

Joint Waste Solutions: Q3 2022-23 Budget and Finance Report

8 March 2023

Report Author: Marco Arcangeli

Introduction

This report sets out the position for Joint Waste Solutions as at quarter three 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 three 2022-23. CMO year-end expenditure is projected to be £2,154,864, 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 £235,986.

Budget Variances

Variances from Annex 1 which have been considered material are explained below.

CMO Variances

The Salaries budget is projecting a £94,974 underspend. This is due to a number of vacant posts, as well as new staff joining on lower salary points.

The Team budget is projecting a £29,570 underspend because of decreased expenditure on training and travel budgets. Expenditure on parking has also greatly reduced because working from home has cut down the number of parking spaces needed at Dukes Court.

The Support budget is projecting an £8,787 underspend because of a reduction to the amount charged by Surrey Heath for providing finance support to Joint Waste Solutions.

The Legal budget is projecting a £49,000 underspend because the forecast work on contract improvement hasn't progressed as expected, and conversations are still at a high level between directors.

The Communications and Engagement budget is projecting a £51,036 underspend. This mainly consists of a £44,000 underspend on round changes that have not gone ahead as planned, a £10,000 underspend on BAU materials, a £4,500 underspend on events, and an £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.

Variable contract expenditure is projecting an overspend of £106,069 and is broken down as follows (negative is underspend):

| Budget Area | Elmbridge | Mole Valley | Surrey Heath | Woking | Total |
|----------------------------|-----------|-------------|--------------|---------|----------|
| Garden Waste | -37,910 | -36,217 | -6,316 | -46,322 | -126,764 |
| Assisted Collections | 536 | 752 | 657 | 686 | 2,631 |
| Non-Dom Collections | 14 | 385 | 122 | 93 | 615 |
| Bulky Collections | -19,092 | -8,245 | -9,370 | -1,240 | -37,947 |
| Clinical Collections | 850 | 2,165 | 108 | 392 | 3,516 |
| Add Instructed Collections | -852 | 432 | 240 | -47 | -227 |
| Container Delivery | -1,878 | -1,946 | -2,656 | -901 | -7,382 |
| Container Provision | -64,886 | -44,187 | 1,432 | 26,406 | -81,236 |
| Day Works | -2,240 | -1,740 | -630 | -1,283 | -5,893 |
| HGV Driver Supplement | 104,330 | 96,123 | 87,245 | 71,059 | 358,757 |
| Total | -21,128 | 7,521 | 70,832 | 48,844 | 106,069 |

The underspend on the garden waste budget is largely due to service suspensions in April and May 2022, but diminishing customer numbers, as well as a lack of new sign ups and growth has also had an impact. Surrey Heath and Woking have also seen some changes to customer numbers following the migration to Whitespace and the completion of numerous data validation exercises. The variance for Woking from this data cleanse was greater than for Surrey Heath, in particular Woking are paying for significantly less additional bins than budgeted.

The projected underspend for bulky collections is partly due to service suspensions in April and May and partly due to reduced demand. The service in Elmbridge, Mole Valley and Surrey Heath has also not been running at full capacity, with significantly less customer slots being available. Some of these slots were cancelled or blocked out to free up capacity for other work such as bin deliveries, and in Surrey Heath and Elmbridge due to the strike action.

The underspends being projected for container budgets are largely due to reduced garden waste service activity and fewer garden waste bins being supplied and delivered. This is as a result of the service suspensions in April and May and because the service was not open for renewals for a significant part of the year. Mole Valley re-opened its service to new customers in December 2022, and the other authorities re-opened their services a few months earlier in August and September. Woking's container provision costs are higher than budgeted because some large new developments have been occupied that required a large number of high value containers to be purchased.

No budget was set to cover the HGV driver market supplement which is the reason for the projected overspend of £358,757. This was expected to cost £460,000 however the additional 25p per hour plus on costs that Amey thought would be needed to settle the strike action was not needed and has not been paid.

Inflation

Members will want to be aware that the 2023-24 budget was set using a 10% rate for inflation and based on current figures the actual indexation rate next month will be closer to 7.5%.