

Waste and Recycling Committee

Date: 13th July 2023
Subject: GMCA Waste and Resources Budget Outturn 2022/23
Report of: Steve Wilson, GMCA Treasurer

Purpose Of Report

This report sets out the revenue and capital outturn for 2022/23 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.

Legal Considerations

Please refer to Risk Management section above.

Financial Consequences – Revenue

This report sets out the revenue outturn for waste disposal in 2022/23.

Financial Consequences – Capital

This report sets out the capital outturn for waste disposal in 2022/23.

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 11 February 2022 for a total of £164.840m represented by expenditure of £165.314m and a use of reserves of £0.474m.

2. Revenue Outturn 2022/23

The revenue outturn for 2022/23 is shown below:

	Budget 2022/23 £m	Actual 2022/23 £m	Variance 2022/23 £m
Operational Costs	107.872	65.283	(42.589)
Operational Financing	50.614	49.797	(0.817)
Office Costs	6.318	3.885	(2.433)
Non-Operational Financing	0.510	0.492	(0.018)
Total Budget	165.314	119.457	(45.857)
Levy Adjustment 2021/22		(0.051)	(0.051)
Levy Adjustment 2022/23	-	1.622	1.622
Return of Reserves	-	10.000	10.000
(From)/ To Reserves	(0.474)	-	(0.474)
Levy	164.840	131.028	(33.811)

2.1 Key Differences between the Budget and Outturn Figure

The budget was set using forecast levels of waste amounting to 1,134,175 tonnes of waste. The volumes of waste delivered by Districts were as below which includes a forecast figure for March 2023. 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.

Districts	Budget 2022/23	Forecast 2022/23	Variance
Residual	378,169	373,001	(5,168)
Biowaste	207,876	188,427	(19,449)
Commingled	121,663	112,016	(9,647)
Pulpables	81,708	75,916	(5,792)
Street Sweepings	22,937	26,514	3,577
Trade Waste	46,163	43,109	(3,054)
Total	858,517	818,982	(39,535)

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.

HWRCs	Budget 2022/23	Forecast 2022/23	Variance
Dry Recycled	78,514	77,919	(235)
Rubble	46,645	32,727	(13,918)
Thermal Recovery	118,642	79,895	(38,746)
Green	15,483	10,355	(5,128)
Residual	16,735	3,556	(13,180)
Total	275,659	204,452	(71,207)

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:

	Variance
	£m
Residual Value Contract	(17.5)
Waste and Resources Management Services (WRMS) Contract	(19.5)
Household Waste Recycling Centre Management Services (HWRCMS) Contract	(2.9)
Biowaste Offtake Agreements	(1.5)
Other contract costs	(1.2)
	(42.6)

The main variances on Operational costs are:

- a) Residual Value Contract – increased share of third party income derived from electricity and steam generation;
- 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;
- d) Biowaste Contracts – savings resulting from lower than budgeted tonnages; and
- e) Other contract costs – largely a result of an underspend on lifecycle costs.

2 Operational Financing Savings

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.

3 Office Cost Variance

The office cost variance is mainly due to underspends on consultancy fees due to works on Extended Producer Responsibility and the national Resources and Waste Strategy being reprofiled into 2023/24, spend on non-operational sites being lower than expected, 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 2022/23 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 2023/24 with an adjustment to reflect the actual position for March 2023. The breakdown per District is detailed below:

	Levy Adjustment £m
Bolton	(0.156)
Bury	(0.243)
Manchester	(0.421)
Oldham	(0.085)
Rochdale	(0.168)
Salford	(0.441)
Stockport	(0.010)
Tameside	(0.332)
Trafford	0.198
	(1.662)

3. Capital Outturn 2022/23

The capital outturn is shown below:

	Budget 2022/23 £m	Outturn 2022/23 £m
Operational Assets	9.004	8.595
Non-Operational Assets	1.350	0.411
Total	10.354	9.006

3.1 Operational Assets Slippage

The outturn for operational assets is within forecast. The paper and card project at Bredbury Park Way, Bredbury was cancelled and is not now required and the new Household Waste Recycling Centre (HWRC) at Reliance Street, Newton Heath has been delayed. This project was always forecast to be over more than one year and the budget will need to be reprofiled into 2023/24.

3.2 Non-Operational Assets Slippage

The spend on non-operational assets is also within budget. The drainage works at the north of Bredbury former landfill site have been completed with a saving of £0.7m. The culvert improvements works at Waithlands former landfill site have been delayed due to works on the operational assets and timings on when the works can take place during the year. This project will need reprofiling into 2023/24.