

# Supplementary Estimates

## for the year ending 31 March 2023

Date of Request: **01/09/2022**

Date of Mayor / Cabinet endorsement: **01/11/2022**

Executive Director: Stephen Peacock

Cabinet Member: Cllr. Kye Dudd

### DECISION REQUIRED:

*Cabinet is asked to approve the use of corporate inflation reserve budget for:*

- *Bristol Waste Company one-off contribution to annual pay award settlement; and*
- *One-Off inflationary increase on the BCC:West of England Partnership Waste disposal contract over and above that provided for in the approved Bristol Waste Company business plan.*

## 1. Original Budget Build Up

Summary		
Division	Revised Budget	Applied Re-baseline Allocation
(Service Director Level)	£000's	£000's
Waste Client Team	38,572	39,239
<b>Total</b>	<b>38,572</b>	<b>39,239</b>

## 2. Justification

These are two inflation pressures that Bristol Waste Company is unable to absorb.

1. The current cost of living crisis has seen pay expectations increase to keep pace. In order to conclude BWC's 21/22 pay negotiations a one-off unbudgeted settlement was negotiated for staff and a one-off contribution was made by BCC to support a successful outcome in this regard.
2. The West of England contract for waste disposal was negotiated by the WOE Partnership of which BCC is a party and associated costs is aligned with the wider BWC waste contract. The WOE contract's terms allow for annual inflation index linked in line with specified RPI. The inflation assumptions in the approved Business Plan were 2.65%. Rapidly increasing market inflation conditions and pay awards have led to a significant increases cost and reduced headroom and for 2022/23 a supplementary estimate has been sought. Following

the BCC's open book review a baseline / recurrent uplift as outlined in the table below has been applied to the BWC contract to meet these obligations.

<b>Comment on components of supplementary estimate requested</b>		
<b>Service</b>	<b>Supplementary Estimate Requested £'000</b>	<b>Comment</b>
Waste Client	213	BWC Staffing one off payment 2021/22 agreed with the unions.
Waste Client	454	BWC West of England forecast shortfall due to inflation on waste disposal contracts
<b>Total net supplementary estimate</b>	<b>667</b>	

### 3. In-Year Controls

- i) The BWC staffing pay settlement of £213k is a 'one-off' rather than being incorporated in to base salaries and thereby becoming both recurrent and compounded in future years.
- ii) Inflation on the West of England waste contract pricing is index linked. Latest forecasts from the ONS indicate that inflation should return to a standard which more closely follows that in BCC's core contract within the next 24 months. Meanwhile baseline waste tonnages, which are the other key driver of waste costs, are currently reducing so that a saving here may balance and mitigate contract price pressures in the interim.

### 4. Impact Description

<b>Costs</b>	<b>Funding Source</b>
Revenue requirement in year 2022/23 of £667k	Corporate Inflation Contingency as per Appendix A2
<b>Impact if not Approved</b>	
Bristol Waste Company would make a loss of £667k.	

### 5. Learning Points

What can be learnt from how and why this change came about?

The contract is long term and indexed linked and like all businesses there is a trade-off between additional costs, increased income and efficiencies. The totality of the business planning assumptions will accumulate in the business plan which should also include an allowance for adverse variations.

### 6. Previously Approved Supplementary Estimates

Please insert a list of the Supplementary Estimates that the Mayor and Cabinet have previously approved:

A supplementary estimate has not been provided in 2022/23.

## 7. Supplementary Estimate - Sign Off

<b>The following people have signed off this Supplementary Estimate</b>	<b>Evidence of Sign-off (email/121)</b>	<b>Date</b>
Executive Director - Stephen Peacock <i>(Delegated to Peter Anderson, Director of Property Assets and Infrastructure in Stephen's absence)</i>	Yes	26/09/2022
Mayor	Yes	24/10/2022
Section 151 Officer – Denise Murray	Yes	24/10/2022