

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

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Report of: South London Waste Partnership Management Group

Author(s):
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Chair of the Meeting:
Councillor Stuart Collins, Chair SLWP Joint Waste Committee

<p>Report title:</p> <p style="text-align: center;">SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE</p>
<p>Summary This paper provides an update on the Partnership's budget position at month 9 of the financial year and the projected outturn for the 2015/16 financial year.</p>
<p>Recommendations To note the content of this report.</p>
<p>Background Documents and Previous Decisions Previous budget reports.</p>

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 9 (December) 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	157,765	228,000	(97,000)
<i>Internal Advisors and Accounting</i>	75,000	75,000	7,824	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	223,732	408,500	(89,000)
COST PER BOROUGH	124,375	124,375	55,933	102,125	(22,250)

2.2 The Partnership's budget for core functions forecasts an under spend for the year of £89,000 (£22,250 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, £15k from the Project Support Officer post being vacant until July 2015, whilst the substantive post holder is seconded to Project Support for the Environmental Services Procurement, and £42k from the vacant fixed term Communications Officer that is currently being recruited to.

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 2 projects is illustrated below.

HRRC Procurement Exercise

Item	Estimate £	Latest Budget £	Actuals £	Forecast Outturn £	Variance £
<i>Advisor Consortium</i>	94,870	154,720	91,560	109,000	(45,720)
<i>Project & Contract Management</i>	59,850	0	0	0	0
<i>Internal Legal Advice</i>	18,000	18,000	6,850	7,000	(11,000)
TOTAL	172,720	172,720	98,410	116,000	(56,720)
COST PER BOROUGH	43,180	43,180	24,603	29,000	(14,180)

- 2.6 The HRRC procurement is complete following contract mobilisation on 1 October 2015 and is forecast to underspend by £116k in 2015/16. The under spend will be confirmed following receipt of final invoices for commercial advice.
- 2.7 The budget position for all activities for 2015/16 is shown below and forecasts an under spend for all activities of £145,720 (£36,430 per borough) compared to the forecast underspend of £122,720 (£30,680) reported to this committee on 10 December 2015.

Item	Approved Budget £	Outturn Forecast £	Variance £	Variance per borough £
<i>Core Activities</i>	497,500	408,500	(89,000)	(22,250)
<i>HRRC Procurement</i>	172,720	116,000	(56,720)	(14,180)
TOTAL	670,220	524,500	(145,720)	(36,430)
COST PER BOROUGH	167,555	131,125	(36,430)	

3. Recommendations:

- 3.1 To note the content of this report.
- 3.2 To note that the partnership is reviewing the mechanisms within each authority to identify how underspends can be ring-fenced and set aside to support partnership projects in future years.

4. Impacts and Implications:

Finance

- 4.1 Contained within report.