

**Budget Monitoring Report Period 4 (July)****SUMMARY**

This report provides an update on the financial position of the Authority at the end of July, the key operational performance indicators (KPIs) and delegated financial decisions.

**RECOMMENDATION(S)**

Chief Officers are asked to:-

- 1) Note the current financial position in 2017/18 to Period 4 and Key Performance Indicators
- 2) Note the financial decisions taken under the Scheme of Delegation to Officers

**1. Financial position – high level summary**

A summary of the financial performance for the period and forecast to the end of the year is provided below:

**High level summary**

	P4 Budget £ 000s	P4 Actual £ 000s	P4 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
<b>Expenditure</b>						
Employees	551	548	-3	1,653	1,705	52
Premises	1,429	1,453	24	4,287	4,353	66
Waste Transport & Disposal	12,397	11,826	-572	37,193	36,026	-1,168
Other supplies	439	275	-164	1,318	1,187	-131
Depreciation	2,742	2,701	-42	8,227	8,169	-58
Financing and Other	3,011	2,941	-70	9,032	8,736	-296
	<b>20,569</b>	<b>19,743</b>	<b>-827</b>	<b>61,710</b>	<b>60,177</b>	<b>-1,534</b>
<b>Income</b>						
Levies	-19,960	-19,678	282	-59,880	-59,951	-71
Trade and other	-609	-689	-80	-1,830	-1,873	-43
	<b>-20,569</b>	<b>-20,367</b>	<b>203</b>	<b>-61,710</b>	<b>-61,824</b>	<b>-114</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>-623</b>	<b>-623</b>	<b>0</b>	<b>-1,647</b>	<b>-1,647</b>
Disbursement back to boroughs	0	0	0	0	1,800	1,800
<b>Net (Surplus) / Deficit</b>	<b>0</b>	<b>-623</b>	<b>-623</b>	<b>0</b>	<b>153</b>	<b>153</b>

The summary shows how financial performance compares to the budget for both the period in question and the forecast for the year. The budget has been profiled to reflect how expenditure will arise.

There is one notable observation to the end of period 4. The overall waste volume, primarily residual waste, is below budget resulting in an under-spend on the Waste Transport & Disposal budget of £572,000. This represents a variance of less than 5%. This is the main driver of the period 4 overall favourable variance of £623,000.

The forecast for the year shows an expected £1.6 million surplus primarily due to lower Waste Transport & Disposal costs. This is offset by the disbursement of £1.8 million back to boroughs in August leaving a small overall net overspend of £153,000 forecast for the year.

The standard breakdown can be found in Appendix 1. This separates out the main types of waste streams and distinguishes between PAYT and FCL activities.

## 2. Operational KPIs

The KPI table (Appendix 2) illustrates the performance in key activities and progress with internal audit recommendations.

There are two new KPIs (KPI3 and KPI4) where aspirational targets were set and these are at amber status. More realistic targets will be set next year based on the current year experience. Due to unplanned downtime at the SERC resulting from oscillating stacks this has significantly affected performance in April and as a result we are forecasting missing our annual targets for KPI9 and KPI10. However monthly performance is now back to expected levels.

## 3. Delegated decisions

To provide further transparency of operational arrangements, this standard section of the budget monitoring report summarises any significant financial decisions made by the Director and/or Chief Officers under the Scheme of Delegations to Officers since those reported to the last Authority meeting. There is one delegated decision to report. This includes commercially sensitive information and is detailed in Part II of the agenda.

**4. Financial Implications** – These are detailed in the report.

**5. Legal Implications** – There are no legal implications as a result of this report.

**6. Impact on Joint Waste Management Strategy** – Improvements to financial management in the Authority will continue to ensure that the Authority addresses policies of the JWMS.

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## Appendix 1

Pay As You Throw	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	7,947	7,601	-346	lower than budgeted waste tonnage	23,841	23,505	-336	assuming remaining months will be largely on budget
Waste - Residual: EfW Bulked	2,319	2,110	-210		6,958	7,032	74	
Waste - Residual: EfW Delivered	1,266	1,403	137		3,799	3,845	46	
Waste - Food	238	227	-11		714	714	0	
Waste - Mixed Organic	313	394	80	seasonal variation	940	940	0	
Waste - Green	359	401	42	seasonal variation	1,077	1,004	-73	
Waste - Other	85	115	30		254	344	90	
Waste - Concession interest	-1,148	-1,088	61		-3,445	-3,263	182	concession underspend per 2016/17
Waste - Concession liability	-997	-1,154	-157		-2,991	-3,463	-472	
Financing SERC - Interest	1,148	1,088	-61		3,445	3,263	-182	agreed/audited accounting treatment
Financing SERC - Concession interest	1,477	1,466	-11		4,430	4,360	-70	
Premises - SERC	446	446	0		1,337	1,337	0	
Depreciation - SERC	2,334	2,251	-83		7,001	6,752	-249	per 2016/17 year end property valuation
PAYT Levy income	-15,787	-15,504	282	rebate resulting from lower waste tonnage	-47,360	-47,431	-71	estimated final reconciliation
<b>PAYT Net Expenditure</b>	<b>0</b>	<b>-246</b>	<b>-246</b>		<b>0</b>	<b>-1,060</b>	<b>-1,060</b>	

Fixed Cost Levy	Period 4				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	551	548	-3		1,653	1,705	52	
Premises	915	939	24		2,745	2,811	66	
Waste - Residual	1,330	1,427	97	higher than budgeted tonnage	3,990	4,176	186	
Waste - Green	284	144	-140		851	360	-491	
Waste - Wood	380	304	-76		1,140	980	-160	
Waste - Other	351	287	-63		1,052	884	-168	
Other Supplies	439	275	-164		1,318	1,187	-131	
Depreciation	51	105	54	2016/17 year end property valuation increase	154	383	229	per 2016/17 year end property valuation
Financing and Other	-17	-5	12		-50	-55	-5	
Trade Waste and Other Income	-610	-690	-80		-1,831	-1,874	-43	
Waste - Concession interest	-176	-167	9		-528	-500	28	concession underspend per 2016/17
Waste - Concession liability	-153	-177	-24		-458	-531	-73	
Financing SERC - Interest	176	167	-9		528	500	-28	agreed/audited accounting treatment
Financing SERC - Concession interest	226	225	-1		679	668	-11	
Premises - SERC	68	68	0		205	205	0	
Depreciation - SERC	357	345	-12		1,072	1,034	-38	
FCL Levy income	-4,173	-4,173	0		-12,520	-10,720	1,800	1.8M dispersed to Boroughs
<b>Fixed Cost Levy Net Expenditure</b>	<b>0</b>	<b>-378</b>	<b>-378</b>		<b>0</b>	<b>1,213</b>	<b>1,213</b>	

## Appendix 2

KPI No	Measure	2017/18 Target	Forecast	Apr	May	Jun	Jul	Comments
<b>Efficiency</b>								
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 515,899 to 570,204 tonnes	528,784	40,313	46,182	47,934	41,833	
KPI2	Total kgs WCA waste per dwelling	867	844	64	74	77	67	
KPI3	HRRC reuse, recycling, composted % (Twyford)	60%	45%	39%	46%	49%	46%	The target is a aspirational target and there have been some chnges on site. Removal of wood from basedata has effected the rate.
KPI4	Borough HRRC Average reuse, recycling, composted %	60%	45%	42%	46%	47%	46%	The target is a aspirational target and it is the first time it has been collated by the Authority.
KPI5	% of HRRC residual waste recycled	TBC	-					The trials commenced in June and are progressing with two opertors following one operator withdrwing. Data is still outstanding.
KPI6	Trade debt as proportion of non levy income	Max of 8% (1 month)	3.2%	2.4%	2.3%	2.4%	5.9%	2 months trade invoices have been raised and payment allocations have not been made due to staff being on annual leave.
KPI7	Average days to pay creditors	Max of 30 days	17	14	17	18	18	
KPI8	Number of audit actions or recommendations overdue	0	0	0	0	0	0	
<b>Service Delivery</b>								
KPI9	Residual wastelandfill diversion rate	96%	89%	65%	98%	94%	99%	Due to the downtime caused by the oscilitating stacks at the SERC EfW there is a risk that this target will not be achieved by the end of the year.
KPI10	Recycling rate for residual waste	2.00%	1%	0.57%	0.86%	1.02%	1.95%	Due to the downtime caused by the oscilitating stacks at the SERC EfW there is a risk that this target will not be achieved by the end of the year.
<b>Safety</b>								
KPI11	RIDDOR reported incidents at rail transfer stations	0	0	0	0	0	0	
KPI12	RIDDOR reported incidents at Twyford	0	0	0	0	0	0	
<b>Environment</b>								
KPI13	EA reported incidents at rail transfer stations	0	0	0	0	0	0	
KPI14	EA reported incidents at Twyford	0	0	0	0	0	0	
<b>Education</b>								
KPI15	Number of people engaged at events	Min of 6,000 people	9,977	169	1,112	1404	1253	
KPI16	Engagement on social media	Provisional 8,000. Communication Officer to review in year	7,931	929	528	518	444	
KPI17	Number of Training days per WLWA employee	4	4.0	0.0	0.1	0.0	0.1	Significant training plan identified from appraisals for latter part of year
KPI18	Number of visitors to our website	Min of 60,000 hits	87,288	8,437	7,417	7,207	6,875	