

GM WASTE AND RECYCLING COMMITTEE

Date: 14th November 2019

Subject: Budget and Levy

Report of: Richard Paver, GMCA Treasurer

PURPOSE OF REPORT

To update the Committee on the forecast budget outturn position for 2019/20, the proposed budget for 2020/21 and the process to update the Levy Allocation Methodology Agreement (LAMA).

RECOMMENDATIONS:

The Committee is recommended to:

- i) Note the contents of the report.

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Equalities Implications – considered in the body of the report

Risk Management – considered in the body of the report

Legal Considerations – considered in the body of the report

Financial Consequences – Revenue – considered in the body of the report

Financial Consequences – Capital – considered in the body of the report

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Number of attachments to the report: 0

BACKGROUND PAPERS:

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes / 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

- 1.1 The budget and levy for the Waste & Resources service for the 2019/20 financial year was set on 15 February 2019 for a total of £174.633m and was in line with the former Greater Manchester Waste Disposal Authority's (GMWDA) Medium Term Financial Plan. The budget was set with a balanced approach to risk and including the delivery of the GMCA's recycling aspirations (a minimum level of 50% recycling and composting) and the inclusion of elements of the GMCA's savings programme work from the, at that time, still to be finalised procurement process.
- 1.2 The 2019/20 budget included costs associated with a number of risks which included:
- Outstanding works on Mechanical and Biological Treatment (MBT) facilities;
 - Facility performance and additional costs during the modification process; and
 - 2 months of run off contract costs.

2. FORECAST OUTTURN 2019/20 AND INDICATIVE BUDGET FOR 2020/21 AND BEYOND

- 2.1 The forecast revenue outturn for 2019/20 is broadly in line with budget. The main areas of difference relate to delays in the MBT modification process offset by financing savings due to reprioritisation of resources available to deliver the capital programme. Included in the forecast is a further return of levy of £1.1m relating to 2018/19 which has previously been agreed by the GMCA following actual tonnage confirmations. A review of 5 month tonnage data has been undertaken and based on that assessment, a further sum of £1m has been provided to reimburse Districts for reductions in tonnage delivered.
- 2.2 The former GMWDA set a Medium Term Financial Plan to 2021/22 which projected levy amounts of £177.686m in 2020/21 and £180.453m in 2021/22. Expectations are that future reports to this Committee will contain reductions to these numbers.

3. LEVY ALLOCATION METHODOLOGY AGREEMENT (LAMA)

- 3.1 The LAMA is the unanimously agreed method for allocating the Waste & Resources budget between the constituent Districts and replaced, for 2018/19, the Inter Authority Agreement (IAA). The LAMA allocates the costs in the budget by waste stream, Household Waste Recycling Centre (HWRC) costs and Authority own costs and has been slightly revised to reflect the payment mechanism within the new contracts.
- 3.2 A process for approval of the revised LAMA by all Districts and the GMCA is now under way.

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4. BUDGET CONSULTATION AND TIMETABLE

4.1 As usual the Waste & Resources budget proposals are being reviewed with District Waste Chief Officers and Treasurers. Proposals incorporate, as far as possible, their suggestions and comments.

4.2 A formal process of budget scrutiny is also being put in place which involves:

November 2019	Initial proposals to this Waste & Recycling Committee and Scrutiny Committee
January 2020	Final proposals to Waste & Recycling Committee and Scrutiny Committee
January/February 2020	Final proposals to GMCA and approval of budget and levy

5. RECOMMENDATION

5.1 The Committee is recommended to note the contents of the report.