

Waste and Recycling Committee

Date: 13 July 2022
Subject: GMCA Waste and Resources Budget Outturn 2021/22 – Part A
Report of: Steve Wilson, Treasurer

Purpose Of Report

This report sets out the revenue and capital outturn for 2021/22 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 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.

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 revenue outturn for waste disposal in 2021/22.

Financial Consequences – Capital

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

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?

1. Introduction/Background

The levy for the Waste and Resources service was set on 12 February 2021 for a total of £162,402k represented by expenditure of £162,672k and a use of reserves of £270k.

2. Revenue Outturn 2021/22

The revenue outturn for 2021/22 is shown below:

	Budget 2021/22 £000	Actual 2021/22 £000	Variance 2021/22 £000
Operational Costs	105,023	74,661	(30,362)
Operational Financing	48,830	47,447	(1,383)
Office Costs	6,190	4,533	(1,657)
Non-Operational Financing	2,629	1,005	(1,624)
Total Budget	162,672	127,646	(35,026)
Levy Adjustment 2020/21	-	262	262
Levy Adjustment 2021/22 (From)/ To Reserves	-	(10)	(10)
Levy	(270)	34,504	34,774
	162,402	162,402	-

2.1 Key Differences between the Budget and Outturn Figure

The budget was set using forecast levels of District delivered waste amounting to 861,000 tonnes of waste. The volumes of waste delivered by Districts was the same but with variances in the types of waste delivered. Lower amounts than forecast were received in biowaste, street sweepings and trade, and higher than forecast in residual, commingled and paper/card waste streams.

1. The main operational variances are:

	Variance £000
Residual Value Contract	(16,113)
Waste and Resources Management Services (WRMS) Contract	(10,162)
Household Waste Recycling Centre Management Services (HWRCMS) Contract	(923)
Biowaste Offtake Agreements	(1,462)
Other contract costs	(1,702)
	<u>(30,362)</u>

2. The main variances on Operational costs are:

- a) Residual Value Contract – increased share of third party income;

- b) WRMS Contract – increases in the cost of residual waste treated due to increases in residual waste tonnage offset by increased recyclate revenue rebate due to increased price obtained and slightly higher tonnages of commingled and paper/card;
 - c) HWRCMS Contract – lower than budgeted landfill costs; and
 - d) Other contract costs – largely a result of an underspend on lifecycle costs with the underspend being moved to the Lifecycle Reserve to be spent in future years.
3. 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.
 4. The office cost variance is mainly due to underspends on consultancy fees due to delays by Defra in publishing the next elements of the Resources and Waste Strategy (RaWS). The underspend has been moved into a reserve for the anticipated spend on providing a response to the RaWS.
 5. The provisional levy adjustment has been included within the outturn for 2021/22 with a forecast for the month of March 2022 which reflects the changes in tonnages being delivered by Districts. The sum will be effected during 2022/23 with an adjustment to reflect the actual position for March 2022. The breakdown per District is detailed below:

	Levy Adjustment £000
Bolton	146
Bury	(243)
Manchester	732
Oldham	39
Rochdale	(192)
Salford	(222)
Stockport	88
Tameside	(168)
Trafford	(170)
	10

6. At the GMCA meeting of 11 February 2022 it was noted that there is an intention to return £10,000k of reserves as a minimum. This will be a transaction in 2022/23.

3. Capital Outturn 2021/22

The capital outturn is shown below:

	Budget	Outturn
	2021/22	2021/22
	£m	£m
Operational Assets	21.300	15.516
Non-Operational Assets	1.750	0.038
Total	<u>23.050</u>	<u>15.554</u>

3.1 Operation Assets Slippage

The slippage on the operational assets is attributable to reprofiling of spend in relation to works at Raikes Lane Energy from Waste facility (EfW), Bolton and Longley Lane Materials Recovery Facility (MRF), Sharston and mobile plant and equipment. These three schemes will roll forward into 2022/23.

3.2 Non-Operational Assets Slippage

The slippage on the non-operational assets is attributable to delays to drainage repairs in the northern section of the Bredbury former landfill site. This project will roll forward into 2022/23.