

Date	-	30 November 2018
Report of the	-	Lead Director, Dr Anthony Leonard
Subject	-	Partnership Budget 2018/19 and Expenditure Forecast to the end of March 2019

Recommendation: It be **RESOLVED:** That each Council ensures sufficient budget provision in 2019/20 to fund the Joint Waste Contract and Partnership costs to 29 June 2019.

Report Author: Lucy Yates, Deputy Contract Manager

- This report updates the Joint Waste Committee (JWC) as to the costs incurred for the first half of the financial year to the end of September 2018 together with the expenditure forecast to the end of the financial year March 2019 for the following budget areas:
 - Joint Waste Contract;
 - Partnership Client Unit Costs; and
 - Items of Other Expenditure procured through the Partnership Office.
- This report also provides a basic budget forecast to 29 June 2019/20 when the contract expires.

Joint Waste Contract Costs 2018/19: Mid-Year Position and Forecast

- This table shows the Contract Budget for 2018/19 against expenditure incurred to end September 2018 (six months) and forecast expenditure to end March 2019. Figures in Table 1 only represent payments processed by the Central Client team and will not match each Council's budgets as reported by their finance teams.

Table 1

	Annual Budget	Expenditure to end September 2018	Forecast to end March 2019
	(£'000)	(£'000)	(£'000)
Eastbourne Borough Council	3,438	1,565	3,437
Hastings Borough Council	2,842	1,270	2,845
Rother District Council	3,136	1,470	3,134
Wealden District Council	4,148	1,928	4,131
TOTAL	13,564	6,233	13,547

- The differences between the budget and forecast figures for all authorities is due to the variable aspects of the contract for example bulky waste orders, fly-tip clearance and ad hoc clinical waste orders. These are all services with costs incurred in response to demand.

Partnership Client Unit Costs (Administering Authority) 2018/19: Mid-Year Position and Forecast

5. The following table shows the Administering Authority budget, expenditure incurred to end September 2018 (six months) and forecast expenditure to end March 2019.

Table 2

	Annual Budget (£)	Expenditure to end September 2018 (£)	Forecast to end March 2019 (£)
Joint Waste Staff (includes salaries, mileage and expenses)	133,940	64,080	143,920
Supplies and Services (includes ICT, stationery and external audit)	25,150	880	5,000
Support Services (includes premises, accountancy, cashiers etc.)	45,450	22,725	45,450
TOTAL	204,540	64,960	201,370

6. From September 2018, the Deputy Contract Manager post has been covered full time (plus 6.5hrs p/w) by two members of staff on a job share arrangement. 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 2018/19. The underspend on Supplies and Services is due to there being no external audit fees for this financial year.

Other Expenditure 2018/19

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 displayed against expenditure incurred to end of September 2018 (six months) and forecast expenditure to end of March 2019.

Table 3

	Budget (£)	Expenditure to end September 2017 (£)	Forecast to end March 2018 (£)
Health and Safety Audit	11,000	11,110	11,110
Street Cleansing Performance Monitoring Surveys – WYG *	25,200	16,632	24,948
Social Media Campaign	5,000	1,200	5,000
TOTAL	41,200	28,942	41,058

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

8. External Health and Safety consultants were appointed to undertake a health and safety review and audit of waste, recycling, street and beach cleaning with focus on both contractor and client responsibilities. The work was undertaken between June and September 2018, the cost of which will be split equally between the four partners at year end.

9. Street Cleansing is monitored by independent external assessors. The current arrangement was commissioned for a three year period so will include the remaining period of the Contract (to July 2019) at an annual cost of £50,000 split equally between Kier and the Partnership.
10. A communications campaign is to be delivered between June 2018 and December 2018 via social media with the aim of increasing recycling rates and reducing contamination. The work is being delivered by East Sussex County Council with input from all four Council partners.

2018/19 Summary

11. The net position for the Partnership Client Unit Costs (Administering Authority) and other expenditure against approved budgets is forecast to be an underspend of circa £3,000. 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 2019/20

12. 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 for the part year to contract termination in June 2019. However, the working assumption by the Joint Waste Partnership is that the inflationary impact on the contract price could be 2% (part thereof) in 2019/20. 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.
13. Final reconciliation of all Kier related service activities, the associated costs (including inflation), resolution of any contractual claims and variations is expected to take until the end of September 2019. This work will take place at the same time as the work that will be required to administrate the new contract so it is essential for both activities to be appropriately planned and resourced in due course.

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.