

London Waste and Recycling Board Audit Committee Meeting

12pm – 2pm Wednesday 15 November 2023
Meeting Room Belvedere 5, Sustainable Workspaces, County Hall,
Belvedere Road, London SE1 7PB.



Webcast: <https://www.youtube.com/channel/UCvD1-KedJAexZNpIPZU9KpA>

Agenda

Part 1: Regular business

1. Introductions and apologies for absence
2. Declarations of interest
3. Minutes of the previous meeting (6 September 2023)
4. Written Resolutions passed since previous meeting
5. Finance Report
 - 2023-24 Q2 accounts
 - Treasury Management
6. HR update
7. Any other business

Part 2: Confidential business:

- Pipeline update
- Pay policy proposal
- Risk register

Appendices as attachments:

- Q2 2023/24 Management Accounts

3. Minutes of the previous meeting

Audit Committee Meeting

12.00 – 2.00pm Wednesday 6 September 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

Ayo Abbas

Dimitra Christakou

Part I: Non-confidential Business

1. Introductions and apologies for absence

All members of the Committee introduced themselves for the benefit of Dimitra Christakou and Ayo Abbas who will be joining as members of the committee subject to the formal approval of the Board at its next meeting.

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 May 2023 were approved.

4. Written Resolutions passed since previous meeting

The Committee noted the approval of written Resolution *24/05/23 Business Transformation Team Staffing* via the written resolution procedure.

5. Finance Report

2023-24 Q1

JR introduced the paper, noting that income was slightly ahead of expectation and expenditure slightly below, due mostly to early payments and a small underspend on the ERDF project.

Noted that the income presented shows only actuals, but contracts have now been signed for further income generating projects, with a 82% of the target income budget already secured. JR confirmed that ReLondon has no bad debtors.

Treasury Management

The Committee agreed that ReLondon's reserves should remain on loan to the GLA, where it will accrue interest at the 'Sterling Overnight Index Average (SONIA)' – which was approx. 4.9% as at the end of July – and available on an instant access basis.

Premises

The committee noted the scheduled office relocation and the significant annual saving this will provide.

6. HR update

The Committee noted the HR update reported.

7. Any other business

None

Part 2: Confidential Business

Pipeline update

JR introduced the pipeline update and urged members to promote our bids with funders where they can. Noted that the London and Partners bid for £175K has now been agreed subject to contracting.

WH noted that the Flats Recycling consultancy work with Birmingham is now very unlikely to be secured given the financial difficulties recently reported in that authority.

JM noted that the pipeline is still quite experimental as the organisation is still developing.

Business reporting

JR introduced the tabled paper on business reporting prepared in response to a request from the Committee. This reports income, delivery costs (staff and direct expenditure) and allocation of overheads by each cost centre and as

such the current funding gaps that need to be closed to make a financially sustainable organisation.

JM welcomed the report in that it provided more simplicity on how we look at the organisation's finances, and the approach will allow better setting of expectations/limits on how the organisation can perform in different areas.

The Committee welcomed the new simplified approach and debated the degree to which central costs (eg HR, Finance) should be apportioned to the business units and how much freedom heads of units should have in using them or not (eg. HR services). Noted that this would encourage cost savings across the organisation but that the central services still need to be paid for and should be seen as a valuable service for the organisation as a whole.

Greater London Investment Fund

WH gave an update on the ReLondon investment in the Greater London Investment Fund, and in particular the GLA offer to release early the £5.6m return of ReLondon's investment they have guaranteed. Such an exit would mean ReLondon forfeiting any future returns in the fund, but these would be uncertain and unlikely to be realised until beyond 2030.

WH expressed the view that the early release would probably be a good outcome for ReLondon. WH reported that the Deputy Mayor is very supportive of GLA doing what it can to support ReLondon, but that the offer would be time limited.

The Committee did not form definitive view on the issue and requested further due diligence before a decision is made. Agreed that the question be put to the full board at its next meeting. {The Board subsequently agreed to accept the early return of ReLondon's guaranteed £5.6m investment}.

Risk register

The Committee approved the amendment of the Risk Strategy such that the Audit Committee will formally review only the few top 'existential' risks to the organisation with all other risks being managed by the CEO and Senior Management Team and reported back to the Committee. The Committee agreed that those top existential risks were lack of financial resources, loss of support among the stakeholder community and loss key staff and skills within the organisation.

Any other business

None.

4. Written Resolution

Written Resolution “AC 17/10/23 Communications and Behaviour Change Team Staffing” recommending a revision of the structure of the Behaviour Change and Communications team and creation of two new permanent roles was approved by the committee.

5. Finance Report

Headlines

- Received (invoiced) income is £787k year to date, slightly below budget expectation of £922k, however we have secured additional income not yet invoiced (see below).
- Programme expenditure ytd is £1.68m: £162k or 9% below budget.
- Net programme expenditure is £889k: £28k or 3% below budget.
- £360k investment costs have been drawn down between GLIF and Circularity Capital which were not in the original P&L budget.

	Q2 YTD Budget	Q2 YTD Actual	Variance	% Var	2023/4 Budget	Mid year reforecast
Income						
Waste and recycling consultancy & training	£20,000	£20,649	£649	3.2%	£40,000	40,000
Circular economy consultancy & training	£15,000	£9,785	-£5,215	(34.8%)	£35,000	100,000
Sponsorship	£40,000	£30,000	-£10,000		£100,000	55,000
Campaigns	£155,000	£172,822	£17,822	11.5%	£155,000	211,000
Grants and fundraising	£631,231	£416,052	-£215,179	(34.1%)	£1,266,950	1,151,568
Other income	£60,000	£137,378	£77,378	129.0%	£120,000	240,000
Investment income	£0	£0	£0		£2,519	2,519
Total income	£921,231	£786,687	-£134,544	(14.6%)	£1,719,469	£1,800,087
Core programme activity expenditure						
Local Authority Support	£296,932	£283,728	-£13,204	(4.4%)	£762,152	761,713
Core business sector support and transformation	£208,553	£192,467	-£16,086	(7.7%)	£451,150	451,150
Business sector support restricted grants projects*	£433,342	£351,918	-£81,424	(18.8%)	£997,248	958,000
Communications	£324,102	£289,172	-£34,930	(10.8%)	£908,187	890,000
Central costs	£575,140	£559,286	-£15,854	(2.8%)	£1,276,102	1,225,000
Total programme expenditure	£1,838,069	£1,676,571	-£161,498	(8.8%)	£4,394,840	4,285,863
Net programme expenditure	£916,838	£889,884	-£26,954	(2.9%)	£2,675,371	£2,485,776
Investments expenditure	£0	£360,863	-£360,863		£0	£360,863
RELONDON NET SPEND	£916,838	£1,250,747	-£387,817	(42.3%)	£2,675,371	£2,846,639
Opening cash balance at 1 April 2023					6,071,458	6,071,458
Investment					0	0
Adjustment for Non-Cash items					(199,322)	(199,322)
Movement in funds					(2,675,371)	(2,846,639)
Closing balance at 31 March 2024					3,196,765	3,025,497

Summary Business Unit Accounts at Sept 2023

Business unit / cost	Local Authority Support			Business sector support			Communications and behaviour		
	Budget YTD	Actual YTD	FY Budget	Budget YTD	Actual YTD	FY Budget	Budget YTD	Actual YTD	FY Budget
Income	£20,000	£20,649	£40,000	£573,731	£389,568	£1,134,175	£217,500	£239,390	£285,000
Expenditure (inc overhead allocation)	£406,293	£391,045	£985,292	£878,307	£750,295	£1,872,453	£443,470	£397,359	£1,264,576
Cost to ReLondon	£386,293	£370,396	£945,292	£304,576	£360,727	£738,278	£225,970	£157,968	£979,576

Secured (invoiced and / or contracted) income at 31 Oct 2023

	FY Budget	Secured to date (end Oct)	% of budget
Waste and recycling consultancy & training	£40,000	£34,252	86%
Circular economy consultancy & training	£35,000	£82,785	236%
Sponsorship	£100,000	£30,000	30%
Campaigns	£155,000	£211,382	136%
Grants for projects	£1,266,950	£1,096,569	89%
Investments income /interest/ other	£122,519	£137,378	112%
Total	£1,719,469	£1,592,366	93%

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

Q2 narrative to September 2023

Income

Invoiced income for waste and recycling consultancy is on budget and at end of October we have agreements in place to the value of c£34k, we are currently not increasing the income target due to capacity in the team but will continue to pursue deliverable opportunities as they arise.

Circular economy consultancy income is invoiced at £10k but as of last week confirmed a further £73k for this financial year (plus £131k for next financial year). The financial target for the year has been increased to £100k.

£45k was received in sponsorship for the Eat Like A Londoner campaign from Google, and have recognised this in the campaigns income line, as such we have transferred £45k out of the sponsorship budget and into the Campaigns budget.

As well as the £45k contribution from Google the Eat Like a Londoner campaign has secured a further £166k and the team are now working up proposals for continuation funding after April 2024.

Two new grants, Southwark Pioneers (£210k) and Circular Building Coalition (£17k) have been secured, however we only expect to recognise £45k this financial year. The value of some existing grants have been amended to reflect the claims that will be submitted. The ERDF and Circuit claims will be lower than planned but these are offset by reduced direct expenditure. Final claims for Foodwave have been increased to reflect the cost of the evaluation work post project.

There have been some changes to the UKSPF programme reducing both income and expenditure by c£70k – it has no impact on the bottom line.

The rise of UK interest rates have provided some additional income for ReLondon and the reforecasted income target reflects this.

Expenditure

All programme expenditure lines are slightly lower than budget.

Most significantly are the business sector support grants (19%) – predominantly as a result of lower direct expenditure on the projects (this is reflected in the forecasted income amendments above) or amendments

Communications YTD expenditure is below budget as a combination of timing (we are still processing payments for Circular Economy week) and vacancies in the team, there is expected to be a small saving in expenditure over the year.

Central expenditure is on track as planned, and we expect to make savings in the year against budget through savings on consultants and office costs.

Year end position

In Q2 we were invoiced for all of the outstanding commitment of the reserve fund for the Greener London Investment Fund and further contributions to the Circularity Capital Fund, which had not been factored into this years budget (but is in our five year forecast). However increased income and savings in expenditure have enabled us to maintain a year end closing balance over £3m.

	Original budget	Reforecasted
Opening balance	£6,071,458	£6,071,458
Movement of funds	-£2,874,693	-£3,045,961
Closing balance	£3,196,765	£3,025,497

Treasury management

Bank	Account type	Interest rate	Note
GLA Treasury Account	Instant access	5.19% at end October	Security of funds, reasonable interest
Aldermore Bank	Instant access	3.25%	Lower rate
C Hoare & Co Private Bank	95 day notice account	4.6%	Lower rate
Cater Allen Private Bank	Fixed 12 months	4.75%	Lower rate

Each option is the highest rate found from a selection each account type.

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

Balance Sheet

London Waste and Recycling Board

As at 30 September 2023

Account	30 Sep 2023
Fixed Assets	
Tangible Assets	
Investment: Seeders/ Project equity Sustainable accelerator	300,001
Investment: Circularity European Growth Fund I LLP	2,240,526
Investment: Greater London Investment Fund (GLIF)/MMC	6,994,898
Total Tangible Assets	9,535,425
Current Assets	
Total Cash at bank and in hand	4,213,762
Debtors and prepayments	476,412
Total Current Assets	4,690,174
Total Creditors: amounts falling due within one year	323,010
Net Current Assets (Liabilities)	4,367,164
Total Assets less Current Liabilities	13,902,589
Total Creditors: amounts falling due after more than one year	0
Net Assets	13,902,589
Capital and Reserves	
Current Year Earnings	(889,884)
Profit and Loss Account	13,077,426
Unusable reserves - Capital adjustment fund	5,776,644
Unusable reserves - Accumulated absences account	(39,843)
Usable reserves - General fund	(4,021,755)
Total Capital and Reserves	13,902,589

6. HR Update

Staff turnover

Since the last meeting of the Committee on 6 September 2023, the following staff changes have occurred.

Starters

Head of Partnerships and External Affairs

Research Advisor (fixed term maternity cover)

Leavers

Communications and Campaign Lead, (London Recycles)

Recruitment

Currently recruiting new posts in the Behaviour Change and Communications team as per the recent written resolution.

Jo Rogers

Director of Operations and Governance
November 2023