

Date	-	10 November 2017
Report of the	-	Lead Director, Dr Anthony Leonard
Subject	-	Partnership Budget 2017/18 and Expenditure Forecast to the end of March 2018

Recommendation: It be **RESOLVED:** That each Council ensures sufficient budget provision in 2018/19 to fund the Joint Waste Contract and Partnership costs.

Report Author: Madeleine Gorman, Partnership Manager

1. This report updates the Joint Waste Committee (JWC) as to the costs incurred to the end of September 2017 together with the expenditure forecast to March 2018 for the following budget areas:
 - a. Joint Waste Contract;
 - b. Partnership Client Unit Costs; and
 - c. Items of Other Expenditure procured through the Partnership Office.
2. This report also provides a basic budget forecast for 2018/19.

Joint Waste Contract Costs 2017/18: Mid-Year Position and Forecast

3. This table shows the Contract Costs Budget for 2017/18 against expenditure incurred to end September 2017 (six months) and forecast expenditure to end March 2018.

Table 1

	Annual Budget (£'000)	Expenditure to end September 2017 (£'000)	Forecast to end March 2018 (£'000)
EBC	3,252	1,637	3,270
HBC	2,713	1,354	2,710
RDC	2,982	1,473	2,950
WDC	3,922	1,911	3,830
TOTAL	12,871	6,375	12,760

Partnership Client Unit Costs (Administering Authority) 2017/18: Mid-Year Position and Forecast

4. The following table shows the Administering Authority budget, expenditure incurred to end September 2017 (six months) and forecast expenditure to end March 2018.

Table 2

	Annual Budget (£)	Expenditure to end September 2017 (£)	Forecast to end March 2018 (£)
Joint Waste Staff (includes salaries, mileage and expenses)	126,370	84,000	139,560
Supplies and Services (includes ICT, stationery and external audit)	25,870	7,600	12,600
Support Services (includes premises, accountancy, cashiers etc.)	45,450	0	45,450
TOTAL	197,690	91,600	197,610

5. The Deputy Contract Manager (DCM) will be on maternity leave until 3 September 2018 and the financial impact of providing cover for the role means that an overspend is anticipated on salary costs. This is expected to be offset by the anticipated underspend on Supplies and Services so that the net position remains within budget for 2017/18.
6. For forecasting purposes the Administering Authority is assuming a 1% pay award for 2018/19 (from 1 September) but this is under review at present given that inflation forecasts for next year are in the 3% to 4% range. Arrangements will need to be in place to ensure the DCM role is fully covered and can be appropriately handed back at the end of the period. Maternity funding does not cover the full cost of providing cover for the role so it is anticipated that additional funding c£12,000 will be required for the Joint Waste Partnership salaries budget in 2018/19.

Other Expenditure 2017/18

7. This table shows the other items of expenditure that are administered through the Joint Waste Partnership. Where officers with budget responsibilities have agreed a budget this is listed, however many items are on-going with no agreed budget (namely those related to external consultants and legal advice). Expenditure incurred to end of September 2017 (six months) and forecast expenditure to end of March 2018 is displayed.

Table 3

	Budget (£)	Expenditure to end September 2017 (£)	Forecast to end March 2018 (£)
Health and Safety Training	4,950	4,950	4,950
Street Cleansing Performance Monitoring Surveys – WYG *	25,200	16,600	25,200
Waste Operations Recycling Group (WORG) Recycling campaign	48,300	1,200	13,800
Waste Compositional Analysis (Resource Futures)	20,300	20,300	20,300

2016/17 Partnership Reimbursement	(14,320)	(3580)	(14,320)
TOTAL	84,430	39,470	49,930

* Based on Partnership 50% share of costs. Kier pays the remaining 50%.

8. In May/June 2017, Council staff with responsibility for monitoring collection and street cleansing activities had the opportunity to attend Health and Safety management training utilising IOSH approved training materials specific to the waste industry. An external trainer was commissioned to deliver the training to the benefit of 27 officers across the Partnership. This arrangement delivered four days training at less than £200 per person.
9. Street Cleansing is monitored by independent external assessors. The current arrangement has been commissioned for the remaining period of the Contract (to July 2019) at an annual cost of £50,000 split equally between Kier and the Partnership.
10. The budget provided for the Waste Operations and Recycling Group (WORG) Recycling campaign of £69,100 was not fully spent during 2016/17, and the Waste Resource Strategy Group decided to carry forward the remaining budget of £48,307 to 2017/18. The key initiative to be delivered in 2017/18 is the provision of new fleet advertising on 25 collection vehicles across the Partnership area, to promote recycling. In addition, one advertisement in Your County magazine has been placed, and a further one is planned, along with Facebook advertising, and minor updates to the Partnership website (www.liveloverecycling.co.uk). An underspend of £35,000 is currently forecast. The WORG group is therefore considering options for further work to be undertaken in 2017/18.
11. The JWC resolved in March 2015 to undertake a Waste Compositional Analysis in alternate years until the contract end date in 2023. The second of these analyses was conducted in June 2017.
12. The 2017 annual audit of the Joint Waste Partnership (JWP) identified that an overpayment of £3,579.87 had been made in 2016/17 by each partner. These sums will be reimbursed to each Council by the end of 2017 and are displayed in Table 3 above.

2017/18 Summary

13. The net position for the Partnership Client Unit Costs (Administering Authority) and other expenditure against approved budgets is forecast to be an underspend of £34,580 (see para 10 above). However, only actual expenditure is recovered from the Partners (as opposed to budget contributions being sought in advance) so in practice a lower sum than originally expected will be recovered from each Partner at year end.

Joint Waste Contract Costs: Budget Provision 2018/19

14. As part of their own budget setting processes it is for each Council to take a view on inflation forecasts that will affect this Contract. However, the working assumption by the JWP is that the inflationary impact to contract costs could rise to 3% in 2018/19. In addition, it is recommended that a budget allowance of 0.5% is made for quantity increases across the partnership area, but

partners are advised to consider the likelihood of new homes, road building etc. and vary this figure depending on their own local circumstances.

Dr Anthony Leonard
Lead Director

Risk Assessment Statement

The principle risk arising from contract expenditure is budget overspend as a result of increased volumes of variable work. This risk is mitigated by regular budget monitoring carried out by both the Partnership accountant and each Council's accountancy department.

A small risk arises from the need to forecast inflation before indices are published.