

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

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Report of: South London Waste Partnership Management Group

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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 6 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 its 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 6 (September) 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 £	Latest Budget £	Actuals £	Forecast Outturn £	Variance £
<i>Advisor Consortium</i>	50,000	50,000	58,143	60,000	10,000
<i>Project & Contract Management</i>	300,000	325,000	101,350	239,000	(86,000)
<i>Internal Advisors and Accounting</i>	75,000	75,000	3,650	75,000	0
<i>Document and Data Management</i>	20,000	20,000	0	18,000	(2,000)
<i>Audit Fee</i>	2,500	2,500	0	2,500	0
<i>Communications</i>	50,000	25,000	0	25,000	0
TOTAL	497,500	497,500	163,143	419,500	(78,000)
COST PER BOROUGH	124,375	124,375	40,786	104,875	(19,500)

2.2 The Partnership's budget for core functions forecasts an under spend for the year of £78,000 (£19,500 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 Viridors 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 £33k due to the Contract Data Officer post being held vacant pending a decision on the requirements of the post, £15k from the Project Support Officer post being vacant until July 2015, whilst the substantive post holder is on secondment, and £33k from the vacant fixed term Communications Officer that is due to be recruited to shortly.

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 the project is illustrated below.

HRRC Procurement Exercise

Item	Estimate £	Actuals £	Forecast Outturn £	Variance £
<i>Advisor Consortium</i>	94,870	33,628	56,000	(38,870)
<i>Project & Contract Management</i>	59,850	37,749	55,000	(4,850)
<i>Internal Legal Advice</i>	18,000	2,775	17,000	(1,000)
TOTAL	172,720	74,152	128,000	(44,720)
COST PER BOROUGH	43,180	18,538	32,000	(11,180)

2.6 The HRRC procurement is complete following contract mobilisation on 1 October 2015. The service is now being operated by Veolia.

2.7 The budget position for all activities for 2015/16 is shown below and forecasts an under spend for all activities of £122,720 (£30,680 per borough).

Item	Approved Budget £	Outturn Forecast £	Variance £	Variance per borough £
<i>Core Activities</i>	497,500	419,500	(78,000)	(19,500)
<i>HRRC Procurement</i>	172,720	128,000	(44,720)	(11,180)
TOTAL	670,220	547,500	(122,720)	(30,680)
COST PER BOROUGH	167,555	136,875	(30,680)	

3. Recommendations:

3.1 To note the content of this report.

4. Impacts and Implications:

Finance

4.1 Contained within report.