

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

This report provides an update on financial and operational matters

**RECOMMENDATION(S)**

The Authority is asked to:-

- 1) Note the current financial position in 2018/19 and Key Performance Indicators
- 2) Note the financial decisions taken under the Scheme of Delegation to Officers
- 3) Note the internal control update

**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	641	605	-36	1,923	1,857	-66
Premises	857	1,595	738	2,571	3,710	1,139
Waste Transport & Disposal	15,141	15,093	-47	45,422	44,216	-1,206
Other supplies	326	167	-159	977	929	-48
Depreciation	2,867	2,782	-84	8,600	8,346	-254
Financing and Other	2,083	1,628	-455	6,250	5,398	-852
Concession Adjustment	-1,355	-1,380	-25	-4,065	-4,139	-74
	<b>20,559</b>	<b>20,491</b>	<b>-68</b>	<b>61,678</b>	<b>60,318</b>	<b>-1,360</b>
<b>Income</b>						
Levies	-19,950	-20,382	-432	-59,850	-60,377	-527
Trade and other	-609	-733	-124	-1,828	-2,038	-210
	<b>-20,559</b>	<b>-21,115</b>	<b>-556</b>	<b>-61,678</b>	<b>-62,415</b>	<b>-737</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>-624</b>	<b>-624</b>	<b>0</b>	<b>-2,098</b>	<b>-2,098</b>

The summary shows how financial performance compares to the budget for both the period in question and the forecast for the year. The overall performance for the period and forecast for the year are both showing favourable variances (i.e. overall underspends) – £0.6 million for the period and £2.1 million for the year's forecast.

The most notable cause of variances in budgets results from the purchase of transfer station sites. The budget was set on the assumption that the transfer station sites would have been purchased before the commencement of 2018/19. The forecast now assumes the purchase will take place at the end of December. Therefore the related budgets will see variances forecast for the year i.e. we will continue paying rents for 9 months resulting in an overspend (£1.1 million) in the premises budget and we'll have no financing costs for 9 months resulting in an underspend in the financing budget (£0.9 million). An update on the transfer station purchase is reported separately in today's agenda.

Another notable forecast variance is for waste transport and disposal (£1.2 million). The forecast anticipates savings resulting from the food and green waste procurement (£0.8 million) where prices have been achieved which are significantly lower than both budget and the current price. However, it is important to note that waste volumes can change significantly from month to month and these savings could be easily eroded by higher than budgeted volumes of waste. The forecast will therefore be continually updated over the course of 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 and provides commentary on the variances.

## **2. KPIs for 2018/19**

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities.

Please note that there are three KPI targets that we've slightly modified.

KPI10 and KPI11 – RIDDOR rates for contractor run sites and our own site. It has not been possible to identify suitable industry wide measures or targets. Therefore we have changed this back to the previous measure – the number of incidents with a target of zero.

KPI16 – training days. The approved target was for an average of 4 training days per person. For clarity and practical purposes this has been slightly modified to show a simple number of training days based on staff numbers i.e. 4 days per person x 32 employees = 128 day target.

Most indicators are on target however there is one significant exception – KPI16 the number of training days. This is due to a very busy start to the year resulting from a number of projects and organisational change. This has meant only a limited amount of training has been delivered. The priority of business plan projects means that it is unlikely that the target will be achieved this year. This is a challenge which is more pertinent to small organisations with limited numbers of employees where many are involved in projects.

The other KPIs worth noting are:

KPI3 – The Site Manager is taking steps to increase the recycling rate at Twyford.

KPI4 – Residual waste growth has been higher than expected across the boroughs. Two sites have low recycling rates which brings down the average across all the sites.

KPI10 – RIDDOR incidents at contractor run sites. The incident recorded related to a third party HGV driver at Transport Avenue falling from height after he had finished sheeting his

trailer resulting in the driver injuring his ankle. All hauliers have been reminded that their drivers must adhere working at procedure.

KPI12 – EA reported incidents at contractor run sites. This relates to the fire at Transport Avenue which was reported to the last Authority meeting.

### 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. Internal Control Update

This is detailed in Appendix 3 which can be found in Part II of the agenda.

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

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

**7. 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	Actual	Variance	Commentary	Budget	Estimate	Variance	Commentary
	£ 000s	£ 000s	£ 000s		£ 000s	£ 000s	£ 000s	
Waste - Residual	8,104	7,802	-301		24,311	24,043	-268	
Waste - Residual: EfW Bulked	2,441	1,883	-558		7,324	6,396	-929	more waste direct delivered reducing bulking cost
Waste - Residual: EfW Delivered	1,334	2,130	796		4,002	4,829	827	
Waste - Food	225	114	-111		674	288	-386	lower procured contract price
Waste - Mixed Organic	243	354	111		729	816	87	higher rates than expected
Waste - Green	372	393	21		1,117	910	-207	lower procured contract price
Waste - Other	92	144	52		276	431	155	large amounts of trade wood and rubble
Financing Costs	1,429	1,280	-149		4,288	4,335	47	
Depreciation - SERC	2,318	2,252	-66		6,955	6,757	-198	reduced indexed asset value per audit 18-19
Premises - SERC	431	425	-6		1,292	1,275	-17	
Concession Accounting Adjustment	-1,167	-1,189	-21		-3,502	-3,566	-64	
PAYT Levy income	-15,879	-16,311	-432		-47,636	-48,163	-527	
PAYT Net Expenditure	-57	-722	-665		-170	-1,650	-1,480	

Fixed Cost Levy	Period 4				Forecast			
	Budget	Actual	Variance	Commentary	Budget	Estimate	Variance	Commentary
	£ 000s	£ 000s	£ 000s		£ 000s	£ 000s	£ 000s	
Employees	641	605	-36		1,923	1,857	-66	
Premises	426	1,170	744		1,279	2,435	1,156	unbudgeted rent - transfer stations
Waste - Residual	1,452	1,529	78		4,355	4,384	29	
Waste - Green	208	157	-52		625	356	-269	lower procured contract price
Waste - Wood	323	312	-11		970	937	-33	lower procured contract price
Waste - Other	346	275	-71		1,039	828	-211	
Other Supplies	326	167	-159		977	929	-48	
Depreciation	548	530	-18		1,645	1,589	-56	
Financing	426	348	-78		1,278	842	-436	less borrowing interest than expected - transfer stations
Revenue Funding of Debt	228	0	-228		684	221	-463	half year effect - transfer stations
Concession Accounting Adjustment	-188	-191	-3		-563	-573	-10	
Trade Waste and Other Income	-609	-733	-124		-1,828	-2,038	-210	expected higher recyclables and trade waste income
FCL Levy income	-4,071	-4,071	0		-12,214	-12,214	0	
Fixed Cost Levy Net Expenditure	57	98	41		170	-447	-617	

## Appendix 2

KPI No	Measure	2018/19 Target	Forecast	Apr	May	Jun	Jul	Comments
<b>Efficiency</b>								
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 511,929 to 565,816 tonnes	556,221	42,809	50,036	47,957	44,605	
KPI2	Total kgs WCA waste per dwelling	853	880	813	882	891	880	
KPI3	CA household reuse, recycling, composted % (Twyford)	45%	41%	40%	42%	42%	39%	Residual waste has growth has been higher than expected through HRRCs.
KPI4	Borough HRRC Average CA household reuse, recycling, composted %	45%	32%	29%	35%	33%	32%	Residual waste has growth has been higher than expected through HRRCs.
KPI5	Trade debt as proportion of non levy income	Max of 8% (1 month)	3.1%	1.5%	2.2%	4.1%	4.7%	
KPI6	Average days to pay creditors	Max of 30 days	23	30	21	21	21	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	
<b>Service Delivery</b>								
KPI8	Residual waste landfill diversion rate	96%	96%	100%	100%	99%	86%	In July SERC was offline for two weeks to rectify stack issues.
KPI9	Recycling rate for residual waste (Suez contract only)	2.00%	3%	2.97%	3.27%	3.57%	1.36%	
<b>Safety</b>								
KPI10	RIDDOR incidents at rail transfer stations	0	1	0	1	0	0	A BioCollector driver jumped from height and injured his ankle whilst sheeting trailer.
KPI11	RIDDOR incidents at Twyford	0	0	0	0	0	0	
<b>Environment</b>								
KPI12	EA reported incidents at rail transfer stations	0	1	0	0	1	0	The fire at Transport Avenue in July required the Environment Agency to be notified.
KPI13	EA reported incidents at Twyford	0	0	0	0	0	0	
<b>Education</b>								
KPI14	Number of people engaged at events	6,000	6,000	734	551	630	656	
KPI15	Engagement on social media	8,000	8,000	253	444	812	611	
KPI16	Number of Training days per WLWA employee	128 days over the year across all employees	64.0	2.0	5.0	5.5	1.0	A busy start to the year has resulted in limited training.
KPI17	Number of visitors to our website	60,000	60,000	7,193	7,780	7,453	7,379	