR proposed that in future the full accounts could be combined with an impact report as part of a traditional annual report.

*Appointment of Internal Auditors*

AL reported that, following an open procurement process, HW Controls & Assurance had been appointed as internal auditors. HW Controls & Assurance will provide the internal audit required for the submission of this year's AGAR. The committee noted that it was beneficial to periodically change auditors.

**6. HR Update**

Changes reported in the HR Update were noted by the Committee.

**7. Risk Register**

The one amendment to the Risk Register (commentary against Risk I -insufficient financial resources) was approved. The Committee noted that a full re-evaluation of the top level risks ReLondon faces is still pending.

**8. Any other business**

None

## **Part 2: Confidential Business**

### **Pipeline update**

JR reported that ReLondon is in negotiations with global technology company and a sponsorship agreement for the pan-London food campaign is close to being confirmed.

### **Future Business Planning**

JR gave a presentation on intermediate plans for extending ReLondon's resources to give more time to secure long-term funding and create financial stability (comprising two options dependent on the outcome of the current funding bid to UKSPF). The proposals presented were discussed and agreed.

### **Pay Proposal**

The Committee considered the pay proposal for 2023/24 and referred it to the full Board for further consideration. {The Board subsequently approved a consolidated 4% increment to all pay points and a non-consolidated 3% payment for all staff in addition to any annual progression on the pay scale also applied}.

## 5. 2022/23 Internal Audit

The internal auditors' Annual Internal Audit Report for the Annual Governance and Accountability Return is presented below. The full internal audit report is attached at Appendix I.

### Annual Internal Audit Report 2022/23

LONDON WASTE AND RECYCLING BOARD (T/A ReLondon)

<https://relondon.gov.uk/>

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			✓
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

24/04/2023

05/05/2023

Name of person who carried out the internal audit

Lee Glover

Signature of person who carried out the internal audit



Date

10/05/2023

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

## 6. Annual Governance and Accountability Return

Decision:

The committee is recommended to:

- Note the 2022/23 Annual Internal Audit Reports prepared by ReLondon's internal auditors presented at agenda item 5.
- Approve the Annual Governance Statements 2022/23 (Section I of the AGAR presented below).
- Approve the Accounting Statements 2022/23 (Section 2 of the AGAR presented below).
- Recommend to the full Board that the that it approve these Governance and Accounting Statements for 2022/23.



## Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

### LONDON WASTE AND RECYCLING BOARD (T/A ReLondon)

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2023, that:

	Agreed		"Yes" means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

<https://relondon.gov.uk/> OR PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

## Section 2 – Accounting Statements 2022/23 for

LONDON WASTE AND RECYCLING BOARD (T/A ReLondon)

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	14,786,720	10,316,785	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	0	0	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	2,065,421	1,210,175	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	-2,385,374	-2,513,420	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	-4,149,982	-3,250,107	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	10,316,785	5,763,433	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	10,425,171	6,071,458	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	7,390,896	9,174,562	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)				The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2023 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

**Signed by Responsible Financial Officer before being presented to the authority for approval**

SIGNATURE REQUIRED

Date

DD/MM/YYYY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED



## 7. Finance report

### Current year budget and income (2023-24)

The budget was approved at the March board meeting on the assumption that the UKSPF funding bid for business transformation was successful. We are delighted to report that ReLondon has been awarded the full amount of £1.4m over two years to fund the business transformation team. As such the 'Plan A' budget will continue to be implemented. (Below)

	2023/4 Budget
<b>Income</b>	
Waste and recycling consultancy & training	40,000
Circular economy consultancy & training	35,000
Sponsorship	100,000
Campaigns	155,000
Grants and fundraising	1,266,950
Other income	120,000
Investment income	2,519
<b>Total income</b>	<b>1,719,469</b>
<b>Core programme activity expenditure</b>	
Local Authority Support	765,000
Core business sector support and transformation	450,500
Business sector support restricted grants projects*	984,000
Communications	934,000
Central costs	1,220,000
Investments - Fair value adjustments	
<b>Total programme expenditure</b>	<b>4,353,500</b>
<b>Net programme expenditure</b>	<b>2,634,031</b>

Midway Q1 there are no management accounts to report but the table below indicates income secured for the period which currently stands at 77% of total budget for the year.

	FY Budget	Secured to date (end April)	% of budget
Waste and recycling consultancy & training	£40,000	£23,090	58%
Circular economy consultancy & training	£35,000	£6,500	19%
Sponsorship	£100,000	0	0
Campaigns	£155,000	£180,500	116%
Grants for projects	£1,266,950	£1,116,950	88%
Investments income /interest	£122,519	0	0
Total	£1,719,469	£1,333,540	77%

Last year budget	Last year actual
£70,000*	£35,480*
£65,000**	£28,495**
£30,000	£19,500
£150,000	£208,250
£1,273,000	£880,840
£753,000	£269,219
£2,341,000	£1,441,784

\*Income for consultancy (2022/23)

\*Income for training academy (2022/23)

## Q4 income and expenditure 2022/23

- Total income for the year was £1.85m (£487k or 21% below original budget)
- Programme expenditure was £4.18m (£504k or 11% below original budget)
- Net programme expenditure was £2.32m (£18k or 1% below original budget)
- Closing cash balance for the year is £6.07m (budget £6.06m)

## Profit and loss summary for Q4 (to 31 March 2023)

	2022/23 Actual	2022/23 budget	FY Reforecast	Variance. Actual vs Budget	% Var
<b>Income</b>					
Consultancy	35,480	70,000	50,000	(34,520)	-49%
Training Academy	28,495	65,000	28,500	(36,505)	-56%
Sponsorship	19,500	30,000	30,000	(10,500)	-35%
Campaigns	208,250	150,000	195,000	58,250	0%
Grants and fundraising	880,840	1,273,000	950,000	(392,160)	-31%
Other income	413,460	1,000	390,000	412,460	41246%
Investments income	269,219	753,000	269,219	(483,781)	-64%
<b>Total income</b>	<b>1,855,244</b>	<b>2,342,000</b>	<b>1,912,719</b>	<b>(486,756)</b>	<b>-21%</b>
<b>Core programme activity expenditure</b>					
Local Authority Support	1,391,224	1,415,000	1,315,500	(23,776)	-2%
Core business sector support and transformation	469,264	487,000	466,500	(17,736)	-4%
Business sector support restricted grants projects*	825,473	1,206,000	879,468	(380,528)	-32%
Communications	416,903	470,000	420,000	(53,097)	-11%
Central costs	1,070,427	1,104,000	1,072,000	(33,573)	-3%
Investments - Fair value adjustments	4,377	0	4,377	4,377	
<b>Total programme expenditure</b>	<b>4,177,668</b>	<b>4,682,000</b>	<b>4,157,845</b>	<b>(504,332)</b>	<b>-11%</b>
<b>Net programme expenditure</b>	<b>2,322,424</b>	<b>2,340,000</b>	<b>2,245,126</b>	<b>(17,576)</b>	<b>-1%</b>
Investments expenditure	1,464,288	2,000,000	1,500,000	(535,712)	-27%
<b>RELONDON NET SPEND</b>	<b>3,786,712</b>	<b>4,340,000</b>	<b>3,745,126</b>	<b>(553,288)</b>	<b>-13%</b>

Opening cash balance at 1 April 2022	10,400,000	10,400,000	10,400,000
Movement in funds	(3,786,712)	(4,340,000)	(3,745,126)
Adjustment for Non-Cash items	(541,830)		(600,000)
Closing balance at 31 March 2023	6,071,458	6,060,000	6,054,874

## Year end narrative to March 2023

### *Income*

With one exception, income fell short across all lines of the budget, with the greatest shortfalls in the investments and grants lines.

Just £270k investment income was received from the wind up of the Foresight Environmental Fund. There were no other distributions from funds.

The £380k grants shortfall is a combination of delayed draw down and unsuccessful bids. ReLondon was unsuccessful in securing new funding for the plastics material flow analysis (Innovate UK £240k) and whilst the EU funded PSP Circular project was successful, partner status and contract issues as a result of Brexit delayed the start of the project and reduced the available draw down to £6,000 in the financial year. Direct project costs such as for events and travel for Circuit and ERDF were lower than budget as more activities were delivered online resulting in lower spend and therefore grant claims in the year.

As the treatment of restricted grants was standardized in the year, £412k of deferred income was released into the P&L, negating a large portion of the overall income shortfall.

Consultancy, training and sponsorship did generate income but did not achieve targets.

The comms team successfully raised £208k for the pan London food campaign Eat Like A Londoner, the team continue to bring new partners on board (c£180k secured for 23-24 currently).

### *Expenditure*

As noted above, expenditure was below budget for the restricted grants projects. Small savings were made across other expenditure lines including short gaps between staff leaving and being replaced. As a result net programme expenditure was £18k lower than budget.

### *Year end position*

The year end cash balance was £6,071,458, slightly higher than the target of £6m.

## Balance Sheet

London Waste and Recycling Board

As at 31 March 2023

Account	31-Mar-23
<b>Fixed Assets</b>	
<b>Tangible Assets</b>	
Investment: Seeders/ Project equity Sustainable accelerator	300,001
Investment: Circularity European Growth Fund 1 LLP	2,162,153
Investment: Greater London Investment Fund (GLIF)/MMC	6,712,408
<b>Total Tangible Assets</b>	<b>9,174,562</b>
<b>Current Assets</b>	
Total Cash at bank and in hand	6,071,458
Debtors and prepayments	283,500
<b>Total Current Assets</b>	<b>6,354,957</b>
<b>Total Creditors: amounts falling due within one year</b>	<b>737,046</b>
<b>Net Current Assets (Liabilities)</b>	<b>5,617,911</b>
<b>Total Assets less Current Liabilities</b>	<b>14,792,473</b>
<b>Total Creditors: amounts falling due after more than one year</b>	<b>0</b>
<b>Net Assets</b>	<b>14,792,473</b>
<b>Capital and Reserves</b>	
Current Year Earnings	(2,322,424)
Profit and Loss Account	15,399,851
Unusable reserves - Capital adjustment fund	9,174,562
Unusable reserves - Accumulated absences account	(39,843)
Usable reserves - General fund	(7,419,673)
<b>Total Capital and Reserves</b>	<b>14,792,473</b>

## 8. HR Update

### **Staff turnover**

Since the last meeting of the Committee on 22 February 2023, the following staff changes have occurred.

#### *Leavers*

- Corporate Communications Manager
- Project Co-ordinator (fixed term position)
- Online Community Manager (end of fixed term placement)

#### *Moves*

Following an internal recruitment process, the position of Corporate Communications Manager has been filled (as of 1 May) by a promotion from within the Communications and Behaviour Change Team.

### **Recruitment**

The new position of Head of Partnerships and External Affairs was advertised in March. A good selection of applications were received. First and second interviews have taken place. An update will be given at the meeting.

Jo Rogers  
Director of Operations and Governance  
May 2023



