



**Joint Waste Solutions: 2020-21 Financial Outturn Report**  
**1<sup>st</sup> July 2021**

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**Introduction**

This report sets out the outturn position for Joint Waste Solutions (JWS) for the 2020-21 financial year.

**2020-21 Outturn**

Annex 1 shows the Contract Management Office (CMO) income and expenditure for 2020-21. CMO expenditure is £2,381,832 against a budget of £2,630,837, representing an overall underspend for the year of £249,005. Inclusion of the carry forwards below reduces this underspend to £134,578, resulting in expenditure for the year of £381,911 per partner authority.

The following budget carry forwards were approved by the Contract Partnering Board on 10th June 2021:

Budget Area	Amount	Reason for carry forward
Comms & Engagement	£56,506	Amey has carried out round reorganisations in Mole Valley this year, however, work in Surrey Heath, Elmbridge and Woking has been delayed due to Amey's IT security incident. These funds are required to pay for posting information through the door of any resident whose collection day changes because of cross boundary working.
	£3,121	To pay for changes to the JWS website that will result from Amey putting in a new IT platform called Whitespace which has been delayed.
Team	£40,000	This is a reserve to cover the refreshment of ICT equipment so that partners do not face an unexpected extra cost when this occurs. £25,000 was carried forward from last year and has not been spent and so this is in effect an additional £15,000.
	£11,800	To pay for staff training that could not be completed. Staff have been on waiting lists for Surrey Learn courses that have not taken place. This issue has been compounded by the coronavirus pandemic which meant that classroom training has not been possible this year and there has been less availability of courses in general. £10,900 was carried forward from last year and has not been spent and so this is in effect an additional £900.
Support	£3,000	To cover the costs associated with the roll out of Intune software which is needed for ICT to continue providing JWS with remote IT support. These costs were not known at the time of putting together the 2021-22 budget.
	<b>£114,427</b>	

## **Budget Variances**

Variance figures from Annex 1 which are material are explained in more detail below.

### CMO Variances

Salary related expenditure is £46,000 below the budget of £1.986 million due to staff vacancies at JWS during 2020-21.

Team and Office costs are £99,000 lower than the £287,550 budget. This variance mainly comprises of £25,000 of IT equipment reserve funds which were carried forward from last year, a budget surplus of £13,000 for mobile phones, and £56,500 of COVID-19 related savings, such as meeting and travel related costs, cleaning and energy costs.

Expenditure on Support Services is £24,000 below the budget of £128,000, this is predominantly due to a £9,000 underspend on the non-contract legal budget, a £3,000 underspend on software licenses, and an £11,000 underspend on finance support due to Surrey Heath's finance charge being less than anticipated.

Contract legal support costs are £13,000 higher than budgeted due to the costs of resolving issues with contract performance data and garden waste income.

The Communications and Engagement budget is underspent by £91,000 when compared to the budget of £194,160. This is primarily due to the delay to round reorganisation work in Surrey Heath, Elmbridge and Woking, as well as to the implementation of JWS website changes that has been caused by Amey's IT security incident. The pandemic has also reduced the scope of many projects and in some cases prevented them from going ahead entirely, events being a prime example.

The pandemic has also prevented applied resilience work from going ahead, resulting in the Business Continuity budget of £5,000 not being used.

Other contractor costs are £4,000 above budget due to an increase in the WEEE rate used by MDJ Light Brothers from £42 to £90 per tonne which was not factored in when the budget was set.

### Contract Variances

Variable charges paid to Amey have been heavily impacted by the pandemic and exceed the £1.78 million budget by £938,442. Below is a breakdown of the material variances that comprise this figure, together with an explanation as to why they have occurred. Due to Amey's IT security incident, JWS has not yet received the data for quarter four and part of quarter three. As a result, some of the variable figures are estimates, and as can be seen on Annex 1 an estimated £1 million of variable charges is still to be invoiced.

		EBC	MVDC	SHBC	WBC	Total
Garden Waste	Budget 20-21	358,75 1	228,80 9	182,00 6	264,13 4	1,033,700
	Expenditure	415,37 9	264,02 6	194,74 9	222,06 6	1,096,219
	Variance	56,628	35,217	12,743	-42,068	62,519
Container Management	Budget 20-21	204,33 3	119,63 4	96,876	69,680	490,523
	Expenditure	211,11 0	202,15 5	137,77 7	126,14 7	677,189
	Variance	6,777	82,521	40,901	56,467	186,666
COVID Agency	Budget 20-21	0	0	0	0	0
	Expenditure	198,53 4	188,80 4	109,67 6	193,98 1	690,995
	Variance	198,53 4	188,80 4	109,67 6	193,98 1	690,995

Garden waste expenditure is £62,519 above budget, mainly due to customer numbers being higher than expected. It is worth noting that the income from additional customers is expected to more than offset these additional charges.

The table above shows that expenditure on the Garden Waste service in Woking was £42,000 below budget. The budget for Woking was based on figures that Amey quoted for 2019-20, not all accounts making up these amounts had been verified. Invoices issued on the other hand were based on verified accounts, resulting in the reported variance. Amey continue working to verify as many accounts as possible in both Woking and Surrey Heath, and the amounts that have been paid since April 2020 may yet be revised upwards if Amey is able to verify more accounts. Figures for Elmbridge and Mole Valley were based on current customer numbers.

Container management costs were £186,666 above budget. This is attributable to an increased volume of bin orders and other container types 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. Additionally, sack delivery budgets for Surrey Heath, Mole Valley and Woking were based on inaccurate information and the true costs were higher than budgeted.

Container provision and delivery costs in Surrey Heath and Woking also saw a peak in quarter three because of a concerted effort by Amey to close garden waste accounts and remove bins from non-paying customers. Some of these customers subsequently requested that their accounts be reactivated and their bin redelivered.

Due to the COVID-19 situation, Amey had to continue employing agency staff to cover for regular staff that were unable to work. These costs are by far the most significant of all the overspends at £690,995 and accounts for 74% of the variable overspend total.

Surrey Heath and Woking's agency costs rose between November and December because of an increase in regular staff absences, but also due to an increase in the rates of pay for agency staff who worked on bank holidays.

£14,220 of historical garden waste subscription payments which Amey agreed to chase as part of the settlement has been collected and paid to Surrey Heath and Woking during 2020-21. Additional historical payments have been collected by Amey and have been paid over to authorities with their usual monthly payments, however, Amey is yet to provide a breakdown for these amounts so that they can be identified separately.