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AGENDA

A meeting of the SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE will be held at CIVIC OFFICES, ST NICHOLAS WAY, SUTTON SM1 1EA on 8 April 2014 at 5.30 pm

Members of the Committee

London Borough of Croydon

Councillor Tim Pollard - Deputy Leader and Cabinet Member for Children, Families and Education

Councillor Phil Thomas (Vice Chair) - Cabinet Member for Environment & Highways

Substitutes: Councillors Sara Bashford and Dudley Mead

Royal Borough of Kingston upon Thames

Councillor Liz Green - Leader of the Council

Councillor Simon James - Lead Member for Place, Sustainability and Sport

Substitutes: Councillors Rolson Davies and Trevor Heap

London Borough of Merton

Councillor Judy Saunders - Cabinet Member for Environmental Cleanliness and Parking

Councillor Andrew Judge - Cabinet Member for Environmental Sustainability & Regeneration

Substitutes: Councillors Mark Allison and Linda Kirby

London Borough of Sutton

Councillor Colin Hall (Chair) - Deputy Leader

Councillor Jill Whitehead - Chair Environment and Neighbourhood Committee

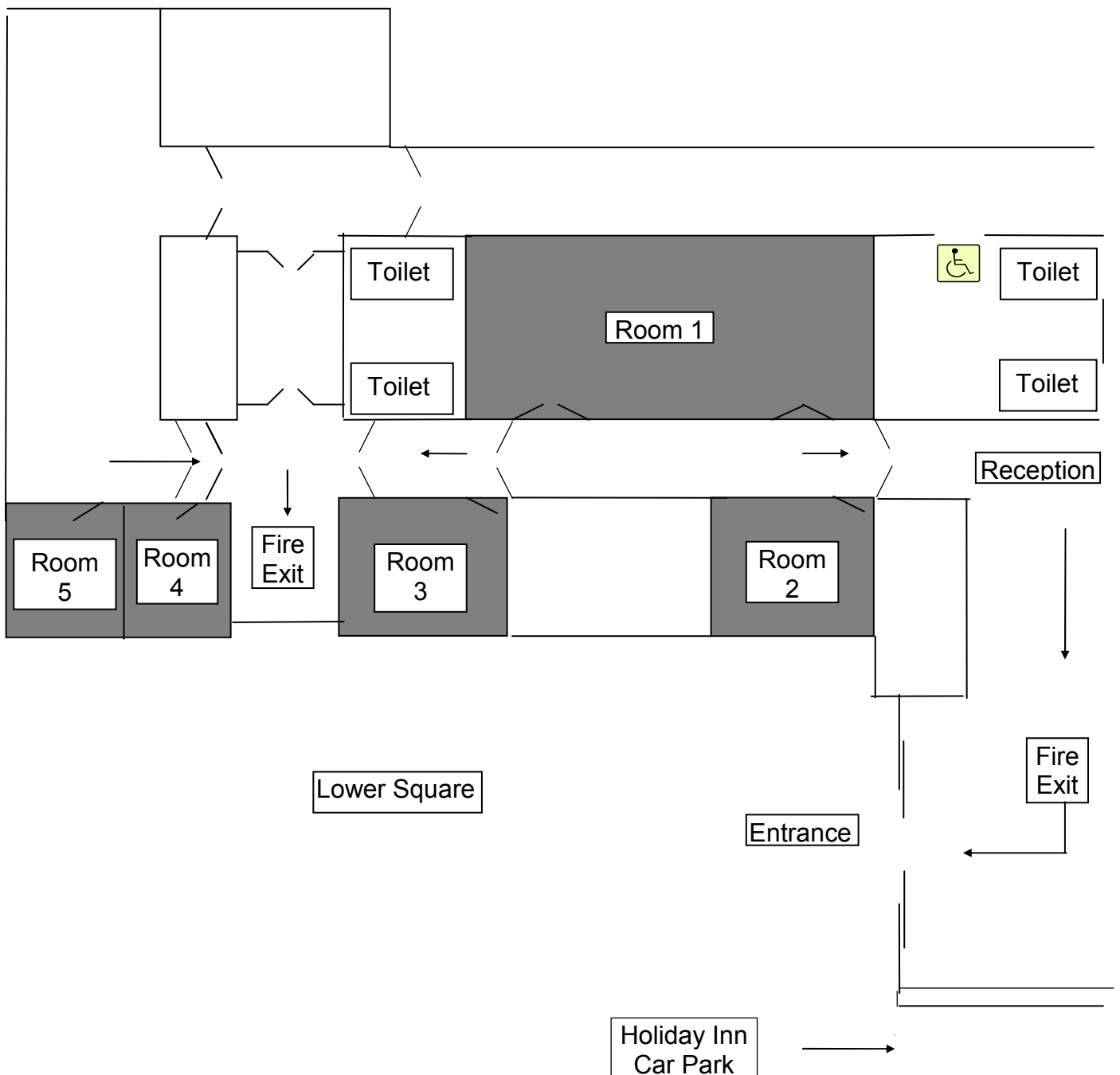
Substitute: Councillor Roger Roberts

CIVIC OFFICES, SUTTON GROUND FLOOR MEETING ROOMS

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First Aid can be obtained from Civic Security in reception.



AGENDA

- 1. APOLOGIES FOR ABSENCE AND ATTENDANCE OF ALTERNATE MEMBERS**
- 2. DECLARATION OF INTERESTS**
- 3. MINUTES OF LAST MEETING (10 DECEMBER 2013)**
- 4. PHASE A CONTRACT MANAGEMENT REPORTING - QUARTER 3**
- 5. SLWP 2013/14 BUDGET UPDATE - QUARTER 3**

PART B

- 6. EXCLUSION OF PRESS AND PUBLIC**

Under Section 100(A)(4) on the Local government Act 1972, the public are excluded from the rest of the meeting on the grounds that it is likely that exempt information, as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act would be disclosed. These paragraphs cover information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 7. UPDATE ON COMMUNICATIONS CAMPAIGN**
- 8. PHASE A STRATEGY & PROCUREMENT**
- 9. PHASE B CONTRACT REPORT**
- 10. RISK REPORT**
- 11. ANY OTHER BUSINESS**
- 12. DATE OF NEXT MEETING**

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SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE**Tuesday, 10 December 2013****5.30 - 6.05 pm****London Borough of Croydon**

Councillors *Tim Pollard and Phil Thomas

Royal Borough of Kingston upon Thames

Councillors *Liz Green and Simon James

London Borough of Merton

Councillors * Mark Betteridge and Andrew Judge

London Borough of Sutton

Councillors Colin Hall (Chair) and Jill Whitehead

*Absent

26. APOLOGIES FOR ABSENCE AND ATTENDANCE OF ALTERNATE MEMBERS

Apologies for absence were received from Councillors Tim Pollard, Simon James and Liz Green. Councillor Trevor Heap attended at a substitute.

27. DECLARATION OF INTERESTS

There were no declarations of interest.

28. MINUTES OF LAST MEETING (12 SEPTEMBER 2013)

The Minutes of the meeting held on 12 September 2013 were agreed as a correct record and signed by the Chair.

29. PHASE A CONTRACT MANAGEMENT REPORTING

The Committee considered a report which set out the performance data of the three Phase A contracts for quarter 2 for the financial year 2013/14. It was reported that less green waste had been collected as well as an increase in fridges and freezers due to good weather. There had been an issue with contaminated recyclables sent to landfill. This was due, in the main, to wet paper and card which caused operational problems at the MRF.

In response to a question from the Chair it was also reported that officers were working with Viridor to take Croydon food waste and if that worked well they saw

no reason why the full variation to the permit for the Beddington site would not be approved by the Environment Agency.

Resolved: To note the report.

30. SLWP 2013/14 BUDGET UPDATE

The Committee considered the latest position on the Partnership's budget which forecast an underspend for the year of £83k (£20,750 per borough), an improvement against the £60k overspend reported to the Committee at its meeting of 12 September 2013. The report requested that this underspend be used for funding project activities in the Phase A Strategic Review.

Resolved: (i) To note the report.

(ii) That the forecast underspend be used to fund project activities detailed in the Phase A Strategic Review.

31. SLWP 2014/15 BUDGET

The Committee considered a report which set out the proposed budget for the Partnership for 2014/15. There was a reduction of £111k compared with 2013/14.

Resolved: (i) To agree the proposed budget for the core work of the Partnership as set out in the report.

32. JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY REVIEW 2013

The Committee considered a report which gave a review of the Joint Municipal Waste Management Strategy (JMWMS). There had been a number of changes in waste management policy and legislation but the majority of these had little or no impact on the JMWMS or its delivery.

The updated waste management data indicated that the trend for increased recycling and composting and the reduction of waste was continuing. Good progress had been made across all targets. Objective 3 was no longer relevant due to the Landfill Allowance Trading Scheme (LATS) being abolished from April 2013.

At a national policy level the focus was changing from increasing recycling rates to reducing the climate change impact of managing waste. There was now a need to consider measuring the amount of CO₂ produced/avoided, rather than tonnage targets, to enable an assessment of the climate change impact of managing waste. There were a number of measures that could be used to measure CO₂ emissions and a report would come back to this Committee.

A Red/Amber/Green rating would be applied to JMWMS Objectives and Targets in future JMWMS reviews, as requested by Councillor Whitehead

Resolved: (i) To note the review of the South London Waste Partnership Joint Municipal Waste Management Strategy.

(ii) To remove Objective 3 to reflect the abolishment of Landfill Allowance Trading Scheme in 2012/13.

(iii) To update the public version of the Joint Municipal Waste Management Strategy to reflect the changes in Objectives and Targets and to include the up to date Waste Management Data.

(iv) To consider replacing “tonnage based targets” with “carbon dioxide emissions based targets” as part of the 2014 Joint Municipal Waste Management Strategy review for which a future report would be expected.

33. CONSTITUTIONAL CHANGES AND IAA REVIEW

The Committee considered a report which proposed additional principles that should be incorporated within a further supplement to the Inter Authority Agreement (IAA).

These were summarised as:-

- A further supplement to the IAA to be drafted setting out the London Borough of Croydon as the lead procuring authority on behalf of the partnership with respect to the planned re-procurement of the HWRC contract and waste framework contract. This would negate the need to keep changing the agreement with regards to the Lead authority.
- That there would be flexibility for the partnership to progress with any future procurement activities without the need to review and add further supplements to the IAA.
- The principles contained within the existing IAA with respect to the current and future arrangements are maintained.
- The Chair of Management Group in consultation with Borough Lead Officers and Management Group was given delegated authority to commission identified resources, including staffing in order to manage effectively the range of ongoing contracts and procurement of future contracts.
- The current governance arrangements continue with ongoing support and advice provided by the Partnership Finance Directors (with respect to financial matters) and the Strategic Steering Group (with respect to Corporate and Strategic matters).

The Chair requested a report on the options available to each authority. It was reported that governance arrangements for Phase C were key stage for this year.

Resolved: (i) To note the report.

(ii) That the additional principles, as set out in the report, to be incorporated in a revised Inter Authority Agreement.

(iii) To delegate to the Chair of Management Group, in consultation with the Management Group and Legal leads from each of the partner boroughs, to conclude the drafting of the revised Inter Authority Agreement.

(iv) That each of the partnership boroughs approve and execute the final drafting of the revised Inter Authority Agreement.

34. AUDIT OF 2012/13 SLWP ACCOUNTS

Further to the previous meeting when the Accounts were signed off, they have now been audited and passed with an unqualified opinion and therefore no exemptions.

Resolved: To note the completion of the 2012/13 South London Waste Partnership accounts audit and the issue of an unqualified opinion.

35. EXCLUSION OF PRESS AND PUBLIC

Resolved: That Under Section 100(A)(4) on the Local government Act 1972, the public were excluded from the rest of the meeting on the grounds that it was likely that exempt information, as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act would be disclosed.

36. PHASE A STRATEGY AND PROCUREMENT

The Committee received an exempt update report regarding the renegotiation of Viridor contracts as well as an update on the Household Waste Recycling Centre re-procurement.

Resolved: To note the report.

37. PHASE B CONTRACT REPORT

The Committee considered an exempt report on the progress of the Energy Recovery Facility disposal contract. Progress was encouraging and the S106 agreement was expected soon.

District heating systems and the potential for a decentralised energy network around the four boroughs was mentioned.

Resolved: To note the report.

38. RISK REPORT

The Committee were presented with an exempt report on the risks around the Partnership's waste disposal service. A further verbal update was given on the red risks.

Resolved: To note the report.

39. DATE OF NEXT MEETING

Resolved: To note that the next meeting would be held on 25 February 2014 from 5.30pm.

Signed Date.....
Chair

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Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: Tuesday 8th April

Report of: SLWP Management Group

Author(s):

Andrea Keys – Contract Manager SLWP

Chair of the Meeting:

Councillor Colin Hall, Chair SLWP Joint Waste Committee

Report title:

Phase A Contracts Performance Monitoring: Quarter 3

Summary:

This paper details the performance of the three Phase A contracts for the period October to December 2013 (Quarter 3). Appendix 1 provides a cumulative summary of the Contract performance from April to December 2013.

Contracts 1 and 3 are operated by Viridor. Contract 1 includes residual waste disposal to landfill and the receipt and transfer of material for treatment. Contract 3 includes thermal treatment of residual waste, composting of green waste, and reprocessing of recyclates. Operationally both contracts are performing well and are meeting KPI targets.

Recommendations:

It is recommended that the Joint Waste Committee:

- (a) Note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A contracts.

Background Documents and Previous Decisions

Phase A Contract Performance Monitoring updates have been presented to the Joint Waste Committee since 22 July 2010. The most recent reports were presented at the meeting on 10th December 2013 by the Contract Manager.

1. Background

1.1 Contract titles:

- i. Contract 1 Landfill, receipt, and Transportation.
- ii. Contract 2 Management of House Hold Reuse and Recycling Centres.
- iii. Contract 3 Materials Recycling Service, Composting and additional Treatment Service

1.2 Contracts 1 & 3 are operated by Viridor Waste Management LTD.

- 1.3 Contract 2 is the management of the Household Reuse and Recycling Centres currently hosted by Royal Borough of Kingston upon Thames with support from the remainder of the Partnership authorities.

2. Issues

CONTRACT 1 – LANDFILL AND TRANSPORTATION (VIRIDOR WASTE MANAGEMENT LTD.)

- 2.1 The contract is operating effectively with municipal solid waste delivered to Viridor's Beddington Farmlands Landfill facility by all Partnership boroughs. Over the quarter 3 period 45,307 tonnes of waste has been delivered to landfill.
- 2.2 Viridor continued to operate in line with the contract. There were no operational or performance issues and no formal complaints reported.
- 2.3 Viridor are diverting some of the Contract 1 residual waste to an energy from waste facility at the partnership's request at the landfill gate fee. 10,620 tonnes of Contract 1 residual waste was thermally treated at Lakeside EFW during quarter 3 under this arrangement.

MANAGEMENT OF HOUSEHOLD REUSE & RECYCLING CENTRES (FORMERLY CONTRACT 2)

- 2.4 The Partnership's HRRCs are now managed directly by the Royal Borough of Kingston pending re-procurement of the service.
- 2.5 The Partnership has inherited numerous challenges since inheriting the service, notably the need to establish new systems for paying and managing staff, invoicing suppliers, establishing a better safety culture, improving site infrastructure, and ensuring regulatory compliance. Considerable progress has been made on all these issues.
- 2.6 Detailed financial analysis has shown that in 2013/14 the service is running at a significantly lower aggregate cost than it was when managed by EWC (c. £375,000 less in 2013/14 than in 2012/13).
- 2.7 The performance at the HRRC sites has seen a reduction in recycling rates and the Partnership is working on reversing this. A major factor contributing to this drop in performance is the instability within the workforce following the exit of the former contractor and the current re-procurement process.

The partnership has to date taken the following measures to improve this position:

- i. a structured training programme was provided for all personnel on H&S and customer service
- ii. supervisors were provided with training on performance improvement
- iii. an analysis of the residual waste stream at the sites has been started

Proposals going forward include:

- i. Further analysis of the residual waste stream to more accurately record which recyclates are left in the waste stream,
- ii. Increase control of site user misuse, particularly from trade

iii. Restructure of site personnel

- 2.8 The Management Group has concluded that there is a strong business case for a review and restructuring of the service later this year. This restructuring will put in place an improved managerial and supervisory structure aimed at; harmonisation of terms and conditions, driving recycling performance up, and improving standards of customer care.

CONTRACT 3 – MATERIALS RECYCLING SERVICES, COMPOSTING AND ADDITIONAL TREATMENT SERVICES (VIRIDOR WASTE MANAGEMENT LTD)**Composting**

- 2.9 Green waste from the Partnership is being dealt with at Viridor's Beddington facility. 4,232 tonnes of green waste were delivered in quarter 3 (Oct – Dec 2013) for composting under contract 3; in addition 2,086 tonnes were treated under an old green waste contract during this same period.
- 2.10 Food - The permit has been varied at the Beddington facility to allow the direct tipping of food waste at the Contractor Delivery Point. This allows flexibility to transfer the food waste to a wider number of processing facilities.
- 2.11 Over the same period 5,015 tonnes of food waste was delivered for processing.

Materials Recycling Services

- 2.12 All co-mingled recyclates collected by Merton and Sutton are delivered direct to Beddington and then transported by Viridor to their materials recycling facility (MRF) at Crayford in Kent for processing. The majority of kerbside sorted material from Kingston is also being traded via Viridor Crayford.
- 2.13 This service is performing well, with the Crayford MRF recycling on average in excess of 95% of all recyclable material received year to date.
- 2.14 The contamination that is present is still largely due to recyclates becoming wet during collection; this affects the quality and therefore the value of the commodities collected.
- 2.15 Viridor is currently undertaking drying activities on behalf of the Partnership over and above contract requirements to reduce contamination and therefore reduce rejections.

Energy from Waste (EFW)

- 2.16 Suitable household waste from the Partnership continues to be delivered to the Lakeside energy from waste (EFW) facility under both contracts 1 and 3.
- 2.17 In quarter 3 10,620 tonnes of Contract 1 waste was diverted to Lakeside EFW, in addition to the 2,540 tonnes delivered under Contract 3.
- 2.18 On the 31st March 2014 the Partnership will cease to send waste to the Lakeside EFW under the Phase A contracts. From the 1st April 2014 landfill diversion will be managed under the interim services stage of the Phase B Contract. It is forecasted that c 45,000 tonnes per annum and will be treated at Lakeside EFW under the Phase B interim contract.

3. Recommendations

3.1 It is recommended that the Joint Waste Committee:

- a) Note the contents of this report, and to comment on any aspects of the performance of the Partnership's Phase A contracts.

4. Impacts and Implications:

Legal

4.1 None

Finance

4.2 None

5. Appendices

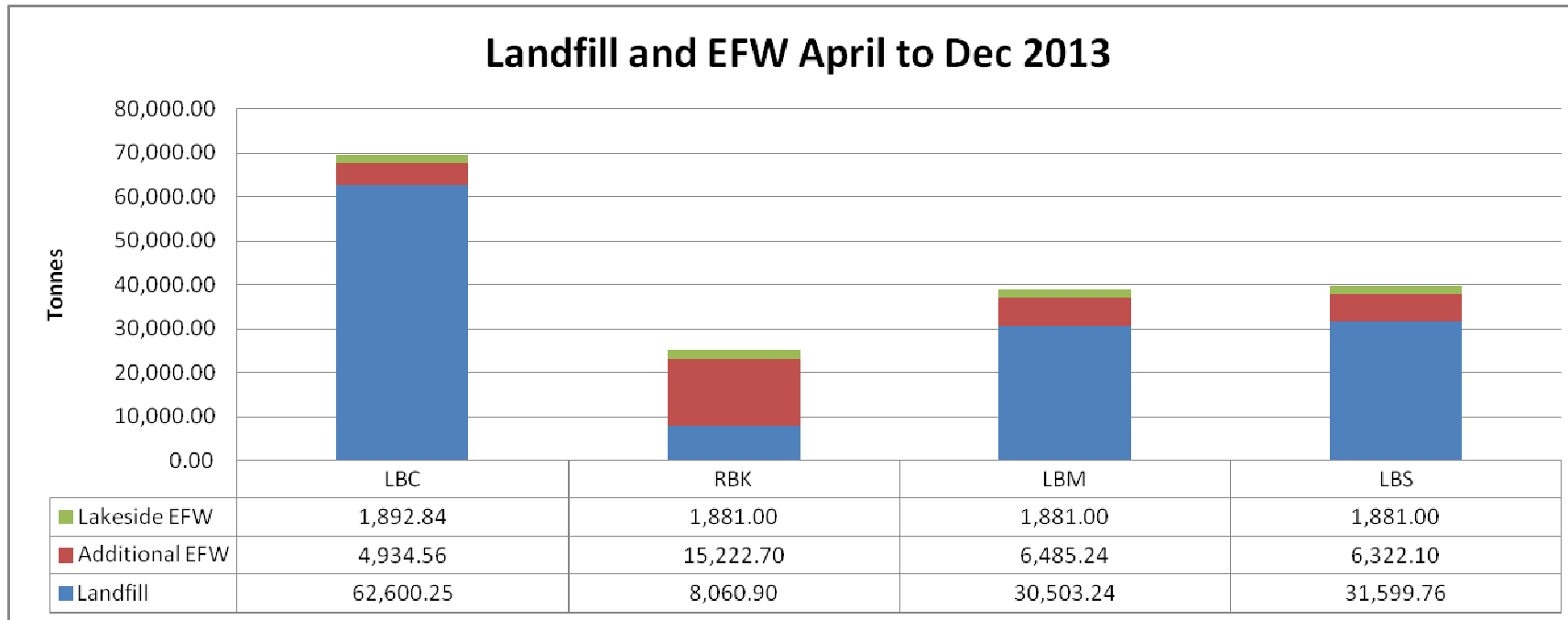
5.1 Appendix 1 provides a summary of cumulative Performance Management Information from April – December 2013.

Appendix 1 – April - December 2013 Performance Management Information

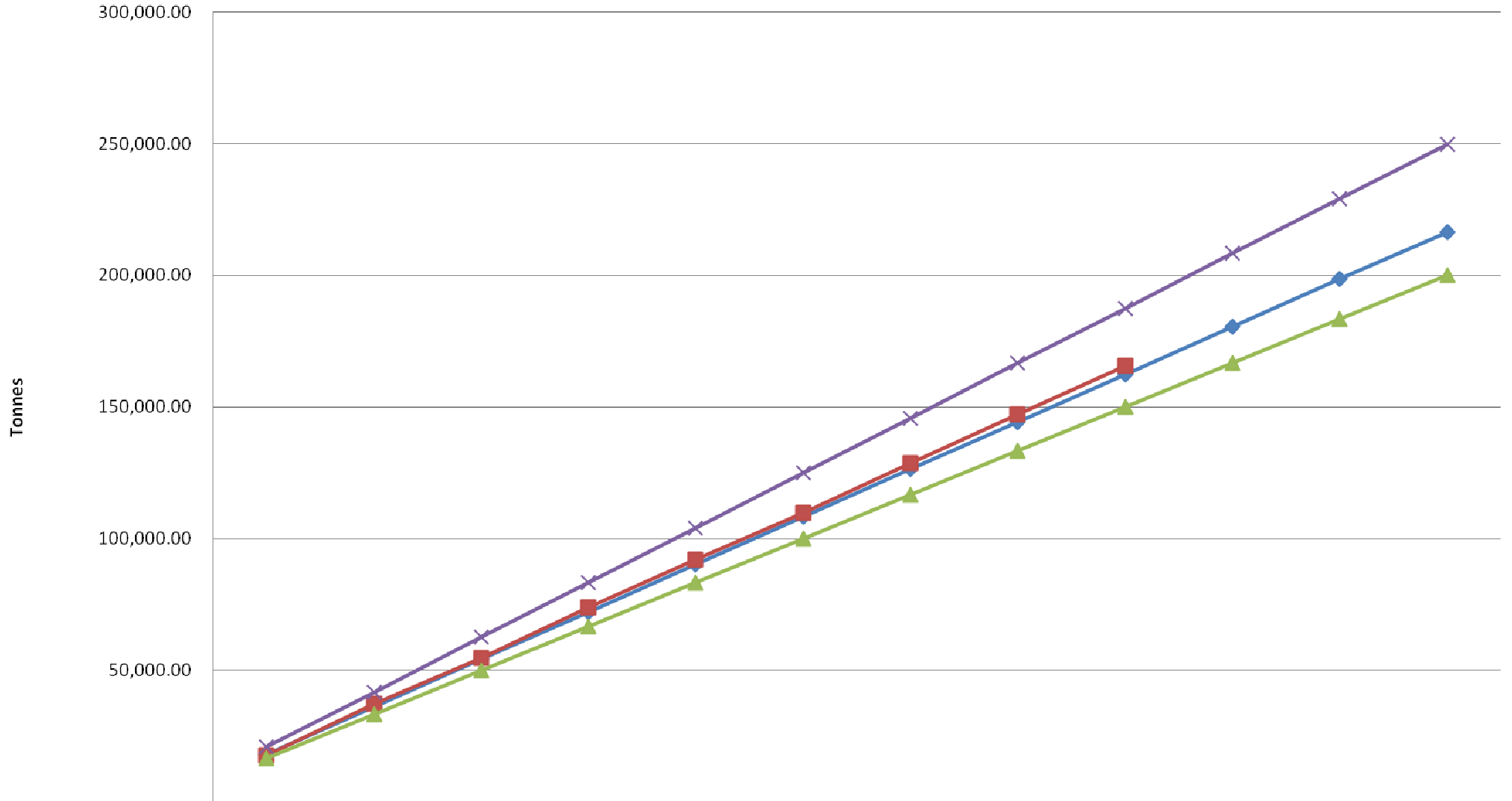
1. Tonnage Profile - Contracts 1 & 3

Band	Tonnage Range		Base	2013/14 *
1	0	50,000	£44.63	£52.12
2	50,001	100,000	£42.32	£49.43
3	100,001	150,000	£40.02	£46.74
4	150,001	200,000	£37.72	£44.05
5	200,001	250,000	£36.04	£42.09
6	250,001	300,000	£34.85	£40.70
7	300,001	350,000	£34.11	£39.84

*Price and indexation for 2013/14 to be updated once phase A negotiations are complete

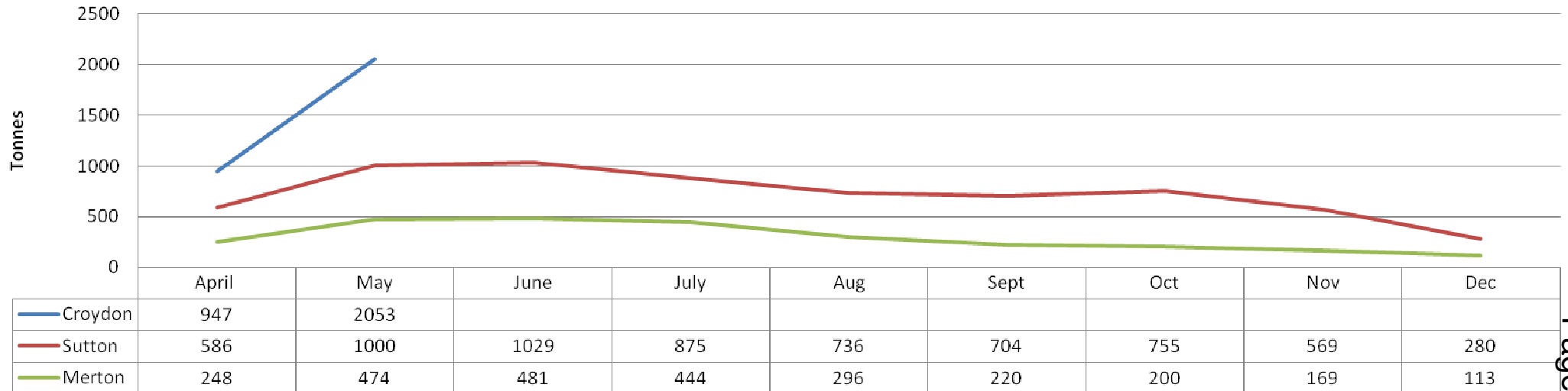


Contract 1 Budget Vs Actual

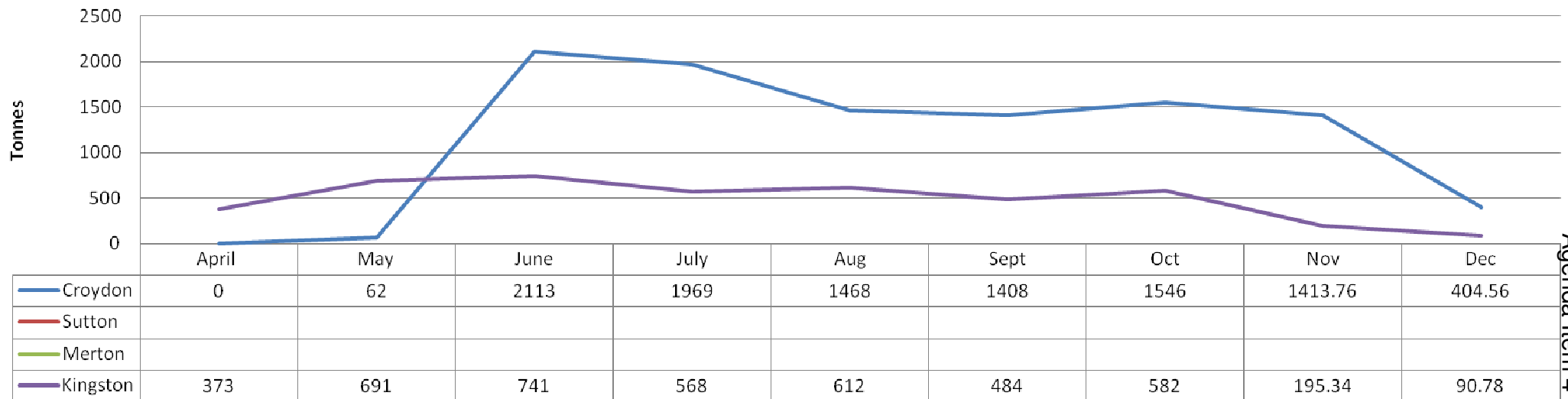


	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Contract 1 Budget	18,046.00	36,092.00	54,137.00	72,183.00	90,229.00	108,275.00	126,320.00	144,366.00	162,412.00	180,458.00	198,503.00	216,549.00
Contract 1 Actual	17,800.00	37,135.00	54,510.00	74,070.00	92,042.00	109,800.00	128,755.99	147,119.40	165,728.75			
Lower band limit	16,667.00	33,334.00	50,000.00	66,667.00	83,334.00	100,001.00	116,667.00	133,334.00	150,001.00	166,668.00	183,334.00	200,001.00
Upper band limit	20,833.00	41,667.00	62,500.00	83,333.00	104,167.00	125,000.00	145,833.00	166,667.00	187,500.00	208,333.00	229,167.00	250,000.00

Original Green Waste



Contract 3 Green Waste



2. Recycling Performance Contract 2

Kingston - SLWP - Villiers Road HWRC

Recycling Performance (excl Diversion)

Month	Year				
	2009	2010	2011	2012	2013
Jan	64%	66%	69%	74%	70%
Feb	72%	71%	72%	75%	71%
Mar	79%	72%	75%	77%	72%
Apr	76%	72%	78%	76%	74%
May	78%	78%	76%	80%	79%
Jun	78%	79%	76%	79%	78%
Jul	76%	75%	75%	78%	73%
Aug	77%	76%	74%	74%	76%
Sep	78%	77%	77%	76%	76%
Oct	77%	78%	75%	75%	75%
Nov	74%	75%	76%	75%	74%
Dec	67%	65%	72%	65%	67%

Sutton - SLWP - Kimpton Park Way HWRC

Recycling Performance (excl Diversion)

Month	Year				
	2009	2010	2011	2012	2013
Jan		74%	69%	75%	68%
Feb	66%	74%	72%	73%	74%
Mar	76%	77%	71%	77%	74%
Apr	74%	76%	71%	76%	74%
May	74%	76%	74%	77%	73%
Jun	73%	78%	75%	74%	74%
Jul	75%	74%	73%	74%	72%
Aug	76%	75%	73%	72%	72%
Sep	77%	75%	73%	75%	72%
Oct	77%	74%	79%	74%	70%
Nov	77%	74%	75%	69%	72%
Dec	72%	67%	71%	72%	66%

Merton - SLWP - Garth Road HWRC

Recycling Performance (excl Diversion)

Month	Year				
	2009	2010	2011	2012	2013
Jan	61%	68%	68%	72%	68%
Feb	67%	66%	67%	76%	71%
Mar	74%	75%	69%	72%	71%
Apr	71%	67%	69%	73%	71%
May	72%	72%	74%	76%	72%
Jun	73%	76%	75%	73%	73%
Jul	71%	72%	77%	74%	70%
Aug	71%	73%	74%	69%	70%
Sep	74%	73%	76%	76%	72%
Oct	75%	74%	75%	71%	67%
Nov	73%	73%	76%	73%	69%
Dec	65%	60%	72%	65%	66%

**Croydon - SLWP - Factory lane HWRC
Recycling Performance (excl Diversion)**

Month	Year				
	2009	2010	2011	2012	2013
Jan	71%	68%	72%	70%	67%
Feb	78%	71%	71%	72%	69%
Mar	76%	78%	74%	71%	71%
Apr	79%	72%	72%	73%	69%
May	78%	73%	72%	69%	75%
Jun	75%	78%	71%	73%	69%
Jul	74%	72%	74%	72%	68%
Aug	75%	72%	74%	71%	64%
Sep	76%	74%	71%	69%	66%
Oct	75%	70%	74%	67%	68%
Nov	74%	69%	77%	66%	64%
Dec	73%	66%	67%	67%	59%

**Croydon - SLWP - Fishers Farm HWRC
Recycling Performance (excl Diversion)**

Month	Year				
	2009	2010	2011	2012	2013
Jan	66%	75%	71%	70%	66%
Feb	73%	70%	67%	60%	71%
Mar	79%	75%	73%	80%	74%
Apr	77%	70%	75%	74%	74%
May	77%	75%	72%	76%	77%
Jun	73%	74%	71%	74%	70%
Jul	74%	75%	75%	71%	68%
Aug	75%	72%	72%	75%	73%
Sep	76%	73%	72%	75%	68%
Oct	78%	72%	79%	71%	71%
Nov	74%	73%	76%	69%	69%
Dec	71%	57%	72%	71%	67%

**Croydon - SLWP - Purley Oaks HWRC
Recycling Performance (excl Diversion)**

Month	Year				
	2009	2010	2011	2012	2013
Jan	75%	78%	79%	77%	72%
Feb	84%	83%	83%	73%	77%
Mar	87%	84%	84%	82%	76%
Apr	85%	81%	80%	79%	81%
May	85%	80%	83%	80%	83%
Jun	84%	84%	78%	81%	79%
Jul	83%	82%	81%	78%	79%
Aug	84%	81%	80%	77%	75%
Sep	86%	81%	82%	76%	76%
Oct	84%	82%	84%	75%	77%
Nov	86%	83%	83%	78%	75%
Dec	77%	73%	78%	73%	76%

SLWP HRRC Recycling Performance

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2008/09						72%	74%	75%	69%	67%	73%	78%
2009/10	77%	77%	76%	76%	76%	78%	78%	76%	71%	71%	73%	77%
2010/11	73%	76%	79%	75%	75%	76%	75%	75%	66%	72%	72%	74%
2011/12	74%	75%	74%	75%	74%	75%	77%	77%	71%	73%	72%	76%
2012/13	75%	76%	76%	75%	72%	74%	72%	72%	69%	69%	72%	73%
2013/14	74%	76%	74%	71%	72%	72%	71%	71%	67%			

Agenda Item 4

April – December 2013			April – December 2012		
Recycled	7,257	69.59%	Recycled	7,348	71.22%
Landfill	3,171	30.41%	Landfill	2,970	28.78%
	10,428			10,318	

Page 16

3. Finance

The tables below illustrate the SLWP authority charge on waste treatment, disposal, bulking and haulage: April to December 2013 excl indexation:

	April	May	June	July	Aug	Sept	October	November	December	
Acceptance, Transfer and Disposal	£ 581,248.00	£ 624,668.00	£ 541,039.00	£ 613,435.00	£ 585,679.00	£ 735,126.00	£ 710,727.31	£ 601,939.84	£ 610,906.65	£ 5,604,768.81
Total Landfill Tax Element	£ 994,253.00	£ 1,068,525.00	£ 925,474.00	£ 1,049,310.00	£ 1,001,832.00	£ 1,257,468.00	£ 1,215,732.96	£ 1,029,646.80	£ 1,044,984.96	£ 9,587,226.72
Acceptance, Bulking And Transfer	£ 144,318.00	£ 153,565.00	£ 142,918.00	£ 150,697.00	£ 144,014.00	£ 130,660.00	£ 156,671.61	£ 148,115.22	£ 150,287.78	£ 1,321,246.60
	£ 1,719,819.00	£ 1,846,758.00	£ 1,609,431.00	£ 1,813,442.00	£ 1,731,525.00	£ 2,123,254.00	£ 2,083,131.88	£ 1,779,701.86	£ 1,806,179.39	£ 16,513,242.13

	April	May	June	July	Aug	Sept	October	November	December	
Dry Recyclates	£ 71,152.00	£ 72,269.00	£ 67,697.00	£ 85,055.00	£ 77,586.00	£ 69,888.00	£ 77,346.15	£ 67,745.35	£ 77,931.42	£ 666,669.91
Green & Kitchen Waste	£ 113,961.00	£ 135,009.00	£ 219,472.00	£ 216,767.00	£ 187,380.00	£ 177,193.00	£ 197,643.05	£ 180,157.30	£ 122,896.93	£ 1,550,479.28
Residual Waste	£ 90,390.00	£ 89,377.00	£ 89,377.00	£ 89,377.00	£ 89,377.00	£ 63,817.00	£ 115,188.97	£ 89,376.65	£ 89,376.65	£ 805,657.28
	£ 275,503.00	£ 296,655.00	£ 376,546.00	£ 391,199.00	£ 354,343.00	£ 310,898.00	£ 390,178.17	£ 337,279.30	£ 290,205.00	£ 3,022,806.47

£ 19,536,048.60

Contract 1 and 3: April - Dec	£19,536,048.60
Original Green: April - Dec	£ 524,914.90
Additional EFW: April - Dec	£ 3,749,478.86

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Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: Tuesday 8 April 2014

Report of: South London Waste Partnership Management Group

Author(s):

Michael Mackie, Finance Lead

Chair of the Meeting:

Councillor Colin Hall, Chair SLWP Joint Waste Committee

Report title:

SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE

Summary

This paper provides an update on the Partnership's budget position at month 11 of the financial year and the projected outturn for the 2013/14 financial year.

Recommendations

1. To note the content of this report.

Background Documents and Previous Decisions

Previous budget reports.

1. Background

- 1.1 The Partnership sets its budget in September for the forthcoming financial year. Therefore the budget illustrated below was constructed last year assuming particular time scales specifically in relation to the submission of the planning application for the Energy Recovery Facility by Viridor.
- 1.2 The budget is monitored by Management Group every month to allow the budgets to be flexed where appropriate in order to respond to any budget pressures.

2. Financial Position 2013/14

2.1 The table below refers to the Partnership's budget position for its core activities at month 11 of the 2013/14 financial year. It relates to expenditure in the following areas; procurement, project management, administration, contract management and communications.

Item	Approved Budget £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium - Phase B</i>	100,000	22,062	52,500	(47,500)
<i>Project & Contract Management</i>	300,000	186,989	214,500	(85,500)
<i>Internal Advisors and Accounting</i>	125,000	46,588	63,000	(62,000)
<i>Document and Data Management</i>	36,000	18,380	18,400	(17,600)
<i>Audit Fee</i>	2,500	0	2,500	0
<i>Communications</i>	105,000	55,119	105,000	0
<i>Transition Costs</i>	0	106,362	106,400	106,400
TOTAL	668,500	435,499	562,300	(106,200)
COST PER BOROUGH	167,125	108,875	140,575	(26,550)

2.2 The Partnership's budget for core functions forecast an under spend for the year of £106,200 (£26,550 per borough) an improvement of £23,200 against the forecast £83,000 underspend reported to the committee at its meeting on 10 December. The major variances are detailed below.

2.3 Unbudgeted transitions costs of £106k as a result of the delay in the initial planning date (to April), the referral of the decision at that meeting to another later meeting in May, and costs from the GLA intervention. This also includes the resources required to reach agreement to the S106 mitigation to secure the £2.8m of mitigation measures.

2.4 The Partnership has incurred unforeseen costs of approximately £30k relating to legal advice following the decision to exit from the EWC contract. The costs of this legal advice will be charged against 'Advisor Consortium' and it is anticipated that these additional costs will be contained within the existing budget.

2.5 The Joint Waste Committee at its meeting of 18 December 2012 approved the proposal to recruit a Contract Manager. The London Borough of Croydon has been providing contract manager support, on an interim basis, at a cost of £3k per month and will continue to provide the support until the Contract Manager is in post. An appointment has now been made and the post holder has been in post from 24 February. The delay in recruiting to the post will reduce costs of 'Project and Contract Management' for 2013/14 by an estimated £35k.

- 2.6 The Joint Waste Committee at its meeting of 25 April approved the recruitment of a Contract Data Officer. The recruitment to the position will take place after the Contract Manager is in post. This will reduce costs of 'Project and Contract Management' for 2013/14 by a further £33k.
- 2.7 The Project and Contract Management budget includes a provision for ad-hoc commissioned expertise. It is anticipated that this will not be fully utilised and will realise reduced costs of 2013/14 for £17,500.
- 2.8 Based on activity to date and planned activity to the end of the financial year Internal advisor costs are estimated to be £62k lower than budgeted.
- 2.9 Document and Data Management included a budget of £30k for the purchase of document registering software. The software has been purchased from Affinitext at a cost of £12k resulting in a forecast under spend of £18k.
- 2.10 The Communications budget comprises £80k for the campaign, and a £25k contingency which includes officer time for providing communications expertise and advice throughout the year including managing the campaign.
- 2.11 At the meeting of 10 December the committee approved that forecast underspends can be used for the funding of project activities.
- 2.12 There are currently 2 projects being undertaken 1.for setting up a Four Year Framework Agreement and 2. A procurement exercise for the HRRCs and the forecast position for 2013/14 for the 2 projects is illustrated below.

Four Year Framework Agreement

Item	Estimate £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium</i>	34,500	2,238	2,200	(32,300)
<i>Project & Contract Management</i>	12,400	1,790	1,800	(10,600)
<i>Internal Advisors and Accounting</i>	4,500	7,100	9,000	4,500
TOTAL	51,400	11,128	13,000	(38,400)
COST PER BOROUGH	12,850	2,782	3,250	(9,600)

- 2.13 Work on the 4 year framework agreement is ongoing and will continue into 2014/15, with completion estimated to be late summer.

HRRC Procurement Exercise

Item	Estimate £	Actuals £	Anticipated Outturn £	Variance £
<i>Advisor Consortium</i>	73,500	27,906	29,000	(44,500)
<i>Project & Contract Management</i>	25,500	6,539	6,700	(18,800)
<i>Internal Advisors and Accounting</i>	6,300	2,700	6,500	200

<i>Stakeholder Engagement</i>	20,000	0	34,500	14,500
TOTAL	125,300	37,145	76,700	(48,600)
COST PER BOROUGH	31,325	9,826	19,175	(12,150)

2.14 The budget position for all activities for 2013/14 is shown below and forecasts an under spend for all activities of £16,500 (£4,125 per borough).

Item	Approved Budget £	Outturn Forecast £	Variance £	Variance per borough £
<i>Core Activities</i>	668,500	562,300	(106,200)	(26,550)
<i>Framework Agreement</i>	0	13,000	13,000	3,250
<i>HRRC Procurement</i>	0	76,700	76,700	19,175
TOTAL	668,500	652,000	(16,500)	(4,125)

2.15 The budget will continue to be carefully managed and monitored by the Management Group, with regular reporting to the Joint Waste Committee.

3. Recommendations:

3.1 To note the content of this report.

4. Impacts and Implications:

Finance

4.1 Contained within report.