

Agenda

Meeting: Dorset Waste Partnership Joint Committee

Time: 11.00 am

Date: 20 March 2018

Venue: Council Chamber, Purbeck District Council, Westport House, Wareham, BH20 4PP.

Anthony Alford (Chairman)	West Dorset District Council
Michael Roake (Vice-Chairman)	North Dorset District Council
Daryl Turner	Dorset County Council
Tony Ferrari	Dorset County Council
Margaret Phipps	Christchurch Borough Council
Patricia Jamieson	Christchurch Borough Council
Ray Bryan	East Dorset District Council
Barbara Manuel	East Dorset District Council
David Budd	Purbeck District Council
Peter Webb	Purbeck District Council
Alan Thacker	West Dorset District Council
Ray Nowak	Weymouth & Portland Borough Council
Kevin Brookes	Weymouth & Portland Borough Council
David Walsh	North Dorset District Council

Notes:

- The reports with this agenda are available at www.dorsetforyou.com/countycommittees then click on the link "minutes, agendas and reports". Reports are normally available on this website within two working days of the agenda being sent out.
- We can provide this agenda and the reports as audio tape, CD, large print, Braille, or alternative languages on request.

- **Public Participation**

Guidance on public participation at County Council meetings is available on request or at <http://www.dorsetforyou.com/374629>.

Public Speaking

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 15 March 2018, and statements by midday the day before the meeting.

Debbie Ward
Chief Executive

Contact: Denise Hunt
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Date of Publication:
Monday, 12 March 2018

1. **Apologies for Absence**

To receive any apologies for absence.

2. **Code of Conduct**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

3. **Minutes**

5 - 8

To confirm and sign the minutes of the meeting held on 15 January 2018.

4. **Public Participation**

(a) **Public Speaking**

(b) **Petitions**

5. **Forward Plan 2018**

9 - 14

To consider a report by the Head of Service (Strategy) of the Dorset Waste Partnership (attached).

6. **Finance and Performance Report - March 2018**

15 - 38

To consider a report by the Director of the Dorset Waste Partnership (attached).

7. **Questions from Councillors**

To answer any questions received in writing by the Chief Executive by not later than 10.00am on 15 March 2018.

Exempt Business

To consider passing the following resolution:

To agree that in accordance with Section 100 A (4) of the Local Government Act 1972 to exclude the public from the meeting in relation to the business specified below it is likely that if members of the public were present, there would be disclosure to them of exempt information as defined in the paragraphs detailed below of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

8. Commercial Services Business Plan 2018-19 (Paragraph 3) 39 - 62

To consider a report by the Finance and Commercial Manager of the Dorset Waste Partnership (attached).

9. Strategic Waste Management Centre for Central Dorset (Paragraph 3) 63 - 98

To consider a report by the Director of the Dorset Waste Partnership (attached).

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Dorset Waste Partnership Joint Committee

Minutes of the meeting held at Dorset Councils
Partnership, South Walks House, Dorchester, Dorset
on Monday, 15 January 2018.

Present:

Anthony Alford (West Dorset District Council) (Chairman)

Members Attending

Daryl Turner (Dorset County Council), Tony Ferrari (Dorset County Council), Peter Hall, (Christchurch Borough Council), Margaret Phipps (Christchurch Borough Council), Ray Bryan (East Dorset District Council), Barbara Manuel (East Dorset District Council), David Budd (Purbeck District Council), Peter Webb (Purbeck District Council), Alan Thacker (West Dorset District Council), Graham Carr-Jones (North Dorset District Council), John Ellis (Weymouth & Portland Borough Council) and Ray Nowak (Weymouth & Portland Borough Council).

Other Members in attendance

Timothy Yarker (West Dorset District Council) attended the meeting as an observer.

Dorset Waste Partnership Officers Attending:

Paul Ackrill (Commercial and Finance Manager), Gemma Clinton (Head of Service - Strategy), Grace Evans (Legal Advisor), James Potten (Communications and Marketing Officer), Michael Moon (Head of Service (Operations)), Karyn Punchard (Director), Andy Smith (Treasurer) and Denise Hunt (Senior Democratic Services Officer).

Other Officers in attendance

Steve Mackenzie (Purbeck District Council)
Jim McManus (Dorset County Council)

- (Notes:(1) Publication In accordance with paragraph 8.4 of Schedule 1 of the Joint Committee's Constitution the decisions set out in these minutes will come into force and may then be implemented on the expiry of five working days after the publication date. Publication Date: **Monday, 22 January 2018**
- (2) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Joint Committee to be held on **Tuesday, 20 March 2018.**)

Apologies for Absence

- 1 Apologies for absence were received from Kevin Brookes, Patricia Jamieson, Michael Roake and David Walsh.

Members who were substituting at this meeting included John Ellis, Peter Hall and Graham Carr-Jones.

Code of Conduct

- 2 There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Councillor Graham Carr-Jones declared a general interest as his brother was employed by the Dorset Waste Partnership. As this was not a pecuniary interest, he remained present throughout in the meeting.

Minutes

- 3 The minutes of the meeting held on 6 November 2017 were confirmed and signed.

Public Participation

4 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Dorset Waste Partnership Forward Plan

- 5 Members were informed that an update report on the Blandford capital project for a waste transfer station and Household Recycling Centre (HRC) would be added to the forward plan on 20 March 2018. The SWAP half yearly review report would be considered on 11 June 2018 and January 2019.

Noted

Finance and Performance Report

- 6 The Joint Committee considered a report by the Director of the Dorset Waste Partnership (DWP) that presented key financial performance trends and risks of variance in income and expenditure against the 2017/18 revenue budget of £33.1m.

The Director reported a predicted underspend of just under £1.4m, which was similar to that reported in November 2017. She drew attention to the possible budget variances, in particular the volatility of the recyclate price. The price for recyclate had resulted in an income in the early part of the year, but had now moved into being a cost. The forecast underspend of £370k had been based on the current cost of £12 per tonne and was slightly lower than that reported to Joint Committee in November 2017.

In response to a question in relation to the cost share of the partner councils specifically relating to Christchurch Borough Council, it was confirmed that the relevant figures were contained in the first two columns in Appendix 3 of the report.

Noted

Revenue Estimates 2018-19

- 7 The Joint Committee considered a joint report by the Treasurer and Director of the Dorset Waste Partnership containing revenue estimates for 2018-19 totalling a net cost of £33.1m following consultation with partner councils.

The Treasurer confirmed that all of the partner councils had approved a £33.1m budget in 2018-19 with no change in service levels, in accordance with discussions held at the informal budget workshops in Autumn 2017. He stated that this had resulted in riskier budget assumptions in order to close the £700k budget gap required in order to achieve the standstill budget.

Members were informed of a new development concerning a recent pay award of a headline 2% plus an uplift in the minimum wage. This resulted in £383k additional cost as the budget had assumed a 1% increase. It was therefore recommended that this cost was taken out of the Budget Equalisation Reserve (BER).

Members were supportive of using the BER to offset the cost of the pay award. A view was expressed that a BER level of £1m was unnecessary if each partner held their own contingency, however, this was not supported by other members who

recalled difficulties with levels of overspend in recent years. Some members therefore considered that a BER level of £1m was reasonable and would be immediately accessible if needed.

A member noted that the views previously expressed regarding HRC closures had been taken into account and not included in the budget assumptions which was welcomed.

In response to a question regarding the budgetary impact of rises in fuel prices, members were informed that fuel was procured by way of a single County Council contract and although this would continue to be monitored, the price of fuel could become a significant budget risk if it continued to rise.

The Chairman drew attention to the impact of the recyclate price, the cost of which had risen from £0 per tonne in November 2017 to £12 per tonne in January 2018. He recognised that although the ability to forecast the recyclate price would continue to have its limitations, it would need to form part of the consideration of the BER at the meeting in June 2018 and be based on the best available information at that time.

Resolved

1. That the draft revenue estimates for 2018/19, at £33.1m, be approved;
2. That the transfer of £383k from the Budget Equalisation Reserve to apply to pay budget lines, to deal with the effect of the pay offer, as a one-off measure be approved;
3. That the level of budget reductions applied, totalling around £700k within the revenue estimates for 2018/19 be noted; and
4. That the cost shares for each partner council be noted.

Reason for Decisions

The Inter Authority Agreement required the Joint Committee to approve a revenue budget for the following year, following consultation with partner councils.

Corporate Risk Register

- 8 The Joint Committee considered a report by the Head of Service (Strategy) that outlined the current corporate risk register.

The Head of Service (Strategy) reported that the risk in relation to the failure to achieve capital and revenue budget / savings targets in 2017-18 had improved. There was one risk that had deteriorated that related to longer term finances, which was now a high risk. The other high risk included the inability to maintain and develop infrastructure to meet DWP needs which was linked to disposal options for recycling and residual waste.

Noted

Questions from Councillors

- 9 No questions were asked by members under Standing Order 20.

Exempt Business

10

Resolved

That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for minute number 11 because it was likely that if members of the public were present, there would be a disclosure to them of exempt information as defined in the paragraph 3 of Part 1 of Schedule 12A and the public interest in withholding the information outweighed the public interest in disclosing that information.

Waste Disposal Contract Strategy

- 11 The Joint Committee considered an exempt report by the Director of the Dorset Waste Partnership. The report concerned options for the disposal of residual waste and organic waste following the expiry of the current contracts. This topic had been the subject of an informal briefing on the morning of the meeting.

Following introduction of the report, the Chairman asked about the possibility of eliminating the need to use landfill.

The Director responded that this would be unlikely at the present time as there were elements of waste that remained difficult to dispose of, such as bulky items and mattresses. Although the facilities for disposal of some items remained limited and expensive in the UK, she explained that the use of landfill represented a very small proportion of the waste produced. Reliance was also placed on landfill for contingency arrangements, for example, when waste treatment plants were undergoing routine maintenance.

Resolved

That authority be delegated to the Director of DWP, in consultation with the Chair of Joint Committee, to:

1. award contract(s) and agree terms for additional residual waste treatment capacity with existing providers where this is in the scope of existing contracts and cost effective;
2. conduct a procurement exercise, agree terms and award short to medium term contracts to secure capacity for residual waste treatment/disposal from August 2020 and August 2021 when the current landfill and waste treatment contracts expire;
3. engage with Bournemouth Borough Council (BBC) and Borough of Poole (BoP) to investigate the potential for joint commissioning arrangements following the expiry of BoP's contract in August 2027, including agreeing a Memorandum of Understanding with BBC and BoP as appropriate; and
4. conduct a procurement exercise, agree terms and award contracts for the treatment of organic waste from August 2020.

Reason for Decisions

To secure waste disposal arrangements to fulfil the statutory duty on behalf of the Waste Disposal Authority in a cost-effective manner.

Retirement of Treasurer

- 12 The Chairman announced that the Treasurer to the DWP, Andy Smith, was due to retire and that this was his final DWP Joint Committee meeting. He thanked him for his service as Treasurer and also welcomed Jim McManus who would fulfill the role of Treasurer in future.

Meeting Duration: 11.00 am - 11.45 am



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	20 March 2018
Officer	Gemma Clinton, Head of Service (Strategy)
Subject of Report	Forward Plan 2018
Executive Summary	<p>This paper sets out the Forward Plan for the Dorset Waste Partnership (DWP) for 2018. The Forward Plan is based upon the DWP Business Plan 2014/19.</p> <p>Members are asked to comment on items for future inclusion.</p>
Impact Assessment:	Equalities Impact Assessment; N/A
	Use of Evidence: DWP Business Plan 2014/19
	Budget: N/A
	Risk Assessment: N/A
	Other Implications: None

Recommendation	That the Joint Committee notes the DWP's forward plan and comments on the items included and suggests others for future meetings where appropriate.
Reason for Recommendation	To provide greater visibility of the DWP Forward Plan and to ensure decisions are taken in a timely and programmed manner to achieve the objectives of the Business Plan and meet the Joint Committee's needs.
Appendices	Appendix One: DWP Forward Plan 2018
Background Papers	None
Report Originator and Contact	Name: Gemma Clinton, Head of Service (Strategy) Tel: 01305 224716 Email: g.clinton@dorsetwastepartnership.gov.uk

1. Background

- 1.1 The Joint Committee previously requested that the Work Programme be reported as a separate item so that progress could be more easily identified and the timing of key decisions highlighted.
- 1.2 The Forward Plan (Appendix 1) gives an indication of all reports to be submitted to Joint Committee during the calendar year to provide clarity on forthcoming projects and plans.

Gemma Clinton
Head of Service (Strategy)
 March 2018

**Dorset Waste Partnership Joint Committee Forward Plan
(Meeting Date – 11 June 2018)**



Explanatory note: This work plan contains future items to be considered by the Dorset Waste Partnership Joint Committee. It will be published 28 days before the next meeting of the Joint Committee.

This plan includes key decision to be taken by the Joint Committee and items that are planned to be considered in a private part of the meeting. The plan shows the following details for key decisions:-

- (1) date on which decision will be made
- (2) matter for decision, whether in public or private (if private see the extract from the Local Government Act on the last page of this plan)
- (3) decision maker
- (4) consultees
- (5) means of consultation carried out
- (6) documents relied upon in making the decision

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Any additional items added to the Forward Plan following publication of the Plan in accordance with section 5 of Part 2, 10 of Part 3, and Section 11 of Part 3 of The Local Authorities (Executive Arrangements) (Meetings and Access to information) (England) Regulations 2012 are detailed at the end of this document.

Definition of Key Decisions

Key decisions are defined in the Inter-Authority Agreement as decisions of the Joint Committee which are likely to -

- "(a) result in the Dorset Waste Partnership (DWP) incurring expenditure which is, or the making of savings which are, significant having regard to the DWP's budget for the service or function to which the decision relates namely where the sum involved would exceed £500,000; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions in Dorset."

How to request access to details of documents, or make representations regarding a particular item

If you would like to request access to details of documents or to make representations about any matter in respect of which a decision is to be made, please contact the Senior Democratic Services Officer, Chief Executive's Department, County Hall, Colliton Park, Dorchester, DT1 1XJ (Tel: (01305) 224878 or email: d.hunt@dorsetcc.gov.uk).

Date of meeting of the Committee (1)	Matter for Decision/ Consideration (2)	Decision Maker (3)	Consultees (4)	Means of Consultation (5)	Documents (6)
11/06/18 11/09/18 5/11/18	Key Decision - Yes Open Finance and Performance Report	Dorset Waste Partnership Joint Committee	DWP Officers Dorset Finance Officers Commissioning Group	Meetings and Discussions	
11/06/18	Key Decision – Yes Open Waste in Local Government Reorganisation To consider a report by the Waste in Local Government Reorganisation (LGR) Project Board.	Dorset Waste Partnership Joint Committee			
11/06/18	Key Decision - No Open South West Audit Partnership - Half Yearly Review	Dorset Waste Partnership Joint Committee	DWP Officers Dorset Finance Officers Commissioning Group	Meetings and discussions	
11/06/18	Key Decision - Yes Open Corporate Risk Register	Dorset Waste Partnership Joint Committee	DWP Officers Commissioning Group	Meetings and Discussions	
11/06/18	Key Decision: Yes Open Vehicle Procurement Programme 2019/20	Dorset Waste Partnership Joint Committee	DWP Officers Commissioning Group	Meetings and Discussions	

11/06/18	Key Decision: Yes Open Scheme of Delegation and 2018/19 Schedule of Meetings	Dorset Waste Partnership Joint Committee	DWP Officers		
5/11/18	Key Decision - Yes Open Draft Revenue Estimates 2019-20	Dorset Waste Partnership Joint Committee			
5/11/18	Key Decision - No Open Business Plan 2019-20	Dorset Waste Partnership Joint Committee			
5/11/18	Key Decision - Yes Open Capital Programme	Dorset Waste Partnership Joint Committee			
5/11/18	Key Decision - Yes Open Medium Term Financial Plan	Dorset Waste Partnership Joint Committee			


Private Meetings

The following paragraphs define the reasons why the public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed and the public interest in withholding the information outweighs the public interest in disclosing the information to the public. Each item in the plan above marked as 'private' will refer to one of the following paragraphs.

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes:-
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Dorset Waste Partnership Joint Committee

Business not included in the Forward Plan

 Is this item a Key Decision	Date of meeting of the Committee	Matter for Decision/ Consideration	Agreement to Exception, Urgency or Private Item	Reason(s) why the item was not included
		NONE		

The above notice provides information required by The Local Authorities (Executive Arrangements) (Meetings and Access to information) (England) Regulations 2012 in respect of matters considered by the Committee which were not included in the published Forward Plan.



Dorset Waste Partnership Joint Committee

Date of Meeting	20 March 2018
Officers	Director of the Dorset Waste Partnership
Subject of Report	Finance and Performance Report March 2018
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 January 2018 there is a predicted underspend on the revenue budget for the year of £1.722m, an increase in the expected underspend which was previously forecast to be £1.372m. The main reasons for the change are that waste disposal tonnages, plus associated haulage costs, continue to be more favourable than expected. In addition, the price paid for disposal of recyclate, which varies on a monthly basis, has been favourable for much of the earlier part of the year, although that has already changed to an adverse position.</p> <p>Both of these areas are very volatile, and will continue to be the subject of close monitoring going forward.</p> <p>This report also requests agreement on how to treat the underspend at year end. In previous years, the decision on how to treat any underspend takes place at the June Joint Committee meeting, once the final figures are known. The implications of the faster financial year end closedown, as mandated by central</p>

	<p>government, mean that, in order to achieve the faster closedown timetable, a decision is required by Joint Committee in advance of the closedown.</p> <p>This report makes recommendations regarding the treatment of underspend at year end, as follows:</p> <ul style="list-style-type: none"> • To return £1.372m to partner councils in accordance with the cost share formula. This recommendation is on the basis that, as the prediction of underspend that was reported at the last Joint Committee, some partner councils may be relying on this underspend as part of their strategy towards balancing the current financial year, • Carry forward of some specific committed funding as specific carry forwards (details given below). • Top up the Budget Equalisation Reserve (BER) with any remaining balance, noting that the reserve is being depleted by £383k for the effect of the pay award in 2018/19. <p>The report also proposes performance targets for 2018/19, for approval.</p>
	<p>Equalities Impact Assessment:</p> <p>This report contains no new proposals and has no equalities implications.</p> <hr/> <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> <hr/> <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 January 2018, there is potential favourable variance of £1.722m.</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 £2.426m, excluding slippage of vehicles from the approved capital programme for the previous year.</p> <hr/> <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: LOW</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, for which the price is largely determined by international market conditions. Nonetheless, it is acknowledged that, even with further variations, the likelihood is that the overall budget position will remain favourable for this financial year.</p> <p>Other Implications:</p> <p>No other implications have been identified.</p>
<p>Recommendations</p>	<p>The DWP Joint Committee is recommended 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. Approve the return £1.372m to partner councils in accordance with the cost share formula. 4. Approve the specific carry forward of funding of £75k for ongoing contract related technical advice. 5. Approve the specific carry forward of funding of £50k for ongoing project related consultancy support 6. Approve the top up the Budget Equalisation Reserve (BER) with any remaining balance 7. Approve the proposed Performance Indicators for 2018/19.
<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. Returning the underspend that was reported at the last Joint Committee, is because some partner councils are relying on this underspend as part of their strategy towards balancing the current financial year. Topping up the BER with any remaining balance recognises that the reserve has been depleted by £383K to cover the effect of the pay award in 2018/19.</p>
<p>Appendices</p>	<p>Appendix 1 - Assurance statement by the Treasurer Appendix 2 – Revenue Budget – Major Variances</p>

	<p>Appendix 3 – Partner Share of 2017/18 Budget Underspend Appendix 4 – Budget position summary infographic Appendix 5 - DWP capital spend and commitments Appendix 6 – Budget risks for 2018/19 and beyond Appendix 7 – Budget Timetable Appendix 8 – Proposed Performance Indicators for 2018/19</p>
Background Papers	None
Report Originator and Contact	<p>Karyn Punchard, Director Dorset Waste Partnership Tel: 01305 225459 Email: k.punchard@dorsetwastepartnership.gov.uk</p>

1. Background

- 1.1 The Joint Committee of 16 January 2017 agreed a revenue budget of £33.1m for 2017/18. Based on 2017/18 data to date there is a forecast underspend of £1.722m to the end of the year. An assurance statement from the Treasurer is provided at Appendix 1 and further detail on major budget variances is provided in Appendix 2.
- 1.2 Appendix 3 sets out the proposed return of funds to partners of £1.372m in accordance with the agreed cost share.
- 1.3 Appendix 4 summarises the latest forecast position in infographic format.

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 £41k in respect of management fees at Household Recycling Centres.
- 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 £409k favourable variance to year end.
- 2.4 Whilst there is no definitive view on how the recycle price will behave in the short to medium term, there is pessimism due to the effect that the Chinese recycle import changes are having on the wider international market. Looking specifically at mixed plastic and mixed paper, China is a major global reprocessing hub for these commodities. Should their import restriction on these tighten (the National Sword programme) and be strictly enforced there are limited alternative outlets available at this time. This will put pressure on the remaining re-processors who will be at capacity

leaving a glut of these materials in the short term. This glut will force down the commodity value which in turn will increase any fee or reduce any rebate for the DWP.

- 2.5 Income from other recycled card, cans and plastics is also expected to generate a favourable variance of £31k.
- 2.6 Favourable variances are predicted in respect of tonnages of waste arising and associated haulage costs, estimated at £938k 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, an adverse variance of around £40k is anticipated.

4. Trading Accounts

- 4.1 The financial performance of the Commercial Waste service is anticipated to contribute and additional £88k to DWP overheads.
- 4.2 The financial performance of the Garden Waste service is anticipated to contribute an additional £162k to DWP overheads.

5. Property budgets

- 5.1 The property budgets have seen unbudgeted utility rebate amounting to £90k.

6. Other minor variances

- 6.1 Other minor variances identified to date include a forecast of underspend in the Operations and Street Cleansing budgets (£60k) partly caused by additional commercial income, and increased overheads on central budgets (£23k), including unfunded expenditure on additional temporary waste enforcement posts previously agreed by Joint Committee.

7. Treatment of underspend at year end

- 7.1 This report requests agreement on how to treat the underspend at year end. In previous years, the decision on how to treat any underspend takes place at the June Joint Committee meeting, once the final figures are known. The implications of the faster financial year end closedown, as mandated by central government, mean that, in order to achieve the faster closedown timetable, a decision is required by Joint Committee in advance of the closedown, and hence the Joint Committee are asked now to set out the principles of how to deal with the final outturn figure at the end of 2017/18, once it is known.
- 7.2 Joint Committee have previously been informed of the preparations taking place for the re-procurement of disposal contracts for residual waste and organic waste (food, garden waste and wood). Joint Committee will be aware that getting competitive gate fees / disposal arrangements for these waste streams has the potential for significant

impact on the budget going forward. Joint Committee are asked to approve the specific carry forward of £75k that is earmarked for technical advice to support the procurement process for these contracts. The figures included in this financial report already assume that this £75k will be carried forward. If that is not the case, then the available underspend will increase by £75k.

7.3 Joint Committee are asked to approve the specific carry forward of £50k for consultancy support for projects that are underway in relation to potential savings in future. These include:

- Support with the investigation into different working patterns
- Support with reviewing the collection arrangements in the Tranche 1 area

The figures included in this financial report already assume that this £50k will be carried forward. If that is not the case, then the available underspend will increase by £50k.

7.4 Joint Committee are asked to approve the return of £1.372m to partner councils in accordance with the cost share formula. This recommendation is on the basis that, as £1.372m was the prediction of underspend that was reported at the last Joint Committee, some partner councils have factored in this underspend as part of their regular forecasting and strategy towards balancing the current financial year,

7.4 In January 2018, the Joint Committee approved the release of £383k from the Budget Equalisation Reserve to deal with the pay award for 2018/19, meaning that the reserve will stand at a level of £617k at the start of that year. Given the expected favourable situation at this year-end, Joint Committee are now asked to approve the “top up” of the Budget Equalisation Reserve with any remaining balance from the 2017/18 available underspend, recognising that reserve has been depleted for the 2018/19 pay award and other potential risks for the 2018/19 budget. On the basis of the current predicted favourable variance of £1.722m, this would top the BER up by £350K to £967K. Appendix 6 to this report sets out a number of known budget risks for 2018/19 and beyond.

8. Capital Budget 2017/18

8.1 Capital spend and commitments for the year to date can be seen at Appendix 5.

8.2 Spend to date and commitments amounts to £2.426m against planned spend of £2.828m for 2017/18. Some key issues are highlighted below:

8.3 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.

8.4 Replacement ICT system and in-cab technology. At the time of writing this report, the procurement process has come to an end, and an order will be placed with the successful vendor shortly. Whilst the overall price was within budget, a payment profile has not yet been agreed, meaning that the price and timescales shown here may change.

8.5 Spend on containers to date is low, meaning that there is potential for an underspend to occur. This area of spending will be kept under review.

8.6 In addition, there is spend of £485k for vehicles that have slipped from the 2016/17 capital programme.

9. Budget Equalisation Reserve

9.1 The Joint Committee are reminded that the following funds are currently held in the reserve. The table also shows the forecast level of BER based on the recommendations in this report, which would be an overall balance of £967k.

Local Authority	Amount currently held in Budget Equalisation Reserve (£)	Agreed transfer from reserve for 2018/19 (£)	Balance held after agreed transfer (£)	Forecast of balance held after recommendations (£)
Dorset County Council	645,591	246,346	399,245	624,365
Christchurch BC	39,485	15,231	24,254	38,184
East Dorset DC	59,400	22,725	36,675	57,430
North Dorset DC	53,324	20,678	32,646	51,546
Purbeck DC	40,388	15,592	24,796	39,041
West Dorset DC	81,123	34,450	46,673	78,138
Weymouth & Portland BC	80,690	27,979	52,711	78,296
Total	1,000,000	383,000	617,000	967,000

10. Performance Indicators for 2018/19

10.1 Appendix 8 sets out the proposed Performance Indicators (PIs) for 2018/19. The PIs have been reviewed by the Senior Management Team and the proposal is that the targets as set for 2017/18 remain appropriate for 2018/19. The Joint Committee are asked to review, comment on, and approve the propose PIs for 2018/19.

10.2 Final performance against 2017/18 PIs will be published via email as soon as possible in the new financial year.

Karyn Punchard
Director
Dorset Waste Partnership

March 2018

DWP Finance & Performance Report March 2018

Assurance Statement by the Treasurer

The Treasurers responsibilities include, amongst other things, the following (extract from the Inter Authority Agreement):

- 33.4 The Host Authority shall ensure that the Treasurer shall provide sufficient financial information to the section 151 officer of each Partner Authority to enable each Partner Authority to report on the financial status of the Joint Committee against the relevant Annual Budget.

This Statement is to provide Assurance to the Joint Committee that the Treasurer endorses the Directors finance report, specifically by:

- Having assurance from the Accountancy team and the DES finance system that supports the findings of this report.
- Having had appropriate discussions as part of the extended DWP Senior Management Team.

Jim McManus, Treasurer to the DWP, February 2018

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Item	Probability of occurrence	Risk vs. 2017/18 budget as reported at Jan 2018 Joint Committee	Current risk vs. 2017/18 budget	Notes
		£k	£k	
Inflation in excess of budget - HRC Management Fees	Certain	-39	-41	Effect of inflation over and above the budgeted 1%.
Waste disposal variances - tonnages arising and associated haulage costs, effect of inflation, and proactive diversion away from landfill	Likely	652	938	Favourable waste disposal variances - tonnages arising and associated haulage costs - includes beneficial variation with treatment contractor. Latest figures reflect favourable position seen in December 2017.
Net Income from favourable Glass Recycling contract	Likely	78	76	Unbudgeted income on recycled glass, temporary contractual arrangement to the end of 2017/18.
Net income from recycled card / cans / plastics etc (Non DMR)	Likely	30	31	This material is separate from the DMR recyclate.
Additional temporary waste enforcement resource.	Likely	-20	-18	Unfunded temporary enforcement resource agreed as priority area by JC.
Container Charging income	Likely	-50	-40	First year of the new scheme, which started in June 2017. Indications are of a potential income shortfall.
Commercial Waste Trading Account	Likely	85	88	Forecast of performance is over and above budgeted position. Figures now include costs of new ICT system.
Favourable variance on the Garden Waste trading account	Likely	152	152	Forecast of performance is over and above budgeted position. Figures now include costs of new ICT system.
Central / Management & Admin	Likely	-43	-23	Minor overspends in relation to staffing and additional support service costs being incurred.
Property budgets	Certain	90	90	Unexpected one-off rebate in respect of property.
Total of likely and certain budget variances		935	1253	
Favourable difference on Recyclate price between budgeted cost per tonne of £17.32 and actual cost / income per tonne received.	Possible	377	409	The recyclate price is extremely volatile, and can swing significantly up and down each month. The medium term forecast is gloomy due to the international market, and in particular the restrictions in China.
Operations and Street Cleansing budgets	Possible	60	60	Minor underspends predicted in relation to frontline staffing, plus unbudgeted commercial income.
Total of possible budget variances		437	469	
Total of all budget variances		1372	1722	

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Partner Share of 2017/18 Budget Underspend

Appendix 3

Recommendation: that £1.372m is returned to partner councils in accordance with cost share formula

£ 1,372,000

Partner Council	%	£
Christchurch BC	3.98%	54,561
East Dorset DC	5.93%	81,406
North Dorset DC	5.40%	74,074
Purbeck DC	4.07%	55,853
West Dorset DC	8.99%	123,408
W&PBC	7.31%	100,228
Dorset County Council	64.32%	882,470
	100.00%	1,372,000

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£1.722m
underspend
2017/18 Forecast

£33.1 million
Total Budget



SAVINGS

EXTRA COSTS

17/18

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DWP Capital programme

Spend as at 8th February 2018

Appendix 5

	Planned capital expenditure 2017/18 £	Spend as at 8th February 2018 £	Committed as at 8th February 2018 £	Total spend plus committed £
Planned capital expenditure 2017/18				
Infrastructure				
New waste facility at Blandford	250,000	74,537	15,116	89,654
Other minor capital works	50,000	3,403	46,597	50,000
Equipment				
Vehicle workshop equipment at Crookhill	54,000	5,375	0	5,375
IT system				
Capital costs	146,500	0	118,300	118,300
Containers				
Containers - r4d service	505,000	281,589	0	281,589
Containers - garden waste service	60,000	94,445	0	94,445
Containers - commercial waste service	68,000	2,850	0	2,850
Vehicles				
2017/18 Vehicle replacement programme - core fleet	645,000	559,762	128,628	688,391
2017/18 Vehicle replacement programme - garden waste service	600,000	624,548	0	624,548
2017/18 Vehicle replacement programme - commercial waste service	450,000	470,877	0	470,877
	2,828,500	2,117,387	308,642	2,426,029

*All figures for planned expenditure as presented to Joint Committee November 2016
with the exception of the IT system, agreed by Joint Committee June 2017*

Capital expenditure slipped from 2016/17

Vehicles				
2016/17 vehicle replacement programme - replacement van	0	36,222	0	36,222
2016/17 vehicle replacement programme - slippage (RCVs)	0	448,530	0	448,530
	0	484,752	0	484,752

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APPENDIX 6

Key risks for the DWP budget 2018/19 and beyond

1. Recyclate price volatility

Price volatility for sale of recyclate, driven largely by international market conditions, and to a lesser extent by the quality of the DWP product specifically. Prices currently vary on a monthly basis. Price analysis shows that dramatic and unpredictable changes can occur within a timescale as short as two years. Price swings that affect the DWP by up to £0.5m are considered to be a very realistic possibility.

For 2018/19, the budget assumption was a price of £0/tonne. At the time of writing this report, the price paid by DWP was £17.30 per tonne. A cost of £17.30 per tonne for a full year would cost the DWP £532k.

2. Statutory wood separation requirements

If stricter requirements are implemented in regard to gradings of wood that are recycled at HRCs, additional resources will need to be deployed at each HRC plus separate transport and disposal plans implemented. Likely costs are not well defined, and would need to be negotiated with the HRC contractor.

3. Effect of inflation on contracts

General inflation has been budgeted at 2.5% uplift and applied to contracts and general supplies. DWP contract uplifts are applicable either at April, and at September, depending on the contract in question.

Each 0.5% of inflation adds around £100k to the budget requirement.

4. Vehicle fuel price volatility

Fuel prices fluctuate constantly, and there are no long term reliable forecasts. 2017/18 saw a steadily increasing price throughout the year. The price paid by DWP (via DCC fuel contract) varies on a weekly basis. An increase of 10p per litre would add almost £140k to the budget requirement.

5. Waste disposal – tonnages and disposal routes

The 2018/19 budget assumes that just over 200,000 tonnes of waste will be disposed of in Dorset, of which the largest waste-stream is around 60,000 tonnes of kerbside residual waste processed at a typical cost of around £120 per tonne. A variance of 1% in residual volumes will result in a change of around £75k.

6. Clinical waste obligations

Clinical waste obligations that currently sit with the NHS / CCG may transfer to the DWP under statutory requirements. The implications and timescales are currently unclear, and discussions are taking place with the NHS / CCG to establish further details.

7. HRC charging arrangements

There is a potential risk that new legislation from central government will make charging for materials such as rubble at HRCs for materials unlawful. A change of legislation such as this would cost the DWP at least £460k to change the current contractual arrangements.

8. Liability for closed landfill sites

The DWP has responsibility for a number of closed landfill sites, and budget is provided for the ongoing monitoring of these sites. However, there is no budget provision for an event such as a closed landfill failure. Insurance would cover costs where the insurers would be satisfied that the event was unforeseeable etc. However, there is also risk of a landfill failure which would incur costs to the DWP. There is currently work in progress to provide greater clarification of the risks and potential costs to the DWP, and those costs may be significant.

Appendix 7 - The DWP finance timetable - 2017/18

Date	Subject	Meeting
16/01/17	Approval of 2017/18 budget	DWP Joint Committee
23/03/17	Budget monitoring for 2016/17 financial year	DWP Joint Committee
12/06/17	Out-turn for 2016/17 financial year	DWP Joint Committee
12/06/17	Budget monitoring for 2017/18 financial year	DWP Joint Committee
12/09/17	Budget monitoring for 2017/18 financial year	DWP Joint Committee
02/10/17	Informal budget workshop (West)	Informal
09/10/17	Informal budget workshop (East)	Informal
31/10/17	Joint Scrutiny Group consideration of draft 2018/19 budget	Joint Scrutiny Group
06/11/17	Budget monitoring for 2017/18 financial year	DWP Joint Committee
06/11/17	Draft 2018/19 budget presented	DWP Joint Committee
06/11/17	Updated five year MTFP presented	DWP Joint Committee
29/11/17	Consideration of 2018/19 draft budget	EDDC Cabinet
06/12/17	Consideration of 2018/19 draft budget	CBC Policy & Resources Committee
06/12/17	Consideration of 2018/19 draft budget	DCC Cabinet
11/12/17	Consideration of 2018/19 draft budget	NDDC
12/12/17	Consideration of 2018/19 draft budget	PDC
12/12/17	Consideration of 2018/19 draft budget	W&PBC
14/12/17	Consideration of 2018/19 draft budget	WDDC
15/01/18	Approval of 2018/19 budget	DWP Joint Committee
15/01/18	Budget monitoring for 2017/18 financial year	DWP Joint Committee
20/03/18	Budget monitoring for 2017/18 financial year	DWP Joint Committee
11/06/18	Final outturn of 2017/18 financial year	DWP Joint Committee

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Appendix 8 – Proposed Performance Indicators for 2018/19

Performance Indicator	Frequency	2017/18 target	2018/19 target
Total household waste arisings per hh (kg/hh) (excluding kerbside collected garden waste)	Quarterly on a rolling basis	935 kg/hh	935 kg/hh
Percentage of household waste reused, recycled or composted	Quarterly on a rolling basis	60%	60%
Percentage of households using the garden waste service	Quarterly on a rolling basis	22%	22%
Residual waste per household (kg)	Quarterly on a rolling basis	423 kg/hh	423 kg/hh
Percentage of municipal waste landfilled	Quarterly on a rolling basis	18%	18%
Street cleanliness	Quarterly	9% for litter and 18% for detritus	9% for litter and 18% for detritus
Household missed collections per 100,000	Quarterly	80 (justified)	80 (justified)
Number of enforcement actions taken (to include fly tipping, commercial duty of care and littering investigations).	Quarterly	240	240
Number of working days lost to sickness per FTE	Quarterly (broken down by month)	12 per FTE	12 per FTE
Formal complaint numbers	Quarterly	50	50
Overall satisfaction with waste service	Annual	79%	79%
Net cost of DWP per household	Annual	£160 per hh	£160 per hh

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