

## Waste and Recycling Committee

Date: 17 July 2024  
Subject: GMCA Waste and Resources Budget Outturn 2023/24  
Report of: Steve Wilson, Treasurer

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### Purpose Of Report

This report sets out the revenue and capital outturn for 2023/24 for the Waste and Resources Service.

### Recommendations:

The Committee is requested to:

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

### Contact Officers

Lindsey Keech  
Head of Finance – Capital and Treasury Management  
[Lindsey.keech@greatermanchester-ca.gov.uk](mailto:Lindsey.keech@greatermanchester-ca.gov.uk)

BOLTON  
BURY

MANCHESTER  
OLDHAM

ROCHDALE  
SALFORD

STOCKPORT  
TAMESIDE

TRAFFORD  
WIGAN

## **Equalities Impact, Carbon and Sustainability Assessment:**

There are no equalities impacts arising from this report. 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.

## **Legal Considerations**

Please refer to Risk Management section above.

## **Financial Consequences – Revenue**

This report sets out the revenue outturn for waste disposal in 2023/24.

## **Financial Consequences – Capital**

This report sets out the capital outturn for waste disposal in 2023/24.

## **Number of attachments to the report: None**

## **Comments/recommendations from Overview & Scrutiny Committee**

N/A

## **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?

No

## 1. Introduction/Background

The levy for the Waste and Resources service was set on 10 February 2023 for a total of £169.0 million (m) represented by expenditure of £170.0m and a use of reserves of £1.0m.

## 2. Revenue Outturn 2023/24

The revenue outturn for 2023/24 is shown below:

	<b>Budget 2023/24 £m</b>	<b>Actual 2023/24 £m</b>	<b>Variance 2023/24 £m</b>
Operational Costs	108.555	94.551	(14.004)
Operational Financing	53.731	50.061	(3.670)
Office Costs	7.212	4.508	(2.704)
Non-Operational Financing	0.525	0.599	0.074
<b>Total Budget</b>	<b>170.023</b>	<b>149.719</b>	<b>(20.304)</b>
Levy Adjustment 2022/23		0.367	0.367
Levy Adjustment 2023/24	-	0.656	0.656
Return of Reserves	-	37.000	37.000
(From)/ To Reserves	(1.000)	(18.719)	(17.719)
<b>Levy</b>	<b>169.023</b>	<b>169.023</b>	<b>-</b>

### 2.1. Key Differences between the Budget and Outturn Figure

The budget was set using forecast levels of waste amounting to 1,055,297 tonnes of waste. The volumes of waste delivered by Districts were as below which includes a forecast figure for February and March 2024. Totals for the year have now been verified but as this happened too late to be included in the Statement of Accounts and Outturn, the forecast figures are shown below.

<b>GM LAs</b>	<b>Budget 2023/24</b>	<b>Forecast 2023/24</b>	<b>Variance</b>
Residual	372,411	373,249	(838)
Biowaste	204,006	192,820	(11,186)
Commingled	114,010	109,358	(4,652)
Pulpables	76,342	76,158	(184)
Street Sweepings	26,269	27,026	757
Trade Waste	44,770	43,205	(1,565)
<b>Total</b>	<b>838,807</b>	<b>821,818</b>	<b>(16,989)</b>

The variation in the total figures demonstrates the difficulty in predicting tonnages for the year ahead that has persisted since Covid. This is due to residents having variable working patterns between home and office which is affecting waste volumes. This has been further compounded by the cost of living affecting spending and the volume of waste that is generated by each household.

<b>HWRCs</b>	<b>Budget 2023/24</b>	<b>Forecast 2023/24</b>	<b>Variance</b>
Dry Recycled	71,440	85,989	14,549
Rubble	18,723	31,101	12,378
Thermal Recovery	127,024	79,674	(47,350)
Green	14,662	11,939	(2,723)
Residual	5,016	625	(4,391)
<b>Total</b>	<b>216,490</b>	<b>209,328</b>	<b>(7,162)</b>

The Household Waste Recycling Centre (HWRC) tonnages have also continued to be difficult to predict following Covid and economic circumstances but also by the success of the implementation of the van permit policy which has been highly successful in driving illegal trade waste out of the sites. When the budget was set, the full year effect of the scheme was not known so could not be factored into the tonnages used at that time. Subsequent implementation of the scheme has reduced tonnage throughputs significantly at the HWRC sites.

## 1 Operational Variances

The main operational variances are:

	<b>Variance</b>
	<b>£m</b>
Residual Value Contract	1.8
Waste and Resources Management Services (WRMS) Contract	(12.7)
Household Waste Recycling Centre Management Services (HWRCMS) Contract	(2.1)
Biowaste Offtake Agreements	(0.6)
Other contract costs	(0.4)
	(14.0)

The main variances on Operational costs are:

- a) Residual Value Contract – share of third party income from sale of electricity is much reduced from previous years and was lower than budget;
- b) WRMS Contract – increase in income from the sale of recyclates, savings in expenditure on residual waste treatment and landfill due to lower tonnages of residual waste, and savings on processing of commingled waste due to lower than budget tonnages;
- c) HWRCMS Contract – lower than budgeted residual waste treatment costs due to lower than budgeted tonnages; and
- d) Biowaste Contracts – savings resulting from lower than budgeted tonnages.

## 2 Operational Financing Savings

The main operational financing savings have been derived from lower than anticipated interest costs due to higher overall interest income within the Authority and some savings on Minimum Revenue Provision (MRP) costs due to capital projects being completed later than anticipated.

## 3 Office Cost Variance

The office cost variance is largely due to the delay in the works for the waste compositional analysis which was due to be funded from reserves. This work will now take place in 2024/25 and the reserve is still available to fund this work, spend on central recharges from wider GMCA functions was slightly lower and employee costs was slightly less than budget due to vacancy gaps between starters and leavers.

## 4 Provisional Levy Adjustment

The provisional levy adjustment has been included within the outturn for 2023/24 with a forecast for the months of February and March 2024 which reflects the changes in tonnages being delivered by Districts. The sum will be affected during 2024/25 with an adjustment to reflect the actual position for March 2024. The breakdown per District is detailed below:

	<b>Levy Adjustment £m</b>
Bolton	0.081
Bury	(0.071)
Manchester	(0.023)
Oldham	(0.200)
Rochdale	(0.169)
Salford	(0.260)
Stockport	(0.030)
Tameside	(0.188)
Trafford	0.215
	(0.645)

## 5 Return of Reserves

At the February 2023 meeting of the GMCA it was approved to return a total of £27m from an underspend in 2022/23. This return happened in 2023/24. A further return of £10m was approved by GMCA in February 2024.

## 3. Capital Outturn 2023/24

The capital outturn is shown below:

	<b>Budget 2023/24 £m</b>	<b>Outturn 2023/24 £m</b>
Operational Assets	3.780	3.354
Non-Operational Assets	0.013	0.013
Total	3.793	3.367

### 3.1. Operational Assets

The outturn for operational assets is within forecast. Works at Raikes Lane Thermal Recovery Facility, Bolton have been included in the above since last reported.

### 3.2. Non-Operational Assets

The spend on non-operational assets is within budget and represents the completion of the works at Bredbury former landfill site.