



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	6 November 2017
Officers	Director of the Dorset Waste Partnership
Subject of Report	Finance and Performance Report November 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 the end of September 2017 there is a predicted underspend on the revenue budget for the year of £1.347m, continuing the improving trend that has previously been reported. 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 £1.347m.</p> <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, bring the capital budget expected spend to £2.828m. This report shows total spend to date plus commitments is at £2.5m.</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, even with 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. 3. Note that there will be a request at year end for a ring fenced specific carry forward of up to £75k for contract related technical advice.
<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</p>

	Appendix 6 – Budget Risks and Mitigations Appendix 7 – Budget Timetable
Background Papers	None
Report Originator and Contact	Karyn Punchard, Director Dorset Waste Partnership Tel: 01305 225459 Email: k.punchard@dorsetwastepartnership.gov.uk

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 of £1.347m 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 council 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 £76k 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 £601k favourable variance to year end.
- 2.4 Income from other recycled card, cans and plastics is also expected to generate a favourable variance of £33k.
- 2.5 Favourable variances are predicted in respect of tonnages of waste arising and associated haulage costs, estimated at £602k overall. This includes favourable prices due to a contractual change in disposal volumes with one of the DWPs key disposal outlets.

- 2.6 Joint Committee are asked to note that a request will be made at the close of the 2017-18 financial year to ring fence and carry forward up to £75k of underspend from this budget line from 2017-18 into 2018-19 in respect of technical advice for contract renewals. The Joint Committee will be aware that preparation work is underway for the re-procurement of waste disposal contracts in 2020 in relation to food waste and green waste and 2021 for residual waste. It is crucial that these contracts are procured in such a way to achieve the best possible outcomes and value for money that the market has to offer, and expert advice is required to do this. The existing budget for such advice is likely to be largely underspent (but is not reflected in the overall forecast) this year, and is likely to face greater costs than budgeted in 2018-19, and this is when the bulk of the advice is required. For this reason, this issue is flagged up early to Joint Committee. For the purposes of budget monitoring, the full £75k is currently assumed to be either fully spent or carried forward. If the request to carry forward is not approved, then the available underspend will increase by a further £75k.

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, an adverse variance of around £50k 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 net cost of delivery.
- 4.2 The financial performance of the Garden Waste service is anticipated to be £200k favourable over and above the budgeted net cost of delivery.

5. Other minor variances

- 5.1 Other minor variances identified to date include savings arising in the Transport section budgets in relation to hire of vehicles and staffing vacancies. Elsewhere, there is 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 £2.509m against expected spend of £2.828m. Risk and uncertainty remains in respect of:
- 6.3 Major new facility planned for Blandford. Professional fees are now being incurred in preparation for the major aspects of the scheme but there is uncertainty in relation to price and timescales for the major build, anticipated in future years.
- 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 an underspend to occur. 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 (£)
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

Karyn Punchard
Director
Dorset Waste Partnership

October 2017