

Budget Monitoring Report Period 8 (November)**SUMMARY**

This report provides an update on the financial position of the Authority, 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 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

	P8 Budget £ 000s	P8 Actual £ 000s	P8 Variance £ 000s	Year Budget £ 000s	Year Forecast £ 000s	Year Variance £ 000s
Expenditure						
Employees	1,102	1,102	0	1,653	1,728	75
Premises	2,858	2,449	-409	4,287	3,824	-463
Waste Transport & Disposal	24,795	23,451	-1,345	37,193	34,973	-2,221
Other supplies	879	415	-464	1,318	788	-530
Depreciation	5,485	5,447	-37	8,227	8,169	-58
Financing and Other	6,021	5,838	-183	9,032	8,741	-291
	41,140	38,702	-2,439	61,710	58,224	-3,487
Income						
Levies	-39,920	-39,121	799	-59,880	-58,552	1,328
Trade and other	-1,220	-1,378	-158	-1,830	-1,883	-53
	-41,140	-40,499	640	-61,710	-60,435	1,275
(Surplus) / Deficit	0	-1,797	-1,797	0	-2,211	-2,211
Disbursement back to boroughs	0	1,800	1,800	0	1,800	1,800
Net (Surplus) / Deficit	0	3	3	0	-411	-411

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.

The one notable observation relates to the overall waste volume, primarily residual waste. This is below budget resulting in an under-spend on the Waste Transport & Disposal budget of £2.2 million and lower levies of £1.3 million.

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 favourable position of a small surplus.

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.

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Appendix 1

Pay As You Throw	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	15,894	14,655	-1,239	lower than budgeted waste tonnage	23,841	22,430	-1,411	assuming lower tonnages continue 17-18
Waste - Residual: EFW Bulked	4,639	4,903	264		6,958	7,032	74	
Waste - Residual: EFW Delivered	2,533	2,583	51		3,799	3,845	46	
Waste - Food	476	490	14		714	735	21	
Waste - Mixed Organic	627	775	148	seasonal variation	940	945	5	
Waste - Green	718	843	125	seasonal variation	1,077	1,053	-24	
Waste - Other	169	236	66		254	354	100	
Waste - Concession interest	-2,297	-2,175	121		-3,445	-3,263	182	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-1,994	-2,309	-315		-2,991	-3,463	-472	
Financing SERC - Interest	2,297	2,175	-121		3,445	3,263	-182	
Financing SERC - Concession interest	2,953	2,921	-33		4,430	4,360	-70	
Premises - SERC	891	901	10		1,337	1,474	137	
Depreciation - SERC	4,667	4,301	-366	per 2016/17 year end property valuation	7,001	6,752	-249	per 2016/17 year end property valuation
PAYT Levy income	-31,573	-30,775	799	rebate resulting from lower waste tonnage	-47,360	-46,032	1,328	estimated final reconciliation
PAYT Net Expenditure	0	-276	-276		0	-514	-514	

Fixed Cost Levy	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,102	1,102	0		1,653	1,728	75	
Premises	1,830	1,410	-420	negotiated lower rent uplift than initially requested	2,745	2,124	-621	negotiated lower rent uplift than initially requested
Waste - Residual	2,660	2,764	104	higher than budgeted tonnage	3,990	4,347	357	higher residual tonnage than expected
Waste - Green	567	289	-278	lower tonnage and transport cost	851	361	-490	lower tonnage and transport cost
Waste - Wood	760	557	-203	negotiated lower disposal rate with different provider	1,140	835	-305	negotiated lower disposal rate with different provider
Waste - Other	701	529	-173		1,052	793	-259	
Other Supplies	879	415	-464		1,318	788	-530	not extending expired leases per 2016/17 year end property valuation
Depreciation	103	256	153	2016/17 year end property valuation increase	154	383	229	
Financing and Other	-33	-38	-5		-50	-50	0	
Trade Waste and Other Income	-1,221	-1,379	-158	higher trade waste income	-1,831	-1,884	-53	
Waste - Concession interest	-352	-333	19		-528	-500	28	concession underspend per 2016/17 agreed/audited accounting treatment
Waste - Concession liability	-305	-354	-49		-458	-531	-73	
Financing SERC - Interest	352	333	-19		528	500	-28	
Financing SERC - Concession interest	453	447	-6		679	668	-11	
Premises - SERC	137	138	1		205	226	21	
Depreciation - SERC	715	690	-25		1,072	1,034	-38	
FCL Levy income	-8,347	-6,547	1,800	1.8M dispersed to Boroughs	-12,520	-10,720	1,800	1.8M dispersed to Boroughs
Fixed Cost Levy Net Expenditure	0	279	279		0	103	103	

Appendix 2

KPI No	Measure	2017/18 Target	Forecast	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Comments
Efficiency												
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 515,099 to 570,204 tonnes	524,323	40,313	46,182	47,934	43,980	45,518	42,906	41,785	40,931	
KPI2	Total kgs WCA waste per dwelling	867	837	64	74	77	70	73	68	67	65	
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)	2.7%	2.4%	2.3%	2.4%	5.9%	1.0%	4.3%	1.8%	1.8%	
KPI7	Average days to pay creditors	Max of 30 days	18	14	17	18	18	18	18	19	20	
KPI8	Number of audit actions or recommendations overdue	0	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%	0.85%	0.47%	1.30%	1.43%	1.34%	2.13%		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		Nov data unavailable at time of writing
KPI16	Engagement on social media	Provisional 8,000. Communication Officer to review in year	7,423	929	528	518	444	481	469	449	464	
KPI17	Number of Training days per WLWA employee	4	2.0	1.0	0.1	0.0	0.1	0.0	0.1	0.3	0.0	Significant training plan identified from appraisals for last quarter but unlikely to achieve aspirational target due to staffing changes and projects
KPI18	Number of visitors to our website	Min of 60,000 hits	81,675	8,437	7,417	7,207	6,875	6,434	6,094	6,426	5,560	