



Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: Monday 30 March 2015

Report of: South London Waste Partnership Management Group

Author(s):

Michael Mackie, Finance Lead

Chair of the Meeting:

Councillor Judy Saunders, Chair SLWP Joint Waste Committee

Report title:

SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE

Summary

This paper provides an update on the Partnership's budget position at month 10 of the financial year and the projected outturn for the 2014/15 financial year.

Recommendations

To note the content of this report.

Background Documents and Previous Decisions

Previous budget reports.

1. Background

- 1.1 The Partnership sets its budget in September for the forthcoming financial year. Therefore the budget illustrated below was constructed last year assuming particular time scales specifically in relation to the planning process for the Energy Recovery Facility by Viridor and excludes any costs that may arise from any planning appeals.
- 1.2 The budget is monitored by Management Group every month to allow the budgets to be flexed where appropriate in order to respond to any budget pressures.

2. Financial Position 2014/15

2.1 The table below refers to the Partnership's budget position for its core activities at month 10 (January) of the 2014/15 financial year. It relates to expenditure in the following areas; procurement, project management, administration, contract management and communications.

Item	Approved Budget £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium</i>	50,000	36,552	50,000	0
<i>Project & Contract Management</i>	300,000	148,572	191,000	(109,000)
<i>Internal Advisors and Accounting</i>	75,000	16,625	77,000	2,000
<i>Document and Data Management</i>	18,000	20,204	20,250	2,250
<i>Audit Fee</i>	2,500	0	2,500	0
<i>Communications</i>	100,000	75,094	90,000	(10,000)
<i>Transition Costs</i>	12,000	17,675	18,000	6,000
TOTAL	557,500	314,722	448,750	(108,750)
COST PER BOROUGH	139,375	78,681	112,188	(27,188)

2.2 The Partnership's budget for core functions forecasts an under spend for the year of £108,750 (£27,188 per borough). The major variance is detailed below.

2.3 The Joint Waste Committee at its meeting of 25 April 2013 approved the recruitment of a Contract Data Officer. The post is currently being held vacant resulting in a full year saving of £33k on the 'Project and Contract Management' budget.

2.4 The post of Strategic Partnership Manager is also included within budget for Project and Contract Management. This post was vacant until October 2014 saving approximately £65k for the financial year.

2.5 There are currently 2 projects being undertaken

- 1). To set up a Four Year Framework Agreement
- 2). A procurement exercise for the HRRCs and

And the forecast position for 2014/15 for the 2 projects is illustrated below.

Four Year Framework Agreement

Item	Estimate £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium</i>	29,000	20,781	29,000	0
<i>Project & Contract Management</i>	10,750	0	0	(10,750)
<i>Internal Legal Advice</i>	4,500	3,913	4,500	0
TOTAL	44,250	24,694	33,500	(10,750)
COST PER BOROUGH	11,063	6,173	8,375	(2,687)

- 2.6 The estimated completion of the 4 year framework agreement is estimated to be March 2015.

HRRC Procurement Exercise

Item	Estimate £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium</i>	190,230	278,820	334,000	143,770
<i>Project & Contract Management</i>	61,560	43,626	82,200	20,640
<i>Internal Legal Advice</i>	27,900	16,313	27,900	0
TOTAL	279,690	338,759	444,100	164,410
COST PER BOROUGH	69,923	84,690	111,025	41,103

- 2.7 Contract mobilisation is scheduled for 1 October 2015.
- 2.8 The budget for advisor consortium is forecasting an over spend of £144k for the year. This is a result of additional work required on pensions, TUPE information and leases by legal advisors (£25k) and additional work required on evaluation and moderation of 2 additional variant bids at ISDS stage, additional modelling meetings and associated time preparing documentation, also required at ISDS stage, by finance advisors (£125k). Measures have been put in place to minimise advisors costs during IFST stage by reducing advisor attendance at bidder meetings, by removal of the contingency allocation and through tighter monitoring of advisor activities. This is estimated to have reduced the potential overspend for 2014/15 by £38k. This additional work, although unforeseen, has resulted in greater transparency within the bidder models, has reduced bidder costs and identified errors within bidder models at ISDS stage.
- 2.9 Project and Contract Management is forecasting a £21k overspend due to additional SLWP costs relating to additional advisor activity detailed in 2.8.
- 2.10 The budget position for all activities for 2014/15 is shown below and forecasts total spend of £926k for 2014/15 compared to the £944k reported to this committee on 17 February, an improvement of £18k.

Item	Original Estimate £	Outturn Forecast £	Variance £	Variance per borough £
<i>Core Activities</i>	557,500	448,750	(108,750)	(27,188)
<i>Framework Agreement</i>	44,250	33,500	(10,750)	(2,688)
<i>HRRC Procurement</i>	279,690	444,100	164,410	41,103
TOTAL	881,440	926,350	44,910	11,227

3. Recommendations:

- 3.1 To note the content of this report.

4. Impacts and Implications:

Finance

4.1 Contained within report.