



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

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Report of: South London Waste Partnership Management Group

Author(s):

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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 outturn position for the 2014/15 financial year and summarises the 2015/16 budget for core activities and for the final stages of the HRRC Procurement project.

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.
- 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.
- 1.3 The Partnership is required to produce a draft budget for the following financial year for consideration by the Joint Waste Committee by 31 October each year. In accordance with the inter-Authority Agreement (IAA) the agreed draft budget is then subjected to consideration by the individual boroughs before a finalised budget is taken to the Joint Waste Committee for approval.

The IAA sets out that the final budget must be approved by 31 December each year.

- 1.4 The 2015/16 draft budgets for core activities and for the final stages of the HRRC Procurement Project were considered at the September Committee and the final budgets were approved at the 3 December 2014 Joint Waste Committee.

2. Financial Position 2014/15

- 2.1 The table below refers to the Partnership's outturn budget position for its core activities for 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 £	Variance £
<i>Advisor Consortium - Phase B</i>	50,000	40,397	(9,603)
<i>Project & Contract Management</i>	300,000	205,214	(94,786)
<i>Internal Advisors and Accounting</i>	75,000	72,788	(2,212)
<i>Document and Data Management</i>	18,000	20,204	2,204
<i>Audit Fee</i>	2,500	2,000	(500)
<i>Communications</i>	100,000	79,885	(20,115)
<i>Transition Costs</i>	12,000	17,675	5,675
TOTAL	557,500	438,163	(119,337)
COST PER BOROUGH	139,375	109,541	(29,834)

- 2.2 The Partnership's outturn for core functions is an under spend for the year of £119,337 (£29,834 per borough). *The major variances are 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 the budget for Project and Contract Management. This post was vacant until October 2014 saving approximately £65k for the financial year.
- 2.5 To mitigate overspends on other projects Management Group put in place measures to contain anticipated spend within the overall SLWP budget. One of the mitigation measures was to reduce communications activity in 2014/15 resulting in an underspend for communications of £20k.
- 2.6 There are currently 2 projects being undertaken
- 1). To set up a Four Year Framework Agreement
 - 2). A procurement exercise for the HRRCs

Four Year Framework Agreement

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	29,000	22,004	(6,996)
<i>Project & Contract Management</i>	10,750	0	(10,750)
<i>Internal Advisors and Accounting</i>	4,500	3,913	(587)
TOTAL	44,250	25,917	(18,333)
COST PER BOROUGH	11,063	6,479	(4,583)

- 2.7 The Project and Contract Management budget provided for Commercial Advice which was not required as the project was managed by the Contract Manager with support from the partnerships internal and external legal advisors, resulting in an underspend on this project of £18k.

HRRC Procurement Exercise

Item	Estimate £	Actuals £	Variance £
<i>Advisor Consortium</i>	190,230	313,365	123,135
<i>Project & Contract Management</i>	61,560	79,006	17,446
<i>Internal Advisors and Accounting</i>	27,900	25,150	(2,750)
TOTAL	279,690	417,521	137,831
COST PER BOROUGH	69,923	104,380	34,458

- 2.8 The forecast for the HRRC Procurement is for an overspend of £138k.
- 2.9 The outturn for advisor consortium is an over spend of £123k for the year. This is a result of 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. Measures were put in place to minimise advisors costs during ISFT stage by reducing advisor attendance at bidder meetings, by removal of the contingency allocation and through tighter monitoring of advisor activities. These measures are estimated to have reduced the potential overspend for 2014/15 by £43k. 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.
- 2.10 Project and Contract Management is forecasting an £18k overspend due to extra costs relating to additional work carried out with Legal Advisors on pensions, TUPE information and Leases.
- 2.11 Contract mobilisation is scheduled for 1 October 2015.
- 2.12 The budget position for all activities for 2014/15 is shown below and the outturn for all activities is £881,601 against a budget of £881,440, a difference of £161 (£40 per borough).

Item	Approved Budget £	Outturn Actual £	Variance £	Variance per borough £
<i>Core Activities</i>	557,500	438,163	(119,337)	(29,834)
<i>Framework Agreement</i>	44,250	25,917	(18,333)	(4,583)
<i>HRRC Procurement</i>	279,690	417,521	137,831	34,458
TOTAL	881,440	881,601	161	40

3. 2015/16 Budget

3.1 The table below illustrates the budget requirement of the Partnerships core functions for 2015/16 as approved at the 3 December 2014 Committee.

Item	Approved Budget 2015/16 £
<i>Advisor Consortium</i>	50,000
<i>Project & Contract Management</i>	300,000
<i>Internal Advisors and Accounting</i>	75,000
<i>Document and Data Management</i>	20,000
<i>Audit Fee</i>	2,500
<i>Communications</i>	50,000
TOTAL	497,500
COST PER BOROUGH	124,375

Project Activities

3.2 The table below details the budget for the final stages of the HRRC procurement as approved at the 3 December 2014 Committee.

Item	Approved Budget 2015/16 £
<i>Advisor Consortium</i>	95,000
<i>Project & Contract Management</i>	60,000
<i>Internal Advisors and Accounting</i>	18,000
TOTAL	173,000
COST PER BOROUGH	43,250

3.3 The HRRC procurement is now in the fine tuning stage with an estimated contract start date of 1 October 2015.

- 3.4 The budget position for all activities for 2015/16 as shown below totals £670,500 (£167,625 per borough).

Item	Approved Budget 2015/16 £
<i>Core Activities</i>	497,500
<i>HRRC Procurement</i>	173,000
TOTAL	670,500
COST PER BOROUGH	167,625

4. Recommendations:

- 4.1 To note the content of this report.

5. Impacts and Implications:

Finance

- 5.1 Contained within report.

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