



Dorset Waste Partnership Joint Committee

Date of Meeting	7 November 2016
Officer	Treasurer to the Dorset Waste Partnership
Subject of Report	Medium Term Financial Plan 2018/19 - 2021/22
Executive Summary	<p>This report presents and discusses the following:</p> <ul style="list-style-type: none"> • The projected net costs of the DWP through to the year 2021/22 on the assumption that the service continues in its present form and that savings initiatives that are currently in progress come to fruition as currently planned. • It does not include further savings initiatives that may impact on the style of service delivery. • The Medium Term Financial Plan includes assumptions on cost drivers and levels of income that will potentially need reassessment in the light of further information including market conditions that may be available at a later date. For example, the Garden Waste and Commercial Waste services may need to be revisited in the light of later information and strategic direction. • Based on the above, and assuming the 2017/18 cost shares between partners, projected net costs are shown for each partner authority. • The report does not consider the future funding position of partner councils nor potential changes in the organisation of local government within the geographical county of Dorset. • The MTFP shows that the projected costs of the DWP are between £162 per household (2018/19) and £170 per household (2021/22).
Impact Assessment:	Equalities Impact Assessment: This report contains no new proposals and has no equalities implications.

Medium Term Financial Plan 2018/19 – 2021/22

	<p>Use of Evidence: The report is based on data from the County Council's financial system and the systems used by the DWP to monitor, for example, waste arising and income from recyclates. This is supplemented by information from service managers where necessary.</p> <p>Budget:</p> <p>The Medium Term Financial Plan suggests that the net cost of the service will range from £33.663M (2018/19) to £35.067M (2021/22) accounting for current savings initiatives in progress but not accounting for further savings which may impact on the current service delivery model.</p> <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> <p>This assessment relates to the potential volatility of the budget in future years and the potential need to find a significant level of further savings in each year to meet future partner funding expectations.</p> <p>Other Implications: No other implications have been identified.</p>
<p>Recommendation</p>	<p>The DWP Joint Committee is asked to:</p> <p>Consider and adopt the Medium Term Financial Plan 2018/19 to 2021/22 as set out in this report.</p>
<p>Reason for Recommendation</p>	<p>The Joint Committee along with the Management Board monitors the Partnership's performance against budget and scrutinises actions taken to manage within budget on behalf of partner Councils.</p>
<p>Appendices</p>	<p>Appendix 1 – Medium Term Financial Plan projections 2018/19 to 2021/22.</p>
<p>Background Papers</p>	<p>None</p>
<p>Report Originator and Contact</p>	<p>Name: Andy Smith, Treasurer to the Dorset Waste Partnership, Tel: 01305 224031 Email: a.g.smith@dorsetcc.gov.uk</p>

1. Background

- 1.1 The Dorset Waste Partnership is now in its sixth year with all District and Borough Council, together with the County Council now fully active partners. The Recycle for Dorset service is now serving all (201,000+) properties in Dorset.
- 1.2 There is now a need to fully refresh the Medium Term Financial Plan and represent it to this committee for their consideration and adoption to highlight the longer term financial direction of the DWP.
- 1.3 The main thrust of the proposed MTFP (detail shown in Appendix 1) is to present the projected net costs of the DWP on the assumption that it continues to operate in a similar way, offering similar service to the public over the lifetime of the plan. Should partner funding in future years need to be constrained below the currently projected cost of the service, then further savings initiatives that may change the service model will need to be considered.
- 1.4 Work continues to be undertaken by DWP managers to ensure implementation of current savings initiatives and to investigate further opportunities and options.
- 1.5 The major assumptions in forming the MTFP are:
 - The MTFP assumes that there are no changes to the Recycle for Dorset service model.
 - The MTFP does not consider the effect of uplifts in the legal minimum wage. It is known that the legal minimum wage will uplift every year from April 2017, however there is limited detail currently available on the proposed amounts for these annual uplifts.
 - The MTFP makes assumptions, where appropriate, of inflationary uplifts of 1% for pay and 1.5% for non-pay in each year of the MTFP, based on latest national information and forecasts, and consistent with assumptions made by the host authority.
 - Recyclate value is assumed to be a cost paid of £17.32 per tonne. Market conditions remain volatile and recyclate value will need to be reassessed for each budget round.
 - It is assumed that household numbers will grow by 1250 dwellings for each year of the plan, which is based on planning data. It is known that planning data does not necessarily translate into new households service by DWP on the same timescales but is nonetheless a reasonable broad brush assumption. It is also in line with increases in households reported on the Council Tax Base forms.
 - The waste disposal line incorporates assumed additional costs based on growth of household numbers.
 - The MTFP assumes that a new round is required, due to housing growth, each year from 2019/20 onwards. It is assumed that rounds have capacity to deal with growth up to that point in time. A new round is estimated to cost in the region of £225k, consisting of a refuse round and recycling round for alternate weeks and a food waste collection every week. Rounds in urban areas can deal with 1000+ properties per round, whilst more rural rounds are

typically collecting around 700 to 800 properties per round. With growth assumed at 1250 new dwellings per annum, additional rounds will therefore be needed once existing capacity is reached.

- It is assumed that capital charges for vehicle replacement of the core fleet have reached a 'plateau' by 2020/21 and that additional charges are only incurred for additional vehicles such as growth in rounds.
- The vehicle fuel budget line shows an annual uplift in line with inflation, whilst in reality fuel prices are subject to many international factors and are difficult to predict beyond the short term.
- The waste disposal budget assumes that the existing contracts and disposal arrangements continue as is, with an annual uplift for inflation. In reality, disposal arrangements provided to the DWP by the private sector are sometimes subject to unforeseen circumstances such as trading problems/take overs, fires etc. for which some contingency is now provided through the budget equalisation reserve.

1.6 The Joint Committee is asked to consider and adopt the plan as presented, with a recognition that there will be further regular iterations of the MTFP presented to the Joint Committee in the light of further experience of the Recycle for Dorset service, further information on the ability to achieve savings, future information on local government funding and updated information on other external factors.

1.7 In summary the MTFP suggests that the net cost of the service will range from £33.663M (2018/19) to £36.067M (2021/22) accounting for current savings but not accounting for further savings which may impact on the current service delivery model. The projected costs per household are between £162 (2018/19) and £170 (2021/22).

Andy Smith
Treasurer to the Dorset Waste Partnership

October 2016