



## **Joint Waste Solutions: Q2 2022-23 Budget and Finance Report 01 December 2022**

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### **Introduction**

This report sets out the position for Joint Waste Solutions as at quarter two and the projected outturn for the 2022-23 financial year.

### **Budget Update**

Annex 1 shows the Contract Management Office (CMO) income and expenditure to the end of quarter two 2022-23. CMO year-end expenditure is projected to be £2,329,941 which when set against a combined annual budget and carry forward allocation of £2,390,850 represents an overall projected underspend for the year of £60,909.

### **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 £35,935 underspend. This is due to a number of vacant posts, as well as new staff joining on lower salary points.

The Support budget is projecting a £10,100 underspend. This is as a result of a reduction in finance support costs.

The Communications and Engagement budget is projecting a £10,536 underspend. This is made up of a £22,000 underspend on round changes that were planned for this year that have not been carried out, and a £11,464 overspend on service guide distribution costs which have increased because of the current economic environment.

#### Contract Variances

The Core contract budget is projecting an overspend of £329,607. This is because the budget approved by members in November 2021 for 2022-23 included an estimated 4% inflationary uplift, which is less than the final figure of 6.71% from January 2022.

For the Variable contract budget the picture is not quite so clear. At the time of writing quarter one's budget update in September no variable invoices for 2022-23 had been received, and so it wasn't possible to carry out an analysis of the variable charges and provide year-end projections. Unfortunately the invoicing situation has not progressed very far and once again it has not been possible to calculate meaningful projection figures, however, by analysing the few invoices that have been paid, as well as the supporting data for the invoices currently being worked on, JWS has been able to provide the following projections/observations:

Item	Comment
Contract Inflation	The budget approved by members in November 2021 for 2022-23 included an estimated 4% inflationary uplift, which is less than the final figure of 6.71% from January 2022. The additional 2.71% is projected to increase variable costs by £55,335.
Garden Waste <sup>1</sup>	This budget is expected to be underspent because the service was not fully operational until May and therefore payment will not be for the full year. Also, it is possible that there will be a decline in customer numbers while the billing process is brought back up to speed (some may not renew initially) although this is yet to be observed in the data.
Assisted Collection	The review to confirm which households no longer require/qualify for assistance has been delayed due to the garden waste disruption, and so some overspends are expected. It's anticipated that this review will start shortly, but any reduction will now only be applied in quarter four rather than most of the year as was originally planned.
Clinical Waste	There appears to be an increase in requests for clinical waste collections, primarily sharps boxes.
Driver Market Supplement	The projected overspend on the market supplement has reduced from £460,000 to £346,496. The market supplement proposal wasn't presented to committee until December 2021 which was after the 2022-23 budget was approved. Amey sought changes to the supplement in March 2022 which were agreed by the authorities at the beginning of April.

<sup>1</sup>Based on current estimates the underspend on garden waste is expected to offset all of the variable overspends excluding the driver market supplement.

Every effort is being made to resolve the ongoing data verification issues with Amey and to catch-up on invoicing, and greater clarity on these budget variances will be provided in quarter three's report.

### **Recommendation**

The Committee is asked to note the report.