

# London Waste and Recycling Board Audit Committee Meeting

12pm – 2pm Wednesday 6 September 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 (23 May 2023)
4. Written Resolutions passed since previous meeting
5. Finance Report
  - 2023-24 Q1
  - Treasury Management
  - Premises
6. HR update
7. Any other business

### Part 2: Confidential business

#### Appendices as attachments:

- Q1 2023/24 Management Accounts
- Risk Management Strategy

### 3. Minutes of the previous meeting

#### Audit Committee Minutes

12.00, 2.00pm Wednesday 17 May 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

##### Also Present

Liz Goodwin, ReLondon Chair

Jo Rogers, ReLondon

Wayne Hubbard, ReLondon

Adam Leibowitz, ReLondon

Ineta Galdikiene, ReLondon

Irene Mortimer, Valdiera (formerly HW Controls and Assurance – internal auditors)

*Approved at the ReLondon Audit Committee  
Meeting on 6 September 2023*

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

#### Part I: Non-confidential Business

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

Apologies were received from Cllr Claire Holland.

##### 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 22<sup>nd</sup> February 2023 were approved.

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

No written resolutions had been passed since the previous meeting.

##### 5. 2022/23 Internal Audit

IM introduced the internal audit report, and noted that management had accepted all of the recommendations, some had already been implemented and others were already being considered. The overall assessment of *Adequate Assurance* was noted. IM confirmed, that the top level (Substantial Assurance) assessment would require that there are no amber issues raised.

## 6. Annual Governance and Accountability Return 2022/23

The Committee:

- Noted the 2022/23 Annual Internal Audit Reports prepared by ReLondon's internal auditors.
- Approved the Annual Governance Statements 2022/23 (Section I of the AGAR).
- Approved the Accounting Statements 2022/23 (Section 2 of the AGAR).
- Recommended to the full Board that the that it approve these Governance and Accounting Statements for 2022/23. *{Note: the Governance and Accounting Statements were subsequently approved by the Board at its 6 June 2023 meeting.}*

## 7. Finance Report

### 2023-24 budget and income

JR introduced the report and highlighted that the budget reported against is the provisional one approved by the Board in March 2023, which was predicated on a successful application to the Shared Prosperity Fund. That application was successful (£1.4m over two years). The Committee concluded that a revision of the current budget was not required and that it should remain in place unamended.

No management accounts were presented for 2023/24 as the report was prepared in only the second month of the year. A full income statement is however included which shows a healthy 77% of target already secured. Members raised the possibility that target income should be increased.

### 2022-23 Q4

JR introduced the Management Accounts for Q4 2022/23 which show the year end position, and noted that income had fallen short of the target, some funding bids had been unsuccessful.

The Committee noted that the successful SPF funding contributed only to the short to medium term financial viability of the organisation and that a longer-term funding solution is required.

## 8. HR update

The update on staff turnover was noted by the Committee.

JR reported that successful candidate had been chosen for the newly created position of Head of Partnerships and External Affairs for an anticipated September start.

## 9. Any other business

None

## Part 2: Confidential business

{Redacted}

## 4. Written Resolution

Written Resolution 24/05/23 Business transformation team staffing was approved by the Committee on 31 May 2023 converting two fixed term contracts in the Business Transformation into permanent appointments to ensure knowledge and expertise required to deliver the new UKSPF funded programme is retained.

## 5. Finance Report

### Headlines

- Invoiced income is £405k year to date, slightly above budget expectation of £395k.
- Programme expenditure is £836k: £72k or 8% below budget.
- Net programme expenditure is £431k: £82k or 16% below budget.

|                                                     | Q1 YTD<br>Budget | Q1 YTD<br>Actual | Variance        | % Var          | 2023/4<br>Budget  |
|-----------------------------------------------------|------------------|------------------|-----------------|----------------|-------------------|
| <b>Income</b>                                       |                  |                  |                 |                |                   |
| Waste and recycling consultancy & training          | £10,000          | £6,250           | -£3,750         | (37.5%)        | £40,000           |
| Circular economy consultancy & training             | £7,500           | £6,785           | -£715           | (9.5%)         | £35,000           |
| Sponsorship                                         | £0               | £30,000          | £30,000         |                | £100,000          |
| Campaigns                                           | £80,000          | £85,822          | £5,822          | 7.3%           | £155,000          |
| Grants and fundraising                              | £267,795         | £199,823         | -£67,972        | (25.4%)        | £1,279,175        |
| Other income                                        | £30,000          | £76,331          | £46,331         | 154.4%         | £120,000          |
| Investment income                                   | £0               | £0               | £0              |                | £2,519            |
| <b>Total income</b>                                 | <b>£395,295</b>  | <b>£405,012</b>  | <b>£9,717</b>   | <b>2.5%</b>    | <b>£1,731,694</b> |
| <b>Core programme activity expenditure</b>          |                  |                  |                 |                |                   |
| Local Authority Support                             | £143,575         | £139,284         | -£4,291         | (3.0%)         | £762,152          |
| Core business sector support and transformation     | £106,755         | £106,912         | £157            | 0.1%           | £451,150          |
| Business sector support restricted grants projects* | £227,703         | £179,364         | -£48,339        | (21.2%)        | £997,248          |
| Communications                                      | £137,078         | £132,524         | -£4,554         | (3.3%)         | £978,187          |
| Central costs                                       | £293,482         | £278,106         | -£15,376        | (5.2%)         | £1,206,102        |
| <b>Total programme expenditure</b>                  | <b>£908,593</b>  | <b>£836,189</b>  | <b>-£72,404</b> | <b>(8.0%)</b>  | <b>£4,394,840</b> |
| <b>Net programme expenditure</b>                    | <b>£513,298</b>  | <b>£431,178</b>  | <b>-£82,120</b> | <b>(16.0%)</b> | <b>£2,663,146</b> |
| Investments expenditure                             | £0               | £3,679           | -£3,679         |                | £0                |
| <b>RELONDON NET SPEND</b>                           | <b>£513,298</b>  | <b>£434,856</b>  | <b>-£85,799</b> | <b>(16.7%)</b> | <b>£2,663,146</b> |

## Q1 narrative to March 2023

### *Income*

Overall total income is ahead of budget at end of Q1, primarily as a result of early invoicing for £30k sponsorship income from Visa for Circular Economy Week and increased income (other) from interest rate rises on our loan to the GLA.

Actual income received from consultancy is behind budget at the end of Q1 but actual secured income (contracted but not invoiced) is at about 35% of total budget (across both waste & recycling and circular economy), and there is over £400k in the pipeline (see confidential section).

Actual grant income is lower than expected due to timing of claims and reimbursement, but we expect this to level out over the year.

### *Expenditure*

Most programme expenditure lines are broadly on track with the following exceptions:

ERDF project ending in June has underspent on direct costs by approx. £40k, this will have no impact of the bottom line as these are 'through costs' that are claimed back directly through the fund.

Central expenses are lower than budgeted for Q1, mainly due to allocations spread over the year for professional fees (ie HR) hardware replacement and ad hoc office expenses. It is too early to say whether these will be realised savings.

### *Year end position*

Since the end of Q1 we have been invoiced for all of the outstanding commitment of the reserve fund for the Greener London Investment Fund, which had not been factored into this years budget (but is in our five year forecast) as such we expect our year end position to be closer to £3m – we will present an updated four year forecast following Q2 and a six month reforecast.

|                   | Original budget | Revised     |
|-------------------|-----------------|-------------|
| Opening balance   | £6,071,458      | £6,071,458  |
| Movement of funds | -£2,663,146     | -£2,949,315 |
| Closing balance   | £3,408,312      | £3,122,143  |

Secured (invoiced and / or contracted) income at Aug 2023

|                                            | FY Budget  | Secured to date<br>(mid Aug) | % of budget |
|--------------------------------------------|------------|------------------------------|-------------|
| Waste and recycling consultancy & training | £40,000    | £18,000                      | 45%         |
| Circular economy consultancy & training    | £35,000    | £7,785                       | 22%         |
| Sponsorship                                | £100,000   | £30,000                      | 30%         |
| Campaigns                                  | £155,000   | £155,500                     | 100%        |
| Grants for projects                        | £1,266,950 | £1,122,250                   | 88%         |
| Investments income /interest/ other        | £122,519   | £76,000                      | 62%         |
| Total                                      | £1,719,469 | £1,409,535                   | 82%         |

| 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)

## Balance Sheet

London Waste and Recycling Board

As at 30 June 2023

| Account                                                              | 30 Jun 2023       |
|----------------------------------------------------------------------|-------------------|
| <b>Fixed Assets</b>                                                  |                   |
| <b>Tangible Assets</b>                                               |                   |
| Investment: Seeders/ Project equity Sustainable accelerator          | 300,001           |
| Investment: Circularity European Growth Fund I LLP                   | 2,165,832         |
| Investment: Greater London Investment Fund (GLIF)/MMC                | 6,712,408         |
| <b>Total Tangible Assets</b>                                         | <b>9,178,241</b>  |
| <b>Current Assets</b>                                                |                   |
| Total Cash at bank and in hand                                       | 5,213,349         |
| Debtors and prepayments                                              | 386,355           |
| <b>Total Current Assets</b>                                          | <b>5,599,704</b>  |
| <b>Total Creditors: amounts falling due within one year</b>          | <b>416,649</b>    |
| <b>Net Current Assets (Liabilities)</b>                              | <b>5,183,055</b>  |
| <b>Total Assets less Current Liabilities</b>                         | <b>14,361,295</b> |
| <b>Total Creditors: amounts falling due after more than one year</b> | <b>0</b>          |
| <b>Net Assets</b>                                                    | <b>14,361,295</b> |
| <b>Capital and Reserves</b>                                          |                   |
| Current Year Earnings                                                | (431,178)         |
| Profit and Loss Account                                              | 13,077,426        |
| 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>14,361,295</b> |



## Treasury management

ReLondon's capital is held as a loan by the GLA and, due to recent interest rate increase, has been generating interest at 5% based on the daily rate of return on the GLA GIS (Group Investment Syndicate) investments. On 12 August 2023 we were informed that the GIS ceased to exist from 30 June and that the GLA will replace the GIS rate with the 'Sterling Overnight Index Average (SONIA)'. SONIA is a Bank of England interest rate benchmark based on actual transactions and reflects the average of interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

It can be inferred that ReLondon has no choice but to accept the interest rate contract change as no alternative is being offered, however we may choose to remove our capital completely from the GLA loan and hold elsewhere. As such we have reviewed the external market and present a range of offers available, these are the highest rates found in the categories of instant access, 90-120 days notice and 12 month fixed term rates.

| Bank                     | Account type          | Interest rate     | Note                                   |
|--------------------------|-----------------------|-------------------|----------------------------------------|
| GLA Treasury Account     | Instant access        | 4.93% at end July | Security of funds, reasonable interest |
| Virgin Money             | Instant access        | 3.2%              | Lower rate                             |
| Gatehouse bank           | 95 day notice account | 4.6%              | Lower rate                             |
| Cater Allen Private Bank | Fixed 12 months       | 4.4%              | Lower rate                             |

Recommendation that ReLondon's capital remains on loan to the GLA.

## Premises

In June ReLondon's initial two year contract was up for renewal and along with it a rent review. TOG proposed a 10% increase on the base rent increasing the annual fee from £141,045 +VAT (including discounts offered in our first two years) to £191k + VAT. Alongside this room hire has added a further £25k to costs despite being very frugal.

During the search for alternative cheaper premises ReLondon was offered the opportunity to move into Sustainable Workspaces, on the fifth floor of County Hall, as part of a community of sustainable and circular economy focused business and not-for- profits.

Alongside delivering savings of £100k per year, the facilities (meeting rooms / phone booths etc) are better and there is a huge opportunity for us to develop our profile in the sector and build networks to achieve greater impact.

ReLondon will be moving to the new space at the beginning of November.

## 6. HR Update

### **Staff turnover**

Since the last meeting of the Committee on 17 May 2023, the following staff changes have occurred.

### **Starters**

CIRCult Programme Coordinator (fixed term).

### **Leavers**

Foodwave Campaign Lead (end of fixed term contract)

### **Recruitment**

The new position of Head of Partnerships and External Affairs has been appointed and will start in September.

Jo Rogers  
Director of Operations and Governance  
August 2023

