

Waste and Recycling Committee

Date: 22 July 2020

Subject: GMCA Waste and Resources Budget Outturn 2019/20 – Part A

Report of: Steve Wilson, Treasurer

PURPOSE OF REPORT

This report sets out the revenue and capital outturn for 2019/20 for the Waste and Resources Service.

RECOMMENDATIONS:

Members of the Committee are recommended to:

- i. Note and comment on details in the report.

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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

Number of attachments included in the report: 0

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?		
TfGMC	Overview & Scrutiny Committee	

1. INTRODUCTION

1.1 The budget and levy for the Waste and Resources service was set on 15 February 2019 for a total of £174.634m.

2. REVENUE OUTTURN 2019/20

2.1 The revenue outturn for 2019/20 is shown below:

	Budget	Outturn	Variance
	2019/20	2019/20	2019/20
	£m	£m	£m
Operational Costs	115.420	107.187	(8.233)
Operational Financing	48.661	45.305	(3.356)
Office Costs	7.507	6.005	(1.502)
Non Operational Financing	3.046	2.695	(0.351)
Total Budget	174.634	161.192	(13.442)
Use of Reserves		(18.740)	(18.740)
In year refund		30.000	30.000
Levy Adjustment 2018/19		1.124	1.124
Levy Adjustment 2019/20		1.057	1.057
Levy	174.634	174.634	-

2.2 Key differences between the budget and outturn figure are:

2.2.1 The budget was set using forecast levels of waste amounting to 1.112m tonnes of waste. Current projections are that levels of waste arisings will be 1.097m tonnes. The differences are shown below:

WCA Arisings	Budget	Outturn	Difference
Residual	365,884	371,313	5,429
Pulpables	85,226	81,628	(3,598)
Commingled	108,072	106,869	1,203
Biowaste	199,277	199,854	577
Trade Waste	59,254	45,027	(14,227)
Total WCA	817,713	804,691	(13,022)
HWRC	295,115	292,245	(2,870)
Total	1,112,828	1,096,936	(15,892)

2.2.2 The budget was set prior to the award of the waste management contracts to Suez and was based on a combination of the bids received and estimates of likely landfill diversion and recycling targets alongside estimated exit costs for the previous contractor.

2.2.3 The main variances on Operational costs are:

- a) Savings compared to budget of £4.8m on redundancy and pension strain costs following receipt of final estimates;
- b) The budgeted amount for lifecycle has not been utilised whilst Suez undertook a full review of all the facilities to enable a programme of works to be developed, £1.2m; and
- c) The remaining saving has been made from tonnage related elements via the payment mechanisms.

2.2.4 As previously reported, the Authority has reviewed capital financing charges and savings on the Minimum Revenue Provision (MRP) have been included in the outturn alongside savings on interest paid. Further savings were identified later in the year as the capital programme was delayed due to other commitments with the MBT modifications.

2.2.5 The office cost variance is due to underspends on employee costs from vacant posts and underspends on premises related expenditure on electricity. Reprioritisation of resources to the MBT modification programme is leading to lower expenditure on the rest of the Waste & Resources estate. The electricity costs are reduced as a result of Salford Road, Over Hulton In-Vessel Composter (IVC) being emptied and converted into a Biowaste Transfer Loading Station (TLS) which requires less electricity to operate.

2.2.6 Following verification of annual tonnage outturn figures an additional levy adjustment figure has been calculated reflecting the lower/different mix of waste arisings. The additional sum will be effected through the 2020/21 revenue account but returned to Districts at the same time as the original projection of £1.057m.

	Jan-20 Projection £m	2019/20 Outturn £m	Additional Adjustment £m
Bolton	(0.040)	0.064	0.104
Bury	(0.117)	(0.161)	(0.044)
Manchester	(0.376)	(0.319)	0.057
Oldham	(0.028)	0.011	0.039
Rochdale	0.041	0.034	(0.007)
Salford	(0.016)	(0.007)	0.009
Stockport	(0.201)	(0.331)	(0.130)
Tameside	0.033	0.046	0.013
Trafford	(0.353)	(0.420)	(0.067)
	(1.057)	(1.083)	(0.026)

3. CAPITAL OUTTURN 2019/20

3.1 The capital outturn for 2019/20 is as below:

Budget 2019/20	Outturn 2019/20
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	£m	£m
Operational sites	45.425	17.069
Non-Operational Sites	2.075	-
	47.500	17.069

3.2 As above, the capital programme was set prior to the waste management contracts award and sums for capital projects were included with provisional amounts and timetables. The capital programme for 2020/21 has seen many of these projects rolled forward.

3.3 The spend above can be split between:

- a) Mobile plant and vehicles (£12.8m);
- b) Raikes Lane, Bolton reinstatement (£1.1m); and
- c) MBT modifications (£3.1m).

3.4 Spend on the former landfill sites has been postponed and projects relisted in the 2020/21 capital programme. The intensity of work on the MBT modifications has restricted the time available to this area.

3.5 The exception to the above is the replacement engineering team office at Salford Road, Over Hulton which was planned to be delivered in 2019/20. This was not included in the roll forward of projects to 2020/21 and hence a sum of £0.1m needs to be added to the 2020/21 capital programme.

4. RESERVES

4.1 The reserves position for 2019/20 is shown below:

	Balance at 31 March 2019 £m	Transfer In / (Out) £m	Balance at 31 March 2020 £m
Engagement Activities Reserve	0.102	0.256	0.358
Insurance Reserve	12.694	-	12.694
Interest Rate Reserve	2.000	-	2.000
Pension Deficit Funding Reserve	0.812	-	0.812
MTFP Funding Reserve	36.360	(18.809)	17.551
Optimisation and Efficiency Reserve	5.000		5.000
Waste Composition Analysis Reserve	0.186	(0.186)	-
Lifecycle Reserve	3.911	-	3.911
Total Earmarked General Fund Reserves	61.065	(18.739)	42.326
General Fund	12.132	-	12.132
	73.197	(18.739)	54.458