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

Date:	**Tuesday 15 September 2015**

Report of:	**South London Waste Partnership Management Group**

Author(s):
Michael Mackie, Finance Lead

Chair of the Meeting:
Councillor Stuart Collins, 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 4 of the financial year and the projected outturn for the 2015/16 financial year.

Recommendations
To note the content of this report.

Background Documents and Previous Decisions
Previous budget reports.

---

1. **Background**

1.1 The Partnership sets it budget in September for the forthcoming financial year. Therefore the budget for core activities illustrated below was constructed last year assuming particular time scales specifically in relation to the planning process for the Energy Recovery Facility by.

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 2015/16

2.1 The table below refers to the Partnership's budget position for its core activities at month 4 (July) of the 2015/16 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 £
Advisor Consortium	50,000	56,872	60,000	10,000
Project & Contract Management	300,000	61,648	260,000	(40,000)
Internal Advisors and Accounting	75,000	3,650	75,000	0
Document and Data Management	20,000	0	18,000	(2,000)
Audit Fee	2,500	0	2,500	0
Communications	50,000	0	35,000	(15,000)
TOTAL	**497,500**	**122,170**	**450,500**	**(47,000)**
COST PER BOROUGH	**124,375**	**30,543**	**112,625**	**(11,750)**

2.2 The Partnership's budget for core functions forecasts an under spend for the year of £47,000 (£11,750 per borough). The major variances are detailed below.

2.3 There is a forecast overspend on Advisor Consortium of £10k as a result of the work required as part of the Notice to Proceed. This work included checks on re-basing Viridor's financial model, a check by Rathbones on the foreign exchange rate for construction and also included a check on insurance during the construction of the facility. These checks are expected to realise a reduction of costs to the partnership of £4.5million over the life of the contract.

2.4 Underspend on salaries of £40k due to the Contract Data Officer post being held vacant pending a decision on the requirements of the post, and from the

Project Support Officer post being vacant whilst the current post holder is seconded to another position. A Project Support Officer has been appointed to the role on a fixed term basis for two years, and was in post from July.

2.5   The partnership is currently undertaking 1 project

1). a procurement exercise for the Household Reuse and Recycling Centres (HRRC's); and

The forecast position for 2015/16 for this project is illustrated below.

HRRC Procurement Exercise

Item	Estimate £	Actuals £	Anticipated Outturn £	Variance £
Advisor Consortium	94,870	7,798	94,870	0
Project & Contract Management	59,850	4,475	59,850	0
Internal Legal Advice	18,000	2,775	18,000	0
TOTAL	**172,720**	**15,048**	**172,720**	**0**
COST PER BOROUGH	**43,180**	**3,762**	**43,180**	**0**

2.6   The HRRC procurement is currently at the fine tuning stage and fine tuning pre-meetings have been held. Contract mobilisation is scheduled for 1 October 2015.

2.7   The budget position for all activities for 2015/16 is shown below and forecasts an under spend for all activities of £47,000 (£11,750 per borough).

Item	Approved Budget £	Outturn Forecast £	Variance £	Variance per borough £
Core Activities	497,500	450,500	(47,000)	(11,750)
HRRC Procurement	172,720	172,720	0	0

TOTAL	**670,220**	**623,220**	**(47,000)**	**(11,750)**
COST PER BOROUGH	**167,555**	**155,805**	**(11,750)**	4

3.   Recommendations:

3.1   To note the content of this report.

4.   Impacts and Implications:

Finance

4.1   Contained within report.