

JOINT WASTE COLLECTION COMMITTEE
28 NOVEMBER 2013

JOINT WASTE CLIENT BUDGET

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RECOMMENDATIONS

That the 2014/15 Joint Waste Client Budget is agreed, as detailed in Appendix A, for forwarding to the appropriate Councils.

That the 2014/15 Cost Sharing Proposal for direct income and expenditure is agreed, as detailed in Appendix A.

That a principle is agreed for sharing support costs.

1. This report is to provide Members with details of the Joint Waste Client Budget for 2014/15.

Joint Waste Client Budget

2. Attached as **Appendix 1** is the proposed Joint Waste Client Budget for 2014/15. The budget has been prepared on the basis of a single cost centre for all client side costs.
3. Members are requested to review and approve this.
4. If the Joint Waste Committee agrees the proposed budget then the next step will be for CDC and WDC to incorporate their appropriate shares in their individual 2014/15 budget setting processes.

Direct Income and Expenditure Sharing Proposal

5. The starting point is that both authorities should not be financially any worse off from having a joint waste client than if they retained their own client team. However it is also important that client team costs are shared in line with what drives these costs.
6. At present the waste service is in a transition period due to the roll outs and thus it is not possible to get an accurate picture of what the steady state cost share should be.
7. For 2014/15 it is therefore proposed that:
 - Except where specific cost shares have been agreed, all joint waste client expenditure is shared in line with the pre joint client budgetary provisions. Nb: This is the same approach that we used for 2013/14.

- All general income (ie excluding income from chargeable green waste) is shared in line with the general household split.
8. **Appendix 1** shows the proposed splits for each budget line and the following table summarises the direct cost shares.

	CDC Only Costs Note 1 £'000	CDC Shared Costs £'000	WDC Shared Costs £'000	Total £'000
2013/14 Original Budget (pre joint client)	106	497	543	1,146
2013/14 Estimated Share of joint client	106	417	494	1,017
2014/15 Budgeted Share of joint client	68	383	450	901

Note 1: Pension Deficit contribution, green waste admin expenditure.

9. Members are requested to review and approve the splits as detailed in appendix 1.
10. It is proposed to review the cost share arrangements again for 2015/16 when we will be in a better position to understand the cost drivers.
11. With regard to potential Avoidable Financial Pressures (AFP) income from BCC, this has not been included and a separate agreement will need to be reached regarding this.

Support Costs

12. CDC, as the host authority, incurs support costs associated with hosting the joint client team (ie additional financial, HR, legal and ICT support) and also bears costs associated with providing accommodation for the shared client team.
13. It was originally understood (and draft agreements were produced on this basis) that CDC would bear all these costs (with no recharge to WDC).
14. The main reason to share support costs is that it is equitable for both parties to contribution to all the costs of operating the shared client team.
15. However there are the following contra arguments to consider:
- There is a benefit, perceived or otherwise, to CDC being the host authority (ie easier direct access to the client team) which compensates for the additional costs.
 - It is difficult to identify the true additional costs of providing support to the waste team – ie 17 staff (ie the combined CDC / WDC waste client team) only have a marginal impact on the level of HR resource that is actually needed.

- Although there may be savings to WDC from not hosting the joint waste client it is very difficult to realise these (ie will only have a marginal reduction in the level of HR support that is required). Therefore WDC could end up contributing to the CDC support costs, without realising a compensating saving.
16. Given that the estimated 2014/15 WDC support costs are £293,000 and the estimated 2014/15 CDC support costs are £295,000 it is suggested that an appropriate way forward would be for each authority to bear its own support costs, but any specific additional external costs (eg additional legal advice) are split 50/50 and the cost of any internal audit reviews are also split 50/50.