

2018/19 Budget Proposal

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Date: 15 January 2018



Summary

This 2018/19 budget proposal for Joint Waste Solutions has been created in line with the Inter Authority Agreement that governs this partnership. It has been agreed by the Contract Partnering Board in advance of consideration today by the Joint Committee. Once approved by the Committee, it will then be submitted to each Authority for final approval.

The draft budget is broken down into four sections:

- The Contract Management Office budget, which incorporates the costs of running the client function
- The Service Provider budget, which sets out the forecast payments to Amey
- Asset contribution
- Capital expenditure.

These costs are further broken down by authority, as set out in Annex 1.

The Committee is asked to agree the draft budget proposal, which will then be commended to the partner authorities for approval.

Introduction

The proposed Joint Waste Solutions budget for 2018/19 has been discussed, refined and agreed by the Contract Partnering Board prior to consideration by the Joint Committee today. A number of assumptions and estimates have had to be made during the budget building process given the lack of historical data available, the fact that the contract is in the process of being mobilised and the ongoing work to establish the scope and function of Joint Waste Solutions.

Given these uncertainties, a precautionary approach has been used when building this budget in order to mitigate against additional funding requests during the course of the year. Details of what this means in practice and how costs may be reduced are set out in later sections of the report. It is important to note that every effort will be made to underspend against the proposed budget and partner authorities will pay a share of actual rather than projected spend on a quarterly basis.

Impact of SCC functions joining JWS

The transfer of the partnership functions from SCC to JWS has now occurred and the third iteration of the Inter Authority Agreement is being updated accordingly. SCC has historically allocated £140,000 to deliver these activities, which are focused on delivering Surrey wide performance improvement.

The Inter Authority Agreement states that the Authorities shall establish (in equal shares), fund and operate a shared contract management office, which shall carry out the activities delegated to the Joint Committee. These activities now include the partnership functions.

In order to ensure that all five partner authorities are equally invested in JWS and the delivery of the full range of delegated functions, the cost of delivering these countywide activities is included in the draft budget. In return for transferring these costs to JWS, SCC will pay an equal share of the cost of running the Contract Management Office, as set out in Annex 1.

Proposed budget

Annex 1 sets out the proposed budget for 2018/19 under a number of headings:

- Contract Management Office
- Service provider
- Asset contribution: depots
- Capital expenditure: vehicles.

Contract Management Office

In line with the Inter Authority Agreement, these costs have been divided in equal shares across the five partner authorities, with the exception of staff transferred via TUPE to Surrey Heath who are paid for by the authority they came from. Staff that came from the county council have transferred to Surrey Heath via secondment rather than TUPE, therefore these costs are paid directly by SCC but are listed in the budget proposal for completeness.

More explanation as to what is included in each of the budget lines under this heading is included in Annex 1. A more detailed breakdown of the resident engagement budget proposal is included in Annex 2.

The resident engagement budget proposal endeavours to consider all possible spend requirements in 2018/19, some of which may not come to pass. It is also worth keeping in mind that the costs attributed to resident engagement in this proposal may have been attributed to other budget codes in partner authorities in previous years, for example postage.

There are a number of areas where resident engagement costs could be lower than projected in this proposal in 2018/19:

- Historically, the Surrey Waste Partnership has funded or part funded a number of improvement initiatives across the county. The budget and spend for the SWP is due to be approved early in 2018 for 2018/19, therefore at this stage, no income from the SWP is assumed in this budget proposal.
- The budget allows for addressed mail to each resident to inform them of service changes and for the delivery of the service guides. Unaddressed mail delivered by the Royal Mail on a postcode basis is significantly cheaper.
- The recycling and performance improvement costs can be scaled up or down depending on the investment that partners would like to make in this area.
- The cross boundary reorganisation costs may not be required if the timing coincides with the distribution of service guides.

Service Provider

This has been created using the estimated quantities for 2018/19 from each authority, which will be finalised early in the New Year once housing growth projections have been confirmed.

The contract costs indexation will not be confirmed until early 2018. In line with guidance received from our Finance Advisor, at this stage a 3% indexation rate has been applied to the Service provider budget, which will be finalised once the 2018/19 indexation rate has been confirmed.

Asset contribution: depots

The current costs against this budget line are the depot values for each authority adjusted pro rata according to the Partnership Share.

Capital expenditure: vehicles

This is the capital expenditure due to be paid for new vehicles, in line with Schedule 27 of the contract.

Recommendation

The Joint Committee is asked to consider and agree the draft 2018/19 budget for Joint Waste Solutions.

Next Steps

Once agreed by the Joint Committee, the budget proposal will be commended to each of the partner authorities for approval in line with the Inter Authority Agreement.

