



Dorset Waste Partnership Joint Committee

Date of Meeting	13 June 2016
Officer	Interim Director of the Dorset Waste Partnership
Subject of Report	Update on the DWP Medium Term Financial Plan (MTFP)
Executive Summary	<p>This report is intended to provide an update on the financial position for the five year period of the DWP Medium Term Financial Plan.</p> <p>This report does not provide a refresh of the MTFP, rather, it is intended to draw attention to the direction of travel and to give an indication to the likely size and scale of the funding gap going forward.</p> <p>In order for the DWP to meet the expectations of partner councils reductions in funding, significant changes to the current service model may need to be considered. Commissioning Group members are meeting with senior DWP managers for a 'Budget Challenge Workshop' on 1st July 2016 to have initial discussions to explore the viability of major changes to the service model in order to bring about significant savings. The outcomes of that work will be reported to Joint Committee in due course.</p> <p>A fully refreshed MTFP will be presented at the October 2016 Joint Committee for approval, alongside the budget report for 2017/18.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>This report contains no new proposals and has no equalities implications.</p>
	<p>Use of Evidence:</p> <p>The report is based on data from the County Council's financial system and the management information systems used by the Dorset Waste Partnership. This is supplemented by information from service managers where necessary.</p>

Update on the DWP Medium Term Financial Plan (MTFP)

	<p>Budget:</p> <p>This report is intended to provide an update on the financial position for the five year period of the DWP Medium Term Financial Plan.</p> <hr/> <p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: HIGH Residual Risk HIGH</p> <hr/> <p>Other Implications:</p> <p>None.</p>
<p>Recommendation</p>	<p>That members note the contents of this report.</p>
<p>Reason for Recommendation</p>	<p>That the Joint Committee note the scale of likely gap that will exist between expectations of DWP service delivery (and budget) and expectations of partner councils' ability to fund the DWP, over the remaining period of the MTFP.</p>
<p>Appendices</p>	<p>Appendix 1 – MTFP as presented to Joint Committee 27th October 2015</p>
<p>Background Papers</p>	<p>None.</p>
<p>Report Originator and Contact</p>	<p>Name: Paul Ackrill, Finance and Commercial Manager, Dorset Waste Partnership, Tel: 01305 224121 Email: Paul.Ackrill@dorsetwastepartnership.gov.uk</p>

Update on the DWP Medium Term Financial Plan (MTFP)

1. Background

- 1.1 The Medium Term Financial Plan (MTFP) was last presented to the DWP Joint Committee in October 2015. That MTFP suggested that the 2016/17 agreed budget of £34.205m would rise to £36.559m by 2020/21. That MTFP is attached to this report at Appendix 1, for reference.
- 1.2 This report provides some context for the level of savings required in order to match the funding aspirations of partner councils.

2. Savings requirement over the MTFP period

- 2.1 No formal 'savings target' has been allocated to the DWP budget by partner councils. Discussions are taking place between partner council Leaders as to what level of formal 'savings target' is to be applied to the DWP going forward, which is to be a consensus position that reflects the financial position of all partners. In the meantime, an illustrative savings target has been put forward by the DWP Commissioning Group, pending a more formal position being agreed by partner Council Leaders. The illustrative savings target reflects the funding position of the partners, and will have a significant impact upon the DWP MTFP.
- 2.2 In order for the DWP to meet the expectations of partner councils' reductions in funding, significant changes to the current service model may need to be considered. Commissioning Group members are meeting with Senior DWP managers for a 'Budget Challenge Workshop' on 1st July 2016 to have initial discussions to explore the viability of major changes to the service model in order to bring about significant savings. The outcomes of that work can be considered further at member workshops over the summer and will be reported to Joint Committee in due course.

3. MTFP assumptions

- 3.1 The Joint Committee are reminded of the major assumptions within the MTFP, as follows:
- 3.2 Household growth is quoted as 1250 additional households per year. This figure acts as the denominator in the 'cost per household' calculation only. The estimates of household growth do *not* trigger the application of additional resource/costs within the MTFP. Any additional operational resource that is required due to household growth is applied to the budget as part of the annual budget setting process, and presented to Joint Committee in October each year.
- 3.3 The MTFP currently retains an assumption of inflationary uplifts of 1% per annum, for both pay and non-pay budget lines.
- 3.4 Tonnages of waste arising and value of recyclate is assumed to remain consistent, with budget lines only affected by the inflationary uplift. In reality, Joint Committee members will be aware that these areas are affected by both national and international economic factors that are difficult to forecast with accuracy.
- 3.5 The MTFP does not take into account increases in the legal minimum wage, which is expected to be more than £9 per hour by 2020. The increases in minimum wage between now and 2020 have not been announced by central government, and therefore it is not known when increases will impact on the DWP MTFP. The budget for 2016/17 is not affected by changes in the legal minimum wage.
- 3.6 The trading services for Commercial Waste and Garden Waste are shown with relatively flat profiles in the MTFP. A full refresh of the Commercial Waste and Garden Waste service MTFP profiles will be provided to Joint Committee in due course based on latest information. That information is likely to provide a more positive picture (when taking both services together) than the current MTFP.

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4. Cost per household

4.1 The MTFP quotes a 'cost per household' for Dorset residents in the range of £166 per household rising to £174 per household by 2020/21. This figure is thought to place Dorset in a good position, however, comparative data is hard to find due to way that most collection authorities and disposal authorities report (and act) separately.

4.2 The Joint Committee are reminded of the figures quoted in the October 2015 Joint Committee report:

- Somerset Waste Partnership £165.75 per household (2014/15) (excludes street cleaning costs).
- Shropshire, from the 2010-2015 strategy document, £181.52 per household

It has not been possible to obtain any further comparative 'cost per household' figures for this report.

5. Full MTFP refresh – October 2016

5.1 A fully refreshed MTFP will be presented at the October 2016 Joint Committee for approval, alongside the budget report for 2017/18.

Karyn Punchard
Interim Director, Dorset Waste Partnership
May 2016