



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

Date: Tuesday 7 June 2016

Report of: South London Waste Partnership Management Group

Author(s):

Michael Mackie, Finance Lead

Chair of the Meeting:

Councillor Doyle, Chair SLWP Joint Waste Committee

Report title:

SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE

Summary

This paper provides a provisional outturn position 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 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 2015/16

- 2.1 The table below refers to the Partnership's budget position for its core activities at month 12 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 £	Provisional Outturn £	Variance £
<i>Advisor Consortium</i>	50,000	50,000	58,143	8,143
<i>Project & Contract Management</i>	300,000	325,000	213,925	(111,075)
<i>Internal Advisors and Accounting</i>	75,000	75,000	56,363	(18,637)
<i>Document and Data Management</i>	20,000	20,000	29,264	9,264
<i>Audit Fee</i>	2,500	2,500	(2,500)	(5,000)
<i>Communications</i>	50,000	25,000	0	(25,000)
TOTAL	497,500	497,500	355,195	(142,305)
COST PER BOROUGH	124,375	124,375	88,799	(35,576)

- 2.2 The Partnership's provisional outturn for core functions is an under spend for the year of £142,305 (£35,576 per borough). The major variances are detailed below.
- 2.3 There is a forecast overspend on Advisor Consortium of £8k 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 £33k due to the Contract Data Officer post being held vacant pending a decision on the requirements of the post, £19k from the Project Support Officer post being vacant until July 2015, whilst the substantive post holder was seconded to Project Support for the Environmental Services Procurement, and £49k from the fixed term Communications Officer being vacant until January 2016.
- 2.5 Document and Data Management is showing an overspend of £9k for work carried out to date for transferring HRRC contract documentation to Affinitext.
- 2.6 The audit fee outturn is an underspend of £5k due to a refund received from Mazaars of £2,500 relating to the 2012/13 audit fees. Changes to the Accounts and Audit regulations also means that no external audit is required on the 2015/16 accounts resulting in a saving of £2,500 on external audit fees.
- 2.7 The communications budget of £25k provides for communications resources in respect of planning and delivering communications activities. No communication activity was carried out in 2015/16 due to the communications officer not being in place until February 2016.
- 2.8 There was 1 project undertaken in 2015/16
- 1). A procurement exercise for the HRRCs and

And the forecast position for 2015/16 for the 2 projects is illustrated below

HRRC Procurement Exercise

Item	Estimate £	Latest Budget £	Provisional Outturn £	Variance £
<i>Advisor Consortium</i>	94,870	154,720	109,732	(44,988)
<i>Internal Legal Advice</i>	18,000	18,000	6,850	(11,150)
TOTAL	172,720	172,720	116,582	(56,138)
COST PER BOROUGH	43,180	43,180	29,145	(14,035)

2.9 The HRRC procurement is complete following contract mobilisation on 1 October 2015 and outturn is an underspend of £117k in 2015/16, in line with the forecast for month 9 reported to this committee on 9 March.

2.10 The budget position for all activities for 2015/16 is shown below and forecasts an under spend of £198,443 (£49,611 per borough).

Item	Approved Budget £	Provisional Outturn £	Variance £	Variance per borough £
<i>Core Activities</i>	497,500	355,195	(142,305)	(35,576)
<i>HRRC Procurement</i>	172,720	116,582	(56,138)	(14,035)
TOTAL	670,220	471,777	(198,443)	(49,611)
COST PER BOROUGH	167,555	117,944	(49,611)	

3. Recommendations:

3.1 To note the content of this report.

4. Impacts and Implications:

Finance

4.1 Contained within report.

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