

Joint Waste Solutions Quarter 2 2020/21 Budget and Finance Report 2nd December 2020



Report Author: Marco Arcangeli

Introduction

This report sets out the position for Joint Waste Solutions as at quarter two and the projected outturn for the 2020-21 financial year.

Budget Update

Annex 1 shows the Contract Management Office (CMO) income and expenditure position to quarter two 2020/21. CMO year-end expenditure is projected to be £2,556,844 which when set against a combined annual budget and carry forward allocation of £2,630,837 represents an overall projected underspend for the year of £73,993.

Budget Variances

Variance figures from Annex 1 which have been considered material have been explained in more detail below.

CMO Variances

The Team and Office budgets are projecting a combined £58,079 underspend. This figure mainly comprises of £25,000 of reserve funds which were carried forward from last year, a £12,000 underspend on mobile phones, and £19,355 of COVID related savings, such as meeting related costs, cleaning and energy savings.

The Support budget is projecting a £12,288 underspend, almost all of which is due to Surrey Heath Borough Council's finance charge being less than anticipated.

Contract Variances

Variable charges paid to Amey have been heavily impacted by the Covid pandemic, and are projected to exceed the £1.78m budget by £810,540. A detailed breakdown of this variance is at Annex 2 and each of the larger overspend figures are explained below.

Due to the ongoing Covid situation Amey has had to continue employing agency staff to cover for regular staff that are unable to work. These costs are by far the most significant of all projected overspends at £624,086 and account for 75% of the projected variable overspend total. It was hoped that following the lifting of the first lockdown on 4th July that these costs would have fallen dramatically by the fourth quarter, however, the imposition of a second lockdown has now meant that the year-end projection for agency staff has had to be revised upwards in recognition of current spending levels.

Estimates are that agency charges between October and March 2021 will total approximately £333,000. The total amount that has been paid between April and September 2020 is £290,836 and a breakdown of this figure is at Annex 2.

The garden waste budget is projected to be £28,056 overspent at year-end, this is mainly due to customer numbers being higher than budgeted. It is worth noting that the income from additional customers is expected to more than offset these additional charges.

When comparing each authority's garden waste projection figure, Woking is the outlier, with a projected underspend of £53,014. All of the other authorities have a projected overspend. Woking's budget for this year is based on figures that Amey quoted for 2019-20, not all accounts making up these amounts have been verified. The projection figure on the other hand has been based on verified accounts only and is the reason for the projection coming in under budget. Amey continue working to verify as many accounts as possible in both Woking and Surrey Heath, and future projections may need to be adjusted accordingly.

Account and data verification problems has also meant that no garden waste charges have been paid for either Woking or Surrey Heath since June 2020, and the amounts paid between April and June may have to be revised upwards if Amey is able to verify more accounts. Projection figures for Elmbridge and Mole Valley are based on the assumption that quarter three and quarter four charges will be largely similar to those paid in quarter one and quarter two.

The container delivery budget is projecting an overspend of £30,601. This is as a result of requests for other container types during lockdown being higher than average, but also due to there being an increased volume of bin orders during lockdown. Some of these bin orders are linked to the increase in garden waste customers and so this cost element can be offset by the increase in garden waste income. Mole Valley has been further affected because their sack deliveries budget was based on the best information available at the time from Amey. This information was subsequently updated which has resulted in an increase to the delivery and year-end projection figures.

The container provision budget is projecting an overspend of £154,536. The causes of the overspend are largely similar to those mentioned above for container delivery. Namely, requests for other container types during lockdown being higher than average, and an increased volume of bin orders during lockdown. The cost element of bin orders linked to the increase in garden waste customers can be offset by the increase in garden waste income.

The day works budget is projecting a £28,552 underspend. This is because apart from a small piece of Surrey Heath work there has been no spend on this budget.

As can be seen on Annex 1 a total of £14,220 of historical garden waste subscription payments have been collected by Amey and paid to Surrey Heath and Woking. This amount was collected by Amey in July 2020. It would appear that historical payments were also collected in August and September, and were paid over to authorities with their usual payments for those months. Amey is yet to provide a breakdown for these amounts so that they can be identified and moved from the 2020/21 income section to the historical income section of the report.

Recommendation

The Committee is asked to note the report.