

London Waste & Recycling Board

Finance Report Q2 2019/20

Profit & Loss Summary

LWARB performance for the first half of the financial year was much better than forecast showing a £0.7m positive variance against budget. The highlight of this was realising a sale price approaching £1.5m for the ELBL business which was £473k in excess of the book value. This was offset to an extent by an £81k write down in the value of the London Green fund. However lower than expected costs of £253k for the programme spend and £44k for overheads also contributed to the positive variance.

LWARB P&L summary to 30/09/2020

P&L	2019/20 Q2 Actual	Budget Q2 2019/20	Variance	%	FY Budget 2019/20	%
£000						
Income						
Bank Interest and other income	55	42	13	31%	84	66%
Funding	161	164	(3)	-2%	283	57%
Asset sale/revaluation	392		392			
Total income	608	206	402	29%	367	122%
Advance London	(232)	(187)	(45)	24%	(283)	82%
Resource London	(681)	(969)	289	-30%	(1,938)	35%
Circular London	(372)	(381)	9	-2%	(762)	49%
Total Programme spend	(1,284)	(1,537)	253	-16%	(2,983)	43%
Overheads						
Rent & rates	(120)	(138)	17	-13%	(275)	44%
Staff Costs*	(315)	(303)	(12)	4%	(680)	46%
Other Overheads	(73)	(113)	39	-35%	(225)	33%
Total Overheads	(508)	(553)	44	-8%	(1,180)	43%
Profit/Loss	(1,184)	(1,883)	699	-37%	(3,796)	31%

* Core staff cost – excludes most dedicated Resource London, Advance London and Circular London staff, whose costs are included in relevant programme budget lines

Expenditure Summary

LWARB's cash position was also favourable to budget benefitting from the improved P&L, as well as lower than expected investment in funds (£1.6m compared to an expected £2.1m in the budget), as a result of lower than expected drawdowns from GLIF for management fees and Circularity Capital.

LWARB expenditure summary to 30/09/2020	Q2 Actual	Q2 Budget	Var.	%	FY Budget	%
Opening cash	23,748	23,748			23,748	
Net Income / (Expenditure)	(1,184)	(1,883)	699	-37%	(3,796)	31%
(Increase)/decrease in project loans	1,013	1,100	(87)	-8%	1,100	92%
(increase)/decrease in equity investments	(1,517)	(2,087)	570	-27%	(2,773)	55%
Other	(72)		(72)	0%		0%
Net Income / (Expenditure)	(1,760)	(2,870)	1,110	-39%	(5,469)	32%
Closing cash	21,988	20,878	1,110	5%	18,279	120%

LWARB Income and Expenditure detail

Income & Expenditure (£000s)														
London Waste and Recycling Board														
For the 3 months ended 30 September 2019														
	Period							YTD						
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%
Income														
Bank interest receivable	55	21	34	161%	44	11	25.06%	55	42	13	31%	44	11	25%
C&A Foundation	122		122		44	78	178.69%	85		85		44	41	94%
Grant income	76	80	(3)	-4%	105	(29)	-27.33%	76	164	(88)	-54%	304	(228)	-75%
Loan interest income	473		473			473		473		473		3	470	17235%
Other income													(0)	-40%
Total Income	725	101	625	622%	192	533	277.32%	689	206	483	234%	395	294	74%
Programme Expenditure														
Advance London programme expenditure	121	88	33	37%	148	(27)	-18.15%	232	187	45	24%	216	15	7%
C&A Foundation costs	85		85			85		85		85			85	
Circular Economy - Reusable Buildings					3	(3)	-100.00%					3	(3)	-100%
Circular Economy Accelerator programme	109	88	21	24%		109		139	175	(36)	-21%		139	
Circular Economy programme expenditure	41	84	(44)	-52%	61	(21)	-33.89%	140	168	(28)	-17%	164	(25)	-15%
Investment programme costs	6	19	(13)	-70%		6		8	38	(29)	-79%	5	3	61%
Impairment losses	81		81			81		81		81			81	
Resource London programme expenditure	327	485	(158)	-33%	439	(112)	-25.50%	681	969	(289)	-30%	759	(79)	-10%
Total Programme Expenditure	769	763	6	1%	651	118	18.14%	1,365	1,537	(172)	-11%	1,148	217	19%
Administrative Expenditure														
Staff costs	157	164	(7)	-4%	128	29	22.82%	315	303	12	4%	276	39	14%
Serviced Accomodation					(6)	6	100.00%					65	(65)	-100%
Professional fees	8	5	3	51%		7	2265.00%	8	10	(2)	-24%	5	3	60%
Professional Fees - Office Move	6		6		159	(153)	-96.26%	6		6		159	(153)	-96%
Office Rent	60	69	(8)	-12%	18	42	233.31%	120	138	(17)	-13%	18	102	565%
Office expenses	5		5			5	2568.65%	15		15			15	7311%
Other overheads	17	51	(35)	-68%	32	(16)	-48.93%	45	103	(58)	-57%	47	(3)	-5%
Total Administrative Expenditure	253	289	(36)	-13%	331	(78)	-23.70%	508	553	(44)	-8%	570	(61)	-11%
Net Income / (Expenditure)	(296)	(952)	655	69%	(790)	494	62.49%	(1,184)	(1,883)	699	37%	(1,323)	138	10%

LWARB Income and expenditure commentary

1. Grant income for the year to September is £76k. Made up of EU funding under the Advance London ERDF programme of £47k, and a Circular London payment of £29k from Climate-KIC. There is also £85k of income from C&A Foundation of which £40k is accrued against current expenditure.
2. £55k of interest on reserves with the GLA were received prior to the end of September (the second quarter payment of £52k was received in October).
3. Resource London programme expenditure is £681k which is 30% (289k) under budget for the September year to date. Included in this figure is staff £300k, overhead recharges £100k, and discretionary expenditure of £275k (incl. RL projects £133k, and EU Life projects: Trifocal £133k and ECAP £10k). The underspend is in line with expectations due to demand led spending. Significant contractual and grant agreements have been made which will bring the total in the full year close to budget. However, certain projects are still forecasting an underspend, most notably the flats project.
4. Advance London programme expenditure at £232k is 24% (£45k) over budget for the year to September. This is however in-line with the schedule agreed in August with ERDF when the new funding was confirmed.
5. Circular London programme expenditure at £372k is 2% (£9k) under plan including the Investment programme costs. These figures include a £36k underspend on the accelerator programme which closed the 1st cohort in September, and a shortfall against budget of £28k for programme spend. These have been offset by £85k of C&A Foundation funded costs which were not included in the budget. The Investment programme costs of £8k are £29k under budget and include £5k for analysis of the business plan.
6. The net effect of the above is overall programme expenditure 16% (£253k) under budget for the year to date for September (NB For presentation purposes the impairment loss of £81k relating to the LGF is shown in the "Asset sale/revaluation" income line in the summary table on page 1).
7. Central staff costs at £315k are just over budget showing a 4% (£12k) adverse variance.
8. Professional fees at £14k are £4k below budget and are mainly audit fees.
9. Office rent is £17k under budget at £120k due to higher than expected contributions from programmes overhead recharges.
10. Other overheads and office expenses are £60k are which is £43k under budget. Included in this is Marketing spend which is £21k under budget due to timings.
11. Overall admin expenditure is 8% (£44k) under budget for the year at £508k
12. Expenditure at £1.8m overall is 14% (£297k) under budget for the year.

NB: The income and expenditure report includes £283k of full year additional costs in the budget which we expect to incur and then have refunded.

LWARB Balance Sheet detail and commentary

Balance Sheet (£000s) London Waste and Recycling Board As at 30 September 2019		
	Movement YTD	Closing Balance
Fixed Assets & Investments		
Cycle		1
Equity investments	1,517	4,729
Current Assets		
Project loans	(1,013)	
Debtors	(268)	(1)
C A Foundation	41	41
Prepayments	(10)	5
RL grants receivable		22
Total Bank	(1,760)	21,988
Total Current Assets	(3,010)	22,055
Current Liabilities		
Accruals	(274)	18
Virtual Card	1	1
Stamp Duty		(9)
Trade creditors	112	232
Total Current Liabilities	(161)	242
Provision for committed project expenditure	(148)	402
Net Assets / (Liabilities)	(1,184)	26,141
Total Equity	(1,184)	26,141

1. Equity investments increased by £1.5m in the year to date (£1.5m GLIF, and £70k Circularity Capital which was offset by a write down of £81k for LGF).
2. Project Loan movements of £1m reflect the sale of ELBL which was on the books at £1m and final settlement from PlasRecycle £13k. We no longer have any loans on our books.
3. Debtors stand at £1k since receiving £179k from HMRC and £88k of grant funds
4. There is £41k of accrued funding from the C&A Foundation to cover work done with QSA
5. The £5k prepayments is mainly Insurance.
6. The RL grants receivable line is a debtor of £22k made up of £18k Trifocal and £4k ECAP
7. Total Bank – net £1.8m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.
8. Trade Creditors - balance of £232k relates mainly to outstanding invoices of £198k the majority of which were cleared in the following month, additionally there was £23k PAYE and NI related, £16k Pensions, and around £5k of credit card balances.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £402k relates to funding agreements with Local Authorities made under the Resource London programme.

LWARB Cashflow analysis and commentary

Cash Flow (£000s)		
London Waste and Recycling Board		
For the 3 months ended 30 September 2019		
	Period	YTD
Net Income / (Expenditure)	(296)	(1,184)
(Increase)/decrease in fixed assets		
(Increase)/decrease in project loans	1,013	1,013
(Increase)/decrease in grants receivable	(41)	(41)
(increase)/decrease in equity investments	(1,469)	(1,517)
(increase)/decrease in debtors	179	268
(increase)/decrease in prepayments	4	10
increase/(decrease) in creditors	(5)	113
Increase/(decrease) in accruals		(274)
Increase/(decrease) in stamp duty		
increase/(decrease) in provision for committed project expenditure	(148)	(148)
Net cash inflow (outflow)	(763)	(1,760)
Opening cash	22,751	23,748
Closing cash	21,988	21,988

1. Year-to-date net income/expenditure is as per the Income and Expenditure detail above
2. Project Loan movements of £1m, relate to the book value of ELBL and PlasRecycle
3. Grants movement of £41k shows the C&A Foundation accrual made against the invoices already paid.
4. The cash outflow for equity investments relates to the £1.5m GLIF and £70k Circularity Capital payments, offset by an £81k write down for LGF
5. The £268k of debtor income is made up £179k of withholding tax refunded by HMRC plus ERDF and CirCE payments received.
6. Creditors increased by £113k in the year-to-date for September
7. Previously accrued payments of £274k have gone out the door. This was essentially made up of £182k to Ogilvy, £69k of redundancy costs, and the rent payment for March of £22k.
8. £148k of committed spend was paid in the period £115k to WRAP, £25k to Hackney, and £10k to Merton.

Appendix – Discussion document for future cashflow forecast

LWARB Cashflow forecast to 31/03/2020

Expenditure Forecast 2018 to 2020	May'19 Plan 2019/20	Act to Sep'19 2019/20	F'cast Oct'19 2019/20	F'cast Nov'19 2019/20	F'cast Dec'19 2019/20	F'cast Jan'19 2019/20	F'cast Feb'19 2019/20	F'cast Mar'19 2019/20	FY Forecast 2019/20
£000									
Income									
Bank Interest	84	55	52		46			42	195
Project returns	1,100	1,457							1,457
Total income	1,184	1,512	52		46			42	1,652
Advance London									
London Green Fund II	(2,100)	(1,597)			(252)			(251)	(2,100)
Circular Economy Accelerator	(350)	(139)	(35)	(35)	(35)	(35)	(35)	(36)	(350)
Circular Economy growth fund	(673)		(39)	(40)	(40)	(40)	(40)	(40)	(239)
Business consultancy support	(142)	(184)	25	(44)	(44)	27	(44)	17	(248)
Total Advance London	(3,265)	(1,920)	(49)	(119)	(371)	(48)	(119)	(310)	(2,937)
Resource London	(1,833)	(681)	(190)	(190)	(190)	(190)	(190)	(202)	(1,833)
Circular London	(300)	(141)	(26)	(26)	(27)	(26)	(26)	(28)	(300)
Programme Professional Fees	(75)	(20)	(9)	(9)	(9)	(9)	(9)	(10)	(75)
Overheads									
Serviced Accommodation	(275)	(121)	(26)	(26)	(25)	(26)	(26)	(25)	(275)
Staff Costs***	(680)	(314)	(61)	(61)	(61)	(61)	(61)	(61)	(680)
Professional Fees	(20)	(14)	(6)						(20)
Advertising & Marketing	(60)		(10)	(10)	(10)	(10)	(10)	(10)	(60)
Training	(20)		(3)	(3)	(4)	(3)	(3)	(4)	(20)
Other Overheads	(125)	(60)	(10)	(10)	(10)	(10)	(10)	(15)	(125)
Total Overheads	(1,180)	(509)	(116)	(110)	(110)	(110)	(110)	(115)	(1,180)
b/f cash	23,748	23,748	21,988	21,650	21,196	20,535	20,152	19,697	23,748
c/f cash	18,279	21,988	21,650	21,196	20,535	20,152	19,697	19,074	19,074