

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

**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
<b>Expenditure</b>						
Employees	1,282	1,268	-14	1,923	1,932	9
Premises	1,714	2,751	1,037	2,571	3,878	1,307
Waste Transport & Disposal	30,281	29,339	-942	45,422	43,525	-1,897
Other supplies	651	503	-149	977	1,053	76
Depreciation	5,733	5,564	-169	8,600	8,347	-253
Financing and Other	4,167	3,321	-846	6,250	5,356	-894
Concession Adjustment	-2,710	-2,759	-49	-4,065	-4,139	-74
	<b>41,119</b>	<b>39,987</b>	<b>-1,132</b>	<b>61,678</b>	<b>59,952</b>	<b>-1,726</b>
<b>Income</b>						
Levies	-39,900	-40,085	-185	-59,850	-59,765	85
Trade and other	-1,219	-1,496	-277	-1,828	-2,055	-227
	<b>-41,119</b>	<b>-41,581</b>	<b>-462</b>	<b>-61,678</b>	<b>-61,819</b>	<b>-141</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>-1,594</b>	<b>-1,594</b>	<b>0</b>	<b>-1,868</b>	<b>-1,868</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) – £1.6 million for the period and £1.8 million for the year's forecast.

The most notable forecast variance is for waste transport and disposal (£1.9 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 prices and 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 other 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 January. Therefore, the related budgets will see variances forecast for the year i.e. we will continue paying rents for 10 months resulting in an overspend (£1.3 million) in the premises budget and we'll also have no financing costs till then resulting in an underspend in the financing budget (£0.9 million).

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. 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	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Waste - Residual	16,207	15,512	-696		24,311	23,477	-834	lower prices and tonnes than budgeted
Waste - Residual: EfW Bulked	4,883	4,282	-601		7,324	6,396	-929	more waste direct delivered reducing bulking cost
Waste - Residual: EfW Delivered	2,668	3,489	821		4,002	4,829	827	
Waste - Food	449	192	-258		674	294	-380	lower procured contract price
Waste - Mixed Organic	486	609	123		729	731	2	
Waste - Green	745	741	-4		1,117	917	-200	lower procured contract price
Waste - Other	184	316	132		276	509	233	large amounts of trade wood
Financing Costs	2,859	2,561	-298		4,288	4,335	47	
Depreciation - SERC	4,637	4,505	-132		6,955	6,757	-198	reduced indexed asset value per audit 18-19
Premises - SERC	861	850	-11		1,292	1,275	-17	
Concession Accounting Adjustment	-2,335	-2,377	-43		-3,502	-3,566	-64	
PAYT Levy income	-31,757	-31,942	-185		-47,636	-47,551	85	
<b>PAYT Net Expenditure</b>	<b>-113</b>	<b>-1,264</b>	<b>-1,150</b>		<b>-170</b>	<b>-1,597</b>	<b>-1,427</b>	

Fixed Cost Levy	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Comments	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,282	1,268	-14		1,923	1,932	9	
Premises	853	1,901	1,048		1,279	2,603	1,324	unbudgeted rent - transfer stations
Waste - Residual	2,903	2,874	-29		4,355	4,299	-56	
Waste - Green	417	251	-165		625	462	-163	lower procured contract price
Waste - Wood	647	525	-122		970	787	-183	lower procured contract price
Waste - Other	693	549	-143		1,039	824	-215	lower transport cost
Other Supplies	651	503	-149		977	1,053	76	
Depreciation	1,097	1,060	-37		1,645	1,589	-56	
Financing	852	760	-92		1,278	796	-482	less borrowing interest than expected - transfer stations
Revenue Funding of Debt	456	0	-456		684	225	-459	three quarters effect - transfer stations
Concession Accounting Adjustment	-375	-382	-7		-563	-573	-10	
Trade Waste and Other Income	-1,219	-1,496	-277		-1,828	-2,055	-227	expected higher recyclables and trade waste income
FCL Levy income	-8,143	-8,143	0		-12,214	-12,214	0	
<b>Fixed Cost Levy Net Expenditure</b>	<b>113</b>	<b>-331</b>	<b>-444</b>		<b>170</b>	<b>-271</b>	<b>-441</b>	

## Appendix 2

KPI No	Measure	2018/19 Target	Forecast	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Comments
<b>Efficiency</b>												
KPI1	Total WCA waste handled by Authority (tonnes, +/- 5% of budget)	+/- 5% i.e. 511,929 to 565,816 tonnes	537,384	42,809	50,036	47,957	44,605	44,509	40,969	41,838	45,533	
KPI2	Total kgs WCA waste per dwelling	853	850	813	882	891	880	873	857	848	850	
KPI3	CA household reuse, recycling, composted % (Twyford)	45%	37%	40%	42%	42%	37%	32%	33%	39%	30%	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%	29%	32%	28%	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%	3.3%	
KPI6	Average days to pay creditors	Max of 30 days	23	30	21	21	21	22	23	24	25	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	0	
<b>Service Delivery</b>												
KPI8	Residual waste landfill diversion rate	96%	96%	100%	100%	99%	86%	99%	100%	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%	2.97%	3.27%	3.57%	1.36%	2.88%	2.61%	2.99%	2.11%	
<b>Safety</b>												
KPI10	RIDDOR incidents at rail transfer stations	0	1	0	1	0	0	0	0	1	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	0	
<b>Environment</b>												
KPI12	EA reported incidents at rail transfer stations	0	1	0	0	1	0	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	0	Per verbal report to Sept Auth and a small mattress fire
<b>Education</b>												
KPI14	Number of people engaged at events	6,000	6,000	734	551	630	656	140	1930	269	185	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	953	1,148	Biggest engagement usually over xmas period (amber)
KPI16	Number of Training days per WLWA employee	128 days over the year across all employees	80.3	2.0	5.0	5.5	1.0	0.0	17.0	15.5	7.5	A busy start to year limited training but some recovery in recent months
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	5,055	On track for over 60K - min 3K visits per month to hit target (green)