



Joint Waste Solutions: Q1 2023-24 Budget and Finance Report 28 September 2023

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Introduction

This report sets out the position for Joint Waste Solutions as at quarter one and the projected outturn for the 2023-24 financial year.

Budget Update

Annex 1 shows the Contract Management Office (CMO) income and expenditure to the end of quarter one 2023-24. CMO year-end expenditure is projected to be £2,559,837 which when set against a combined annual budget and carry forward allocation of £2,642,190 represents an overall projected underspend for the year of £82,353.

Budget Variances

Budget variances from Annex 1 which have been considered material have been explained in more detail below.

CMO Variances

The salaries budget is projecting a £75,000 underspend which is primarily due to having some vacant posts.

Contract Variances

The Core contract budget is projecting an underspend of £409,907. This is because the budget approved by members in November 2022 for 2023-24 included an estimated 10% inflationary uplift, which is more than the final figure of 6.85% from January 2023.

The Variable contract budget is affected by the same lower than budgeted inflation figure and is projecting an underspend of £78,206. It has not been possible to calculate variances on an individual line basis for quarter one because Amey has not yet submitted any invoices for this financial year. The quantities for the invoices have been agreed but JWS and Amey are still agreeing the figures for KPI performance so that the relevant deductions can be applied.

Indexation

The rate of uplift to be applied from 1st April this year has yet to be agreed. When the calculation is performed in the usual way the uplift is 6.85%, however, Amey is trying to change the way the calculation is done and has so far come up with two different uplift figures, 7.2% and 7.28%. The first of these was calculated using an out of date labour index. Amey's second attempt used labour indices that weren't published by the Office for National Statistics until 16th May 2023. This is not in line with paragraph 10.2 of schedule 7 of the joint contract which states that the indexation adjustment has to be applied on the first day of April. Amey has proposed holding a meeting in order to discuss this further, which JWS has agreed to. However as yet no dates for the meeting have been offered by Amey.

Recommendation

The Committee is asked to note the report.