

Budget Monitoring Report Period 7 (October)**SUMMARY**

This report provides an update on the financial position of the Authority at the end of October, 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 7 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

	P7 Budget £ 000s	P7 Actual £ 000s	P7 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
Expenditure						
Employees	964	960	-4	1,653	1,726	73
Premises	2,501	2,133	-368	4,287	3,826	-461
Waste Transport & Disposal	21,696	20,410	-1,286	37,193	35,441	-1,753
Other supplies	769	328	-441	1,318	1,134	-184
Depreciation	4,799	4,766	-33	8,227	8,169	-58
Financing and Other	5,269	5,117	-151	9,032	8,736	-296
	35,997	33,714	-2,284	61,710	59,032	-2,679
Income						
Levies	-34,930	-34,324	606	-59,880	-58,928	952
Trade and other	-1,067	-1,211	-144	-1,830	-1,878	-48
	-35,997	-35,535	463	-61,710	-60,806	904
(Surplus) / Deficit	0	-1,820	-1,820	0	-1,774	-1,774
Disbursement back to boroughs	0	1,800	1,800	0	1,800	1,800
Net (Surplus) / Deficit	0	-20	-20	0	26	26

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 7. The overall waste volume, primarily residual waste, is below budget resulting in an under-spend on the Waste Transport & Disposal budget of £1.286 million (6%). The corresponding levies are for this reason also lower.

The net surplus from operating activities is offset by the disbursement of excess reserves to leave a broadly neutral position for the period.

The forecast for the year shows the same pattern and overall broadly neutral position.

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.

The performance is consistent with the period 4 report.

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 returned quickly back to expected levels and has since been maintained at that level.

KPI17 the training days target is also aspirational and unlikely to be achieved due to staffing changes and prioritisation of project work. This target will need to be reviewed for next year.

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 are no delegated decisions to report.

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.

Contact Officers	Jay Patel, Head of Finance	020 8825 9524
	jaypatel@westlondonwaste.gov.uk	
	Emma Beal, Managing Director	020 8825 9488
	emmabeal@westlondonwaste.gov.uk	
	Ian O'Donnell, Treasurer	020 8825 5269
	Odonnelli@ealing.gov.uk	

Appendix 1

Pay As You Throw	Period 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	13,907	13,103	-805	lower than budgeted waste tonnage	23,841	22,663	-1,178	assuming lower tonnages continue 17-18
Waste - Residual: EFW Bulked	4,059	3,903	-156		6,958	7,032	74	
Waste - Residual: EFW Delivered	2,216	2,303	87		3,799	3,845	46	
Waste - Food	417	427	11		714	732	18	
Waste - Mixed Organic	548	708	160	seasonal variation	940	940	0	
Waste - Green	628	744	116	seasonal variation	1,077	1,111	34	
Waste - Other	148	202	54		254	346	92	
Waste - Concession interest	-2,010	-1,904	106		-3,445	-3,263	182	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-1,745	-2,020	-275		-2,991	-3,463	-472	
Financing SERC - Interest	2,010	1,904	-106		3,445	3,263	-182	
Financing SERC - Concession interest	2,584	2,563	-21		4,430	4,360	-70	
Premises - SERC	780	778	-2		1,337	1,474	137	
Depreciation - SERC	4,084	3,939	-145	per 2016/17 year end property valuation	7,001	6,752	-249	per 2016/17 year end property valuation
PAYT Levy income	-27,627	-27,020	606	rebate resulting from lower waste tonnage	-47,360	-46,408	952	estimated final reconciliation
PAYT Net Expenditure	0	-370	-370		0	-615	-615	

Fixed Cost Levy	Period 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	964	960	-4		1,653	1,726	73	
Premises	1,601	1,236	-365	negotiated lower rent uplift than initially requested	2,745	2,126	-619	negotiated lower rent uplift than initially requested
Waste - Residual	2,328	2,512	184	higher than budgeted tonnage	3,990	4,756	766	higher residual tonnage than expected
Waste - Green	496	258	-238	lower tonnage and transport cost	851	417	-434	lower tonnage and transport cost
Waste - Wood	665	311	-354	negotiated lower disposal rate with different provider	1,140	534	-606	negotiated lower disposal rate with different provider
Waste - Other	614	465	-149		1,052	823	-229	
Other Supplies	769	328	-441		1,318	1,134	-184	
Depreciation	90	224	134	2016/17 year end property valuation increase	154	383	229	per 2016/17 year end property valuation
Financing and Other	-29	-34	-5		-50	-55	-5	
Trade Waste and Other Income	-1,068	-1,212	-144	higher trade waste income during periods 1-7	-1,831	-1,879	-48	
Waste - Concession interest	-308	-292	16		-528	-500	28	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-267	-310	-43		-458	-531	-73	
Financing SERC - Interest	308	292	-16		528	500	-28	
Financing SERC - Concession interest	396	393	-3		679	668	-11	
Premises - SERC	120	119	-1		205	226	21	
Depreciation - SERC	625	603	-22		1,072	1,034	-38	
FCL Levy income	-7,303	-5,503	1,800	1.8M dispersed to Boroughs	-12,520	-10,720	1,800	1.8M dispersed to Boroughs
Fixed Cost Levy Net Expenditure	0	350	350		0	641	641	

Appendix 2

KPI No	Measure	2017/18 Target	Forecast	Apr	May	Jun	Jul	Aug	Sep	Oct	Comments
Efficiency											
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 515,899 to 570,204 tonnes	533,665	40,313	46,182	47,934	43,980	45,518	42,906		October tonnages not available at the time of writing
KPI2	Total kgs WCA waste per dwelling	867	852	64	74	77	70	73	68		October tonnages not available at the time of writing
KPI3	HRRC reuse, recycling, composted % (Twyford)	60%	44%	39%	46%	49%	46%	47%	42%	41%	The target is a aspirational target and there have been some changes on site.
KPI4	Borough HRRC Average reuse, recycling, composted %	60%	45%	42%	46%	46%	43%	45%	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 operators following one operator withdrawing. Data is still outstanding.
KPI6	Trade debt as proportion of non levy income	Max of 8% (1 month)	2.9%	2.4%	2.3%	2.4%	5.9%	1.0%	4.3%	1.8%	
KPI7	Average days to pay creditors	Max of 30 days	17	14	17	18	18	18	18	19	
KPI8	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	
Service Delivery											
KPI9	Residual waste landfill diversion rate	96%	94%	65%	98%	94%	99%	100%	99%	100%	Due to the downtime caused by the oscillating 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%	0.47%	1.81%	1.48%	1.36%	2.16%	Due to the downtime caused by the oscillating stacks at the SERC EFW there is a risk that this target will not be achieved by the end of the year.
Safety											
KPI11	RIDDOR reported incidents at rail transfer stations	0	0	0	0	0	0	0	0	0	
KPI12	RIDDOR reported incidents at Twyford	0	0	0	0	0	0	0	0		
Environment											
KPI13	EA reported incidents at rail transfer stations	0	0	0	0	0	0	0	0	0	
KPI14	EA reported incidents at Twyford	0	0	0	0	0	0	0 (visit from EA due to the fire)	0		
Education											
KPI15	Number of people engaged at events	Min of 6,000 people	9,451	169	1,112	1404	1253	204	795	576	
KPI16	Engagement on social media	Provisional 8,000. Communication Officer to review in year	7,545	929	528	518	444	481	469	449	
KPI17	Number of Training days per WLWA employee	4	2.0	0.0	0.1	0.0	0.1	0.0	0.1	0.3	Significant training plan identified from appraisals for latter part of year but unlikely to achieve aspirational target due to staffing changes and projects
KPI18	Number of visitors to our website	Min of 60,000 hits	83,811	8,437	7,417	7,207	6,875	6,434	6,094	6,426	