

## London Waste & Recycling Board

### Finance Report Q3 2019/20

#### Profit & Loss Summary

LWARB performance for the third quarter of the financial year was £79k favourable to forecast, resulting in a YTD position at Q3 of £768k favourable.

Advanced London overspend £65k, Resource London underspend £183k, Circular London under budget by £117k.

#### LWARB P&L summary to 31/12/2019

P&L	2019/20 Q3 Actual	Budget Q3 2019/20	Variance	%	FY Budget 2019/20	%
<b>£000</b>						
<b>Income</b>						
Bank Interest and other income	108	63	45	71%	84	128%
Funding	280	248	32	13%	283	99%
Asset sale/revaluation	392		392			
<b>Total income</b>	<b>779</b>	<b>311</b>	<b>468</b>	<b>84%</b>	<b>367</b>	<b>227%</b>
<b>Advance London</b>	<b>(349)</b>	<b>(283)</b>	<b>(65)</b>	<b>23%</b>	<b>(283)</b>	<b>123%</b>
<b>Resource London</b>	<b>(1,271)</b>	<b>(1,454)</b>	<b>183</b>	<b>-13%</b>	<b>(1,938)</b>	<b>66%</b>
<b>Circular London</b>	<b>(454)</b>	<b>(571)</b>	<b>117</b>	<b>-20%</b>	<b>(762)</b>	<b>60%</b>
<b>Total Programme spend</b>	<b>(2,073)</b>	<b>(2,308)</b>	<b>235</b>	<b>-10%</b>	<b>(2,983)</b>	<b>70%</b>
<b>Overheads</b>						
Rent & rates	(181)	(206)	25	-12%	(275)	66%
Staff Costs*	(491)	(492)		0%	(680)	72%
Other Overheads	(129)	(169)	39	-23%	(225)	57%
<b>Total Overheads</b>	<b>(801)</b>	<b>(867)</b>	<b>65</b>	<b>-8%</b>	<b>(1,180)</b>	<b>68%</b>
<b>Profit/Loss</b>	<b>(2,096)</b>	<b>(2,864)</b>	<b>768</b>	<b>-27%</b>	<b>(3,796)</b>	<b>55%</b>

\* 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 (£1.7m compared to an expected £2.4m in the budget), as a result of lower than expected drawdowns from GLIF for management fees and Circularity Capital.

LWARB expenditure summary to 31/12/2019	Q3 Actual	Q3 Budget	Var.	%	FY Budget	%
Opening cash	23,748	23,748			23,748	
Net Income / (Expenditure)	(2,096)	(2,864)	768	-27%	(3,796)	55%
(Increase)/decrease in project loans	1,013	1,100	(87)	-8%	1,100	92%
(increase)/decrease in equity investments	(1,533)	(2,430)	897	-37%	(2,773)	55%
Other	(212)		(212)	0%		0%
<b>Net Income / (Expenditure)</b>	<b>(2,828)</b>	<b>(4,194)</b>	<b>1,366</b>	<b>-33%</b>	<b>(5,469)</b>	<b>52%</b>
Closing cash	20,920	19,554	1,366	7%	18,279	114%

LWARB Income and Expenditure detail

<b>Income &amp; Expenditure (£000s)</b>														
London Waste and Recycling Board														
For the 3 months ended 31 December 2019														
	Period							YTD						
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%
<b>Income</b>														
Bank interest receivable	53	21	32	150%	50	3	6.07%	108	63	45	71%	94	14	15%
C&A Foundation	(1)		(1)		(28)	28	97.33%	84		84		15	69	446%
Grant income	109	84	26	31%		109		185	248	(62)	-25%	304	(119)	-39%
Loan interest income								473		473		3	470	17235%
Other income	10		10			10	48807.81%	10				10	10	5149%
<b>Total Income</b>	<b>171</b>	<b>105</b>	<b>66</b>	<b>63%</b>	<b>21</b>	<b>150</b>	<b>705.55%</b>	<b>860</b>	<b>311</b>	<b>549</b>	<b>177%</b>	<b>416</b>	<b>443</b>	<b>107%</b>
<b>Programme Expenditure</b>														
Advance London programme expenditure	117	97	20	21%	88	29	33.57%	349	283	65	23%	304	44	15%
C&A Foundation costs								85		85			85	
Circular Economy - Reusable Buildings	12		12		20	(8)	-41.01%	12		12		23	(11)	-48%
Circular Economy Accelerator programme	36	88	(52)	-59%		36		183	263	(80)	-30%		183	
Circular Economy programme expenditure	28	84	(56)	-66%	81	(53)	-65.01%	166	252	(86)	-34%	245	(79)	-32%
Investment programme costs		19	(19)	-100%	29	(29)	-100.00%	8	56	(48)	-86%	34	(26)	-76%
Impairment losses								81		81			81	
Resource London programme expenditure	588	485	104	21%	392	197	50.18%	1,271	1,454	(183)	-13%	1,151	120	10%
<b>Total Programme Expenditure</b>	<b>781</b>	<b>772</b>	<b>9</b>	<b>1%</b>	<b>609</b>	<b>172</b>	<b>28.17%</b>	<b>2,154</b>	<b>2,308</b>	<b>(154)</b>	<b>-7%</b>	<b>1,758</b>	<b>397</b>	<b>23%</b>
<b>Administrative Expenditure</b>														
Staff costs	176	189	(12)	-7%	135	42	31.15%	491	491		0%	410	81	20%
Serviced Accomodation					(15)	15	100.00%					50	(50)	-100%
Professional fees	1	5	(4)	-83%	(25)	26	103.39%	8	15	(7)	-44%	(20)	28	142%
Professional Fees - Office Move	7		7		78	(71)	-90.56%	13		13		237	(224)	-94%
Office Rent	61	69	(8)	-12%	77	(17)	-21.49%	181	206	(25)	-12%	95	86	90%
Office expenses	6		6		7	(1)	-17.41%	21		21		7	14	202%
Other overheads	41	51	(11)	-21%	76	(35)	-46.48%	87	154	(67)	-44%	123	(37)	-30%
<b>Total Administrative Expenditure</b>	<b>292</b>	<b>314</b>	<b>(22)</b>	<b>-7%</b>	<b>334</b>	<b>(42)</b>	<b>-12.61%</b>	<b>801</b>	<b>866</b>	<b>(65)</b>	<b>-7%</b>	<b>903</b>	<b>(102)</b>	<b>-11%</b>
<b>Net Income / (Expenditure)</b>	<b>(902)</b>	<b>(981)</b>	<b>79</b>	<b>8%</b>	<b>(922)</b>	<b>20</b>	<b>2.19%</b>	<b>(2,096)</b>	<b>(2,864)</b>	<b>768</b>	<b>27%</b>	<b>(2,244)</b>	<b>148</b>	<b>7%</b>

## **LWARB Income and expenditure commentary**

1. Grant income for the year to December is £185k. Made up of EU funding under the Advance London ERDF programme of £116k, a Circular London payment of £29k from Climate-KIC, and a Circe income of £40k. There is also £85k of income from C&A Foundation of (£40k accrued) offset against current expenditure.
2. £107k of interest on reserves with the GLA were received prior to the end of December (the third quarter payment of £49k was received in January).
3. Resource London programme expenditure is £1,271k which is 13% (183k) under budget for the December year to date. Included in this figure is staff £441kk, overhead recharges £157k, and discretionary expenditure of £673k (incl. RL projects £493k, and EU Life projects: Trifocal £138k and ECAP £39k). 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 £349k is 23% (£65k) over budget for the year to December (the budget was set on the assumption that new funding would not be agreed). The outturn is in-line with the schedule agreed in August with ERDF when the new funding was confirmed.
5. Circular London programme expenditure at £454k is 20% (£117k) under plan including the Investment programme costs. These figures include a £80k underspend on the accelerator programme which closed the 1<sup>st</sup> cohort in September (much of which will be spent in activity after the closure of the programme), and a shortfall against budget of £86k 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 £48k under budget and include £5k for analysis of the business plan.
6. The net effect of the above is overall programme expenditure 10% (£235k) under budget for the year to date for December (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 £491k are on budget.
8. Professional fees at £22k are £7k above budget due to £7k office fitout unexpected charge relating to previous year.
9. Office rent is £25k under budget at £181k due to higher than expected contributions from programmes overhead recharges.
10. Other overheads and office expenses are £107k which is £46k under budget. Included in this is Marketing spend which is £28k under budget due to timings.
11. Overall admin expenditure is 8% (£65k) under budget for the year at £801k
12. Expenditure at £3m overall is 7% (£219k) 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

<b>Balance Sheet (£000s)</b> London Waste and Recycling Board As at 31 December 2019		
	<b>Movement YTD</b>	<b>Closing Balance</b>
<b>Fixed Assets &amp; Investments</b>		
Cycle		1
Equity investments	1,533	4,746
<b>Current Assets</b>		
Project Loans	(1,013)	
Debtors	(256)	11
C A Foundation	41	41
Prepayments	(11)	5
RL grants receivable		22
Total Bank	(2,828)	20,920
<b>Total Current Assets</b>	<b>(4,067)</b>	<b>20,998</b>
<b>Current Liabilities</b>		
Accruals	(274)	18
Virtual Card	1	1
Stamp Duty		(9)
Trade creditors	87	207
<b>Total Current Liabilities</b>	<b>(186)</b>	<b>217</b>
Provision for committed project expenditure	(252)	299
<b>Net Assets / (Liabilities)</b>	<b>(2,096)</b>	<b>25,229</b>
<b>Total Equity</b>	<b>(2,096)</b>	<b>25,229</b>

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 £11k
4. There is £41k of accrued funding from the C&A Foundation to cover work done with QSA
5. The £5k prepayments are 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 £2.8m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.
8. Trade Creditors - balance of £207k relates mainly to outstanding invoices of £167k the majority of which will be cleared in the following month, additionally there was £45k PAYE and NI related, and around £5k of credit card balances.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £299k relates to funding agreements with Local Authorities made under the Resource London programme.

## LWARB Cashflow analysis and commentary

<b>Cash Flow (£000s)</b> <b>London Waste and Recycling Board</b> <b>For the 3 months ended 31 December 2019</b>		
	Period	YTD
<b>Net Income / (Expenditure)</b>	<b>(902)</b>	<b>(2,096)</b>
(Increase)/decrease in fixed assets		
(Increase)/decrease in project loans		1,013
(Increase)/decrease in grants receivable		(41)
(increase)/decrease in equity investments	(16)	(1,533)
(increase)/decrease in debtors	(12)	256
(increase)/decrease in prepayments		11
increase/(decrease) in creditors	(35)	88
Increase/(decrease) in accruals		(274)
Increase/(decrease) in stamp duty		
increase/(decrease) in provision for committed project expenditure	(104)	(252)
<b>Net cash inflow (outflow)</b>	<b>(1,068)</b>	<b>(2,828)</b>
<b>Opening cash</b>	<b>21,987</b>	<b>23,748</b>
<b>Closing cash</b>	<b>20,920</b>	<b>20,920</b>

1. Year-to-date net income/expenditure is as per the Income and Expenditure detail above
2. The cash outflow for equity investments relates to £16k Circularity Capital drawdown.
3. Creditors decreased by £35k in the quarter to December
4. £104k of committed spend was paid in the period.

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 Dec'19 2019/20	Act Oct'19 2019/20	Act Nov'19 2019/20	Act 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
<b>£000</b>									
<b>Income</b>									
Bank Interest	84	108						42	150
Project returns	1,100	1,335							1,335
<b>Total income</b>	<b>1,184</b>	<b>1,443</b>						<b>42</b>	<b>1,485</b>
<b>Advance London</b>									
London Green Fund II	(2,100)	(1,597)						(251)	(1,848)
Circular Economy Accelerator	(350)	(183)				(35)	(35)	(36)	(289)
Circular Economy growth fund	(673)					(40)	(40)	(40)	(120)
Business consultancy support	(142)	(232)				27	(44)	17	(233)
<b>Total Advance London</b>	<b>(3,265)</b>	<b>(2,012)</b>				<b>(48)</b>	<b>(119)</b>	<b>(310)</b>	<b>(2,490)</b>
<b>Resource London</b>	<b>(1,833)</b>	<b>(1,271)</b>				<b>(190)</b>	<b>(190)</b>	<b>(202)</b>	<b>(1,853)</b>
<b>Circular London</b>	<b>(300)</b>	<b>(178)</b>				<b>(26)</b>	<b>(26)</b>	<b>(28)</b>	<b>(258)</b>
Programme Professional Fees	(75)	(8)				(9)	(9)	(10)	(36)
<b>Overheads</b>									
Rent & rates	(275)	(181)				(26)	(26)	(25)	(258)
Staff Costs***	(680)	(491)				(61)	(61)	(61)	(674)
Professional Fees	(20)	(22)							(22)
Advertising & Marketing	(60)					(10)	(10)	(10)	(30)
Training	(20)					(3)	(3)	(4)	(10)
Other Overheads	(125)	(108)				(10)	(10)	(15)	(143)
<b>Total Overheads</b>	<b>(1,180)</b>	<b>(802)</b>				<b>(110)</b>	<b>(110)</b>	<b>(115)</b>	<b>(1,137)</b>
<b>b/f cash</b>	<b>23,748</b>	<b>23,748</b>	<b>20,920</b>	<b>20,920</b>	<b>20,920</b>	<b>20,920</b>	<b>20,537</b>	<b>20,083</b>	<b>23,748</b>
<b>c/f cash</b>	<b>18,279</b>	<b>20,920</b>	<b>20,920</b>	<b>20,920</b>	<b>20,920</b>	<b>20,537</b>	<b>20,083</b>	<b>19,459</b>	<b>19,459</b>