

Budget Monitoring Report Period 7 (October)**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 HRRC data verification exercise

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	1,122	1,081	-41	1,923	1,945	22
Premises	1,500	2,421	921	2,571	3,769	1,198
Waste Transport & Disposal	26,496	25,909	-587	45,422	43,724	-1,698
Other supplies	570	323	-247	977	921	-56
Depreciation	5,017	4,869	-148	8,600	8,346	-254
Financing and Other	3,646	2,874	-772	6,250	5,398	-852
Concession Adjustment	-2,371	-2,414	-43	-4,065	-4,139	-74
	35,979	35,063	-916	61,678	59,964	-1,714
Income						
Levies	-34,913	-35,079	-166	-59,850	-59,638	212
Trade and other	-1,066	-1,262	-196	-1,828	-1,997	-169
	-35,979	-36,341	-362	-61,678	-61,635	43
(Surplus) / Deficit	0	-1,278	-1,278	0	-1,671	-1,671

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) – £1.2 million for the period and £1.7 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 (£1.2 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).

Another notable forecast variance is for waste transport and disposal (£1.7 million). The forecast anticipates savings resulting from the food and green waste procurement (£0.9 million) where prices have been achieved which are significantly lower than both budget and the current price. Residual waste volumes are also lower than budgeted contributing to the underspend, 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 in subsequent months. 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.

Most indicators are on target however as previously reported there is one significant exception – KPI16 the number of training days. The exceptionally busy year to date and 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. Importantly, it should be noted that key areas of compliance related training, such as health and safety, have been undertaken as identified in the Operations Report elsewhere in today's agenda.

The other KPIs worth noting are:

KPI3 and KPI4 – reuse and recycling rates at HRRCs where residual waste growth has been higher than expected across all boroughs therefore the amount of waste recycled proportionately, is not as high.

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.

KPI13 – EA reported incidents at Twyford. In addition to the fire reported at the September Authority meeting we have also had a small mattress fire at the site and more details are provided in the Operations report elsewhere in the agenda.

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. HRRC wasteflows

In order to ensure boroughs are charged fairly for HRRC waste through the FCL an exercise to verify tonnages will be undertaken over the coming year. In particular, it is important that any PAYT waste which flows through HRRCs is identified and charged through the PAYT.

This exercise will provide useful operational information for both the Authority and boroughs and will help inform the business plan's HRRC project and also facilitate future budget setting, where collaboration with boroughs using data will make waste tonnage forecasting more accurate.

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 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	14,181	13,298	-884		24,311	23,489	-822	lower tonnages and prices
Waste - Residual: EfW Bulked	4,272	3,552	-721		7,324	6,396	-929	more waste direct delivered reducing bulking cost
Waste - Residual: EfW Delivered	2,335	3,489	1,155		4,002	4,829	827	
Waste - Food	393	166	-227		674	284	-390	lower procured contract price
Waste - Mixed Organic	425	554	129		729	689	-40	
Waste - Green	652	641	-10		1,117	899	-218	lower procured contract price
Waste - Other	161	270	109		276	551	275	large amounts of trade wood
Financing Costs	2,501	2,241	-261		4,288	4,335	47	
Depreciation - SERC	4,057	3,942	-115		6,955	6,757	-198	reduced indexed asset value per audit 18-19
Premises - SERC	754	744	-10		1,292	1,275	-17	
Concession Accounting Adjustment	-2,043	-2,080	-37		-3,502	-3,566	-64	
PAYT Levy income	-27,788	-27,954	-166		-47,636	-47,424	212	
PAYT Net Expenditure	-99	-1,138	-1,039		-170	-1,487	-1,317	

Fixed Cost Levy	Period 7				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,122	1,081	-41		1,923	1,945	22	
Premises	746	1,677	931		1,279	2,494	1,215	unbudgeted rent - transfer stations
Waste - Residual	2,540	2,750	209		4,355	4,598	243	
Waste - Green	365	224	-141		625	334	-291	lower procured contract price
Waste - Wood	566	478	-88		970	819	-151	lower procured contract price
Waste - Other	606	489	-118		1,039	837	-202	lower transport cost
Other Supplies	570	323	-247		977	921	-56	
Depreciation	960	927	-33		1,645	1,589	-56	
Financing	746	633	-113		1,278	842	-436	less borrowing interest than expected - transfer stations
Revenue Funding of Debt	399	0	-399		684	221	-463	three quarters effect - transfer stations
Concession Accounting Adjustment	-328	-334	-6		-563	-573	-10	
Trade Waste and Other Income	-1,066	-1,262	-196		-1,828	-1,997	-169	expected higher recyclables and trade waste income
FCL Levy income	-7,125	-7,125	0		-12,214	-12,214	0	
Fixed Cost Levy Net Expenditure	99	-140	-239		170	-184	-354	

Appendix 2

KPI No	Measure	2018/19 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. 511,929 to 565,816 tonnes	536,097	42,809	50,036	47,957	44,605	44,509	40,969	41,838	
KPI2	Total kgs WCA waste per dwelling	853	848	813	882	891	880	873	857	848	
KPI3	CA household reuse, recycling, composted % (Twyford)	45%	38%	40%	42%	42%	37%	32%	34%	39%	Residual waste has growth has been higher than expected through HRRCs.
KPI4	Borough HRRC Average CA household reuse, recycling, composted %	45%	31%	29%	35%	33%	30%	30%	30%	30%	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)	2.7%	1.5%	2.2%	4.1%	4.7%	2.9%	0.6%	2.7%	
KPI6	Average days to pay creditors	Max of 30 days	23	30	21	21	21	22	23	24	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	
Service Delivery											
KPI8	Residual waste landfill diversion rate	96%	96%	100%	100%	99%	86%	99%	100%	100%	In July SERC was offline for two weeks to rectify stack issues.
KPI9	Recycling rate for residual waste (Suez contract only)	2.00%	3%	3.31%	3.62%	4.06%	1.66%	3.40%	3.07%	3.59%	
Safety											
KPI10	RIDDOR incidents at rail transfer stations	0	1	0	1	0	0	0	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	0	0	0	
Environment											
KPI12	EA reported incidents at rail transfer stations	0	1	0	0	1	0	0	0	0	The fire at Transport Avenue in July required the Environment Agency to be notified.
KPI13	EA reported incidents at Twyford	0	2	0	0	0	0	0	1	1	Per verbal report to Sept Auth and a small mattress fire
Education											
KPI14	Number of people engaged at events	6,000	6,000	734	551	630	656	140	1930	269	Events for q4 still to be booked but on track YTD (green)
KPI15	Engagement on social media	8,000	8,000	253	444	812	611	338	372	949	Biggest engagement usually over xmas period (amber)
KPI16	Number of Training days per WLWA employee	128 days over the year across all employees	61.0	2.0	5.0	5.5	1.0	0.0	17.0	0.0	A busy year has resulted in limited training.
KPI17	Number of visitors to our website	60,000	60,000	7,193	7,780	6,204	6,133	5,882	6,509	5,774	On track for over 60K - min 3K visits per month to hit target (green)