



Councils working together

Dorset Waste Partnership Joint Committee

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| Date of Meeting | 12 September 2017 |
| Officers | Director of the Dorset Waste Partnership |
| Subject of Report | Finance and Performance Report September 2017 |
| Executive Summary | <p>This report presents and discusses key financial performance trends and risks of variance in income and expenditure against the 2017/18 revenue budget of £33.1M.</p> <p>At end of July 2017 there is a predicted underspend on the revenue budget for the year of £957k. The report gives further detail of the reasons for this.</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 Dorset 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> |
| | <p>Budget:</p> <p>For 2017/18, a revenue budget of £33.1m was agreed by the DWP Joint Committee. Based on information known at the end of July 2017, there is potential favourable variance of £957k.</p> |

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| | <p>For 2017/18, a capital budget of £2.682m was agreed by Joint Committee in November 2016, and this was amended by Joint Committee in June 2017 with the additional inclusion of a sum for the procurement of a replacement ICT system and associated in-cab technology, at £146.5k for 2017/18, bringing the capital budget expected spend to £2.828m. This report assumes that this sum will be fully spent, but this is subject to the outcomes of procurement exercises and associated timescales being confirmed.</p> <p>Risk Assessment:</p> <p>Having considered the risks associated with this information using the County Council’s approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: MEDIUM</p> <p>Residual Risk MEDIUM</p> <p>This assessment relates to the potential volatility of a number of factors, in particular the price paid/income received in respect of recycle, which could yet move in an adverse direction later in the year. Nonetheless, it is acknowledged that, unless there are extreme further variations, the likelihood is that the budget position will remain favourable.</p> <p>Other Implications:</p> <p>No other implications have been identified.</p> |
| <p>Recommendations</p> | <p>The DWP Joint Committee is asked to:</p> <ol style="list-style-type: none"> 1. Note the current 2017/18 revenue budget forecast. 2. Note the capital expenditure position for 2017/18 to date. |
| <p>Reason for Recommendations</p> | <p>The Joint Committee monitors the Partnership’s performance against budget and key performance indicators, and scrutinises actions taken to manage within budget on behalf of partner Councils.</p> |
| <p>Appendices</p> | <p>Appendix 1 - Assurance statement by the Treasurer Appendix 2 – Revenue Budget – Major Variances Appendix 3 – Budget variance by partner council Appendix 4 – Budget position summary infographic Appendix 5 - DWP capital spend and commitments Appendix 6 – Budget Risks and Mitigations Appendix 7 – Budget Timetable</p> |

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| Background Papers | None |
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1. Background

- 1.1 The Joint Committee of 16 January 2017 agreed a revenue budget of £33.1m for 2016/17.
- 1.2 Based on 2017/18 data to date there is a forecast underspend for of £957k to the end of the year. Further detail on major budget variances is provided in Appendix 2.
- 1.3 A breakdown of the forecast underspend by partner councils is provided at Appendix 3. Note that the share by partner is adjusted by the agreed variations, which are in respect of street cleaning at North Dorset District Council (£20k) and a change of arrangements in respect of public toilet facilities at East Dorset District Council (£41.6k).
- 1.4 An assurance statement from the Treasurer is provided at Appendix 1.

2. Waste disposal

- 2.1 The effect of inflation in 2017/18 over and above the budgeted 1% is calculated to cost the DWP an additional £189k.
- 2.2 A change of contractual arrangement for glass recycling is forecast to bring in around £75k of additional income by the end of 2017/18. Glass was budgeted as a net nil cost.
- 2.3 Members will be aware that the price that the DWP pays to dispose of recycle varies on a monthly basis. Whilst this creates a lack of certainty in budgeting terms, the current arrangement is generally recognised as providing the DWP with favourable prices in comparison to the wider market, partly influenced by the relatively good quality of the product. The current forecast is a £438k favourable variance to year end.
- 2.3 Income from other recycled card, cans and plastics is also expected to generate a favourable variance of £45k.
- 2.4 Favourable variances are predicted in respect of tonnages of waste arising and associated haulage costs, estimated at £506k overall. This includes favourable prices due to a contractual change in disposal volumes with one of the DWPs key disposal outlets.

3. Container charging

- 3.1 The container charging service went live in late June 2017, following on from the decision made by Joint Committee in January 2017 to implement this new service. The year 2017/18 is seeing some one-off development costs, and a part year effect in terms of income. At the time of writing there is only just over one month's data available. Based on this data, an adverse variance of around £65k is anticipated, though with such little data to base this on, there is potential for this to change.

4. Trading Accounts

- 4.1 The financial performance of the Commercial Waste service is anticipated to be £125k favourable over and above the budgeted position.
- 4.2 A review of the financial performance of the Garden Waste service indicates that the service is expected to be on budget. The Joint Committee are reminded that gross income target was set at almost £2.1m, and that customer numbers are increasing towards 45,000 at the time of writing. There is a separate report on this same agenda that provides further detail.

5. Other minor variances

- 5.1 Other minor variances identified to date include savings arising from temporary vacancies in the Transport section, and planning for unfunded expenditure on additional temporary waste enforcement resource.
- 5.2 Appendix 4 summarises the latest forecast position in infographic format.

6. Capital Budget 2016/17

- 6.1 Capital spend and commitments for the year to date can be seen at Appendix 5.
- 6.2 Spend to date and commitments amounts to £2.383m against expected spend of £2.828m. Risk and uncertainty remains in respect of:
- 6.3 Major new facility planned for Blandford. Exact timescales and costs are subject to ongoing work.
- 6.4 Replacement ICT system and in-cab technology. At the time of writing this report, the procurement process is being finalised, meaning that uncertainty remains on price and timescales.
- 6.5 Spend on containers to date is low, meaning that there is potential for underspend to occur here. Spend will be kept under review.

7. Budget Equalisation Reserve

7.1 The Joint Committee are reminded that the following funds are currently held in the reserve:

| Local Authority | Amount held in Budget Equalisation Reserve (£) |
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| Dorset County Council | 645,591 |
| Christchurch BC | 39,485 |
| East Dorset DC | 59,400 |
| North Dorset DC | 53,324 |
| Purbeck DC | 40,388 |
| West Dorset DC | 81,123 |
| Weymouth & Portland BC | 80,690 |
| Total | 1,000,000 |

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September 2017