

Waste and Recycling Committee

Date: 13 July 2021
Subject: GMCA Waste and Resources Budget Outturn 2020/21 – Part A
Report of: Steve Wilson, Treasurer

PURPOSE OF REPORT:

This report sets out the revenue and capital outturn for 2020/21 for the Waste and Resources Service.

RECOMMENDATIONS:

Members of the Committee are recommended to:

1. Note and comment on the details in the report.

CONTACT OFFICERS:

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BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

Equalities Implications:

There are no equalities impacts arising from this report.

Climate Change Impact Assessment and Mitigation Measures –

A fundamental principle of the WRMS and HWRCMS contracts is the sustainable management of waste in order to reduce carbon emissions from landfill disposal. The carbon impacts of the contracts are monitored and provided annually by the contractor.

Risk Management:

Under Section 25 of the Local Government Act 2003, the Authority’s Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer term view of the overall financial position to be taken.

In accordance with these requirements a review has been undertaken of the risks that the GMCA may face from Waste & Resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed Revenue and Balances Strategy.

Legal Considerations:

Please refer to Risk Management section above.

Financial Consequences – Revenue:

This report sets out the proposed Revenue budget for waste disposal in 2021/22.

Financial Consequences – Capital:

This report sets out the proposed capital budget for waste disposal in 2021/22.

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

No Comments

BACKGROUND PAPERS:

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be	

exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
GM Transport Committee	Overview & Scrutiny Committee	

1. INTRODUCTION/BACKGROUND

- 1.1 The budget and levy for the Waste and Resources service was set on 14 February 2020 for a total of £167.242m.

2. REVENUE OUTTURN 2020/21

- 2.1 The revenue outturn for 2020/21 is shown below:

	Budget 2020/21 £m	Actual 2020/21 £m	Variance 2020/21 £m
Operational Costs	109.667	102.383	(7.284)
Operational Financing	49.118	46.622	(2.497)
Office Costs	5.755	4.264	(1.491)
Non-Operational Financing	2.702	2.531	(0.171)
Total Budget	167.242	155.800	(11.442)
Levy Adjustment 2019/20		0.027	0.027
Levy Adjustment 2020/21		(5.058)	(5.058)
Refund of Levy to Districts (From)/ To Reserves		26.744	26.744
Levy	167.242	167.242	0.000

- 2.2 Key differences between the budget and outturn figure are:

- 2.2.1 The budget was set using forecast levels of District delivered waste amounting to 819,000 tonnes of waste. The volumes of waste actually delivered by districts during the year amounted to 904,000 tonnes. The majority of the increase was seen in the residual waste stream (increase 18%) and commingled waste stream (increase 29%).

- 2.2.2 The main operational variances are :

	Variance £m
Residual Value Contract	(1.058)
Waste and Resources Management Services (WRMS) Contract	4.339
Household Waste Recycling Centre Management Services (HWRCMS) Contract	(1.161)
Biowaste Offtake Agreements	(0.069)
Other contract costs	(9.335)
	<u>(7.284)</u>

- 2.2.3 The main variances on Operational costs are:

- Residual Value Contract – less Air Pollution Control (APC) residues being disposed of than budgeted;
- WRMS Contract – increases in the cost of residual waste and commingled treatment due to higher volumes offset by increased income from higher volumes of commingled waste;
- HWRCMS Contract – lower than budgeted landfill costs; and

- d) Other contract costs – additional sums of money were included in the budget to cover uncertainties from Brexit and for higher disposal costs whilst the facility at Longley Lane, Sharston was being modified. These sums of money have been transferred into reserves with the modification of Longley Lane forecast to be completed in 2021/22 instead of 2020/21. The remaining monies have been used to offset the higher costs of Districts due to higher volumes of waste.

2.2.4 The main operational financing savings have been derived from lower than anticipated interest costs with rates lower than forecast and some savings on Minimum Revenue Provision (MRP) costs due to capital projects being completed later than anticipated.

2.2.5 The office cost variance is due to underspends on employee costs from vacant posts, underspends on premises related expenditure as resources have been diverted to completing capital projects and underspends on supplies and services mostly in the behavioural change and communications team with the underspend being transferred into an earmarked reserve to support contamination campaigns in 2021/22.

2.2.6 The provisional levy adjustment has been included within the outturn for 2020/21 with a forecast for the month of March 2021 which reflects the increased tonnages being delivered by Districts. The sum will be effected through the 2021/22 revenue account with an adjustment to reflect the actual position for March 2021. The breakdown per District is detailed below:

	Levy Adjustment £m
Bolton	£0.630
Bury	£0.345
Manchester	£1.130
Oldham	£0.616
Rochdale	£0.565
Salford	£0.580
Stockport	£0.254
Tameside	£0.596
Trafford	£0.343
	<hr/> £5.058

2.2.7 A refund of levy was approved on 31 July 2020 at the GMCA meeting (£15m) and 25 September 2020 GMCA meeting (£5m) alongside the proposal to refund a further amount to offset the levy adjustment payable by Districts so no District pays more than the original levy amount. That sum will also need revising slightly following inclusion of actual March 2021 tonnages.

3. CAPITAL OUTTURN 2020/21

3.1 The capital outturn is shown below:

	Budget 2020/21 £m	Outturn 2020/21 £m
Operational Assets	23.090	7.207
Non-Operational Assets	1.800	0.073
Total	24.890	7.280

- 3.2 The main variances on Operational Assets relate to overruns into 2021/22 for MBT modifications and reprofiling of the works at Reliance Street, Newton Heath which is scheduled for completion in October 2021 and works at Longley Lane, Sharston. To enable the works on the Operational Assets to be progressed, Non-Operational Assets work has been scaled back. Works in this area have remained at the design stage and are provisionally being scheduled for expenditure in 2021/22.