

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 and forecast for 2019/20
- 2) Note the KPIs
- 3) 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	1,354	1,260	-94	2,031	2,028	-3
Premises	1,791	1,743	-48	2,686	2,627	-59
Waste Transport & Disposal	30,799	30,640	-159	46,198	45,582	-616
Other supplies	661	402	-259	992	901	-91
Depreciation	5,657	5,907	251	8,485	8,861	376
Financing and Other	4,364	4,343	-20	6,546	6,515	-31
Concession Adjustment	-2,810	-2,810	0	-4,215	-4,215	0
	41,815	41,485	-331	62,723	62,300	-423
Income						
Levies	-40,540	-40,311	228	-60,810	-59,990	820
Trade and other	-1,275	-1,930	-654	-1,913	-2,605	-692
	-41,815	-42,241	-426	-62,723	-62,595	128
(Surplus) / Deficit	0	-756	-757	0	-295	-295
Disimbursement back to Boroughs		1,900	1,900		1,900	1,900
Net position after disbursement	0	1,144	1,143	0	1,605	1,605

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 is close to budget and the forecast surplus for the year shows a small favourable variance (i.e. underspend) of £0.3 million.

The largest variations relate to residual waste volumes. The forecast uses the previous years' monthly profile of tonnages which show that the latter part of the year has a proportionately lower volume of waste. Therefore the projection is for WTD to be lower than budgeted primarily a result of residual waste volumes. This is also reflected in the lower PAYT rate.

The surplus also includes income from the PPP arrangement of £0.5 million which is a share of the revenue earned (above a threshold) by the contractor from third parties and power generation.

Other smaller but notable variances include updated depreciation reflecting the valuations for the 2018/19 accounts, a share of the increased cost in SERC insurance premiums (under the PPP arrangement the Authority has to pay a share of the increase in premiums if the increase exceeds 30%) and a mixture of wasteflow volume variations (e.g. lower than budgeted price for mattresses and higher than budgeted volumes of rubble).

There are no concerning trends. However, it is important to note that waste volumes can change significantly from month to month so waste flows will be continually monitored over the course of the year and the forecast will be updated and reported accordingly.

The disbursement to boroughs of £1.9 million as detailed in earlier Authority meetings was paid in July as planned and this results in a final forecast net position of a £1.6 million deficit.

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 2019/20

The KPI table (Appendix 2) illustrates the performance across a wide range of key activities. Most indicators are on target with a couple of outliers to note:

- KPI3 and KPI4 reuse, recycling and composted rates – The November performance is comparable or better than last year however it remains below target with some of it a result of seasonal fluctuations.
- KPI5 trade debt as proportion of levy income – the performance is significantly skewed by one debtor. This debt is being chased and we are currently awaiting a court date. It is expected that the debt will be recovered.

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 Managing Director and/or Chief Officers under the Scheme of Delegations since those reported to the last Authority meeting.

There were none.

4. Financial Implications – These are detailed in the report.

5. 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	24,483	23,744	-738	Tonnage lower than estimated	36,724	35,540	-1,184	Potential savings due to lower rates and estimated tonnage
Waste - Food	212	197	-14		318	296	-22	
Waste - Mixed Organic	538	615	77	Effect of green waste seasonality	807	820	13	
Waste - Green	546	687	142	Effect of seasonality	818	885	67	
Waste - Other	295	405	110	Unbudgeted recyclables and transport	442	607	164	Unbudgeted recyclables and transport
Financing	2,795	2,881	85		4,193	4,321	128	
Depreciation - SERC	4,537	4,381	-157	Impact of valuation	6,806	6,571	-235	Impact of valuation
Premises - SERC	860	860	0		1,289	1,289	0	
Concession Accounting Adjustment	-2,415	-2,415	0		-3,623	-3,623	0	
PAYT Levy income	-31,849	-31,621	229	Higher tonnage during first half of the year	-47,774	-46,954	820	Potential rebate due to lower tonnage
PAYT Net Expenditure	0	-267	-267		0	-248	-249	

Fixed Cost Levy	Period 8				Forecast			
	Budget £ 000s	Actual £ 000s	Variance £ 000s	Commentary	Budget £ 000s	Estimate £ 000s	Variance £ 000s	Commentary
Employees	1,354	1,260	-94	Effect of unfilled vacancies	2,031	2,028	-3	Effect of vacancies
Premises	931	883	-48		1,397	1,338	-59	
Waste - Residual	2,963	3,679	716	Higher than estimated tonnage	4,444	5,407	963	higher than estimated tonnage
Waste - Green	301	214	-87		451	304	-147	
Waste - Wood	438	646	208	Higher than estimated tonnage	657	992	335	Forecasted high tonnage
Waste - Other	1,025	452	-572	Lower than estimated tonnage and rates (rubble, mattresses)	1,537	732	-805	Lower than estimated tonnage and rates (rubble, mattresses)
Other Supplies	661	402	-259	Uneven spending pattern during the year	992	901	-91	
Depreciation	1,119	1,527	407	Impact of valuation	1,679	2,290	611	Impact of valuation
Financing	994	863	-131	Lower borrowing cost than budgeted	1,491	1,295	-196	Lower borrowing cost than budgeted
Revenue Funding of Debt	575	600	25		862	900	38	
Concession Accounting Adjustment	-395	-395	0		-592	-592	0	
Trade Waste and Other Income	-1,275	-1,930	-654	High trade waste income and extra income from 19-20	-1,913	-2,605	-692	High trade waste income and extra income from 19-20
FCL Levy income	-8,691	-6,791	1,900	Disimbursement to Boroughs	-13,036	-11,136	1,900	Disimbursement to Boroughs
Fixed Cost Levy Net Expenditure	0	1,410	1,410		0	1,853	1,853	

Appendix 2

KPI No	Measure	2019/20 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. 518,206 to 572,754 tonnes	542,495	45,467	47,030	46,642	48,206	45,295	43,407	44,909	40,707	
KPI2	Total kgs WCA waste per dwelling	847	851	856	871	873	882	876	866	863	851	
KPI3	HRRC reuse, recycling, composted % (Twyford)	40%	37%	40%	41%	41%	37%	38%	34%	32%	31%	The November figure is equal to the rate achieved in November 2018/19. Less recyclable material tends to be delivered in the winter months.
KPI4	Borough HRRC Average reuse, recycling, composted %	40%	31%	30%	34%	31%	31%	30%	32%	26%	31%	The November figure this year is 3% higher than 18/19 rate. Some sites are achieving over 40% but others are below 20%.
KPI5	Trade debt as proportion of non levy income	Max of 8% (1 month)	4.7%	12.0%	11.9%	10.5%	8.2%	15.5%	15.1%	13.9%	11.5%	Skewed by one large debt being pursued through courts and expected to be recovered by year end. This accounts for 7%
KPI6	Average days to pay creditors	Max of 30 days	29	29	29	29	29	28	28	28	30	
KPI7	Number of audit actions or recommendations overdue	0	0	0	0	0	0	0	0	0	0	
Service Delivery												
KPI8	Residual waste landfill diversion rate	96%	100%	100.00%	100.00%	100.00%	99.59%	99.64%	99.71%	99.76%	99.78%	Figures are for year to date
KPI9	Recycling rate for residual waste	2.00%	5%	2.84%	2.73%	6.25%	3.59%	3.97%	3.59%	3.57%	3.64%	Figures are for year to date
Safety												
KPI18	Lost Time injury frequency rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Following the H&S recommendation to review KPI's for H&S reporting this is being added to the reported KPI's. It's an indicator that is widely used and recommended in the waste sector and used by the HSE to compare performance between industries.
KPI10	RIDDOR rate at rail transfer stations (previously incidents)	0	0	0	0	0	1	0	0	0	0	This has been reported as an incident rather than a rate as we do not have the information available at time of publishing to provide the rate.
KPI11	RIDDOR rate at Twyford (previously incidents)	0	0	0	0	0	0	0	0	1	0	This is an absolute number rather than a rate
Environment												
KPI12	EA reported incidents at rail transfer stations	0	0	0	0	0	0	0	0	0	0	
KPI13	EA reported incidents at Twyford	0	0	0	0	0	0	1	0	0	0	Very small fire
Education												
KPI14	Number of people engaged at events	3,000	4,230	24	358	679	351	29	482	362	335	
KPI15	Engagement on social media	8,000	9,944	595	1,239	842	523	1,040	1,028	805	557	
KPI16	Items identified in annual training plan and subsequently	68	79	11	0	6	6	0	4	28	6	
KPI17	Number of visitors to our website	40,000	78,899	6,883	6,677	6,433	3,963	6,727	6,545	6,821	6,550	

* KPIs reflect the most recent data available at the time of writing

Date prepared: 27 Dec 2019