



## **Joint Waste Solutions: Quarter 3 2021-22 Budget and Finance Report 3<sup>rd</sup> March 2022**

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### **Introduction**

This report sets out the position for Joint Waste Solutions as at quarter three and the projected outturn for the 2021-22 financial year.

### **Budget Update**

Annex 1 shows the Contract Management Office (CMO) income and expenditure to the end of quarter three 2021-22. CMO year-end expenditure is projected to be £2,175,564, which when set against a combined annual budget and carry forward allocation of £2,488,501 represents an overall projected underspend for the year of £312,937.

### **Budget Variances**

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

#### CMO Variances

The salaries budget is projecting a £229,287 underspend. This is due to a number of vacant posts, as well as new staff joining on lower salary points and a 1% cost of living increase that was built into the budget but which did not happen.

The Team budget is projecting a £31,695 underspend. This is derived mainly from reduced spending on training and travel budgets because of the pandemic.

The Communications and Engagement budget is projecting a £26,006 underspend. This is because the round changes that were planned for this year in Surrey Heath, Elmbridge and Woking have not been carried out. This underspend has offset the national driver shortage mailing costs overspend that was reported to Committee last quarter.

The Other Contractor budget is projecting a £5,205 underspend. This budget was intended to pay MDJ Light Brothers for the disposal of electricals from depots, however, on 1<sup>st</sup> July 2021 a new contract with Biffa came into effect whereby this service is now provided at zero cost.

#### Contract Variances

The Core contract budget is projecting an overspend of £193,253. This is because the budget approved by members in November 2020 for 2021-22 included an estimated 1% inflationary uplift, which is less than the final figure of 2.64% from January 2021. The additional 1.64% accounts for almost all the overspend with only £528 being because of a late variation to property uplift figures.

Variable contract expenditure is projecting an underspend of £609,910 and is broken down as follows (negative is overspend):

Budget Area	Elmbridge	Mole Valley	Surrey Heath	Woking	Total
Garden Waste	211,190	120,000	92,707	94,618	518,500
Assisted Collections	-1,101	-1,371	-991	-1,113	-4,576
Non-Dom Collections	-5	-64	-44	28	-86
Bulky Collections	14,549	12,863	10,739	14,981	53,131
Clinical Collections	-909	-2,478	-1,213	-2,083	-6,684
Add Instructed Collections	-63	-30	16	63	-14
Container Delivery	2,881	1,823	-109	80	4,675
Container Provision	35,507	-9,624	12,209	-10,364	27,728
Day Works	2,804	2,984	2,815	3,343	11,945
COVID-19 Agency Staff	-9,388	-8,760	-3,679	-6,354	-28,181
KPI Deductions	7,166	13,974	4,220	8,096	33,456
<b>Total</b>	<b>264,853</b>	<b>124,101</b>	<b>116,129</b>	<b>99,551</b>	<b>609,910</b>

The significant underspend on the garden waste budget is due to service suspensions, although it should be noted that the loss of income from these suspensions exceeds any savings. A report to show the financial impact of this is provided at Annex 2.

The projected underspend for bulky collections is also due to service suspensions, but also because HGV driver issues has meant that the service has not been reinstated to full capacity, with only half the usual number of customer slots being available. This reduced level of service is expected to continue for the rest of the year.

The underspends that have been projected for the container provision and delivery budgets are mainly due to the decline in garden waste bin deliveries, but also because supply issues have caused a delay to some costs being invoiced.

No budget was set to cover COVID-19 agency staff which is projected to cost £28,181. Throughout quarter one these costs fell substantially and since June no costs have been incurred. Amey has said that they will not have enough staff to provide a full garden waste service for the rest of the year and therefore for projection purposes it has been assumed that no agency staff costs will be incurred in quarter four.

### Inflation

Members will want to be aware that the 22/23 budget was set using a 4% rate for inflation and based on current figures the actual indexation rate next month will be closer to 5.7%.

### **Recommendation**

The Committee is asked to note the report.