

## Waste and Recycling Committee

Date: 11 October 2023  
Subject: 2023/24 Budget Update Q1 and Budget and Levy Setting Process for 2024/25  
Report of: Steve Wilson, Treasurer

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### **PURPOSE OF REPORT:**

To update Waste and Recycling Committee Members on the forecast 2023/24 budget position as at quarter 1 and the timeline for setting the budget and levy for 2024/25.

### **RECOMMENDATIONS:**

Members of the Committee are recommended to:

1. Note and comment on the report.

### **CONTACT OFFICERS:**

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## **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**

Considered in the body of the report.

## **Financial Consequences – Capital**

Considered in the body of the report.

## **Number of attachments to the report:**

None.

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

No comments.

## **Background Papers**

None.

## **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

## **GM Transport Committee**

N/A

## **Overview and Scrutiny Committee**

January 2024 - Final proposals to Waste & Recycling Committee and Scrutiny Committee

## 1. Introduction/Background

The budget and levy for the Waste & Resources service for the 2023/24 financial year was set on 10 February 2023 for a net total of £169m after £1m use of reserves and was in line with the Medium-Term Financial Plan.

The 2023/24 budget included costs/ income associated with risks which include income from recyclates and share of third-party income at TPSCo.

## 2. Forecast Revenue Outturn for 2023/24 as at Quarter 1

<b>Waste and Resources Forecast Outturn 2023/24</b>	<b>Approved Budget</b>	<b>Forecast Outturn Quarter 1</b>	<b>Forecast Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Operational Costs	108.555	107.714	(0.841)
Operational Financing	53.731	52.553	(1.178)
Office Costs	7.212	7.212	-
Non-Operational Financing	0.525	0.599	0.074
<b>Total Budget</b>	<b>170.023</b>	<b>168.078</b>	<b>(1.945)</b>
Levy Adjustment	-	0.366	0.366
Return to constituent authorities	-	27.000	27.000
Transfer (from)/to reserves	(1.000)	(28.000)	(27.000)
<b>Levy</b>	<b>169.023</b>	<b>167.444</b>	<b>(1.579)</b>

The operational costs element of the budget is forecast to underspend by £0.8m due to tonnages for the first two months being lower than budget and income from pulpables and commingled recyclates being higher than budget during the first Quarter of the year. The position will be updated based on actual income as the year progresses. Tonnages and recycle prices will be monitored monthly through the remainder of the year.

An underspend on capital financing of £1.2m is forecast relating to lower than budgeted Minimum Revenue Provision and slightly lower interest costs. The levy adjustment payment of £0.4m is a reflection of lower than budgeted tonnages delivered by local authorities and is a cost to the GMCA.

At the GMCA meeting of 10 February 2023 approval was given to make a one-off payment of £27m funded from reserves which has now been paid.

### 3. Forecast Capital Outturn for 2023/24 as at Quarter 1

	Budget 2023/24 £m	Current 2023/24 Forecast £m	(Increase)/ Decrease £m
Operational Sites	6.780	6.780	-
<b>Total Capital - Waste &amp; Resources</b>	<b>6.780</b>	<b>6.780</b>	<b>-</b>

The current forecast expenditure is in line with budget. There is potential for the majority of expenditure at Reliance Street, Newton Heath Household Waste Recycling Centre (HWRC) to slip into 2024/25. The project has many technical, planning and procurement requirements which may delay construction on site.

### 4. Medium-Term Financial Plan (MTFP) to 2024/25

#### 4.1 MTFP Projections

The MTFP projections from February 2023 have assumed that:

1. Districts will be able to deliver on their expected waste declarations;
2. No change from England's Resources and Waste Strategy;
3. Landfill tax will continue to rise annually by RPI; and
4. CPI inflation will be at 5% in September 2023, 2.1% in September 2024 and 2% per annum following.

#### 4.2 Estimated Budget and Levy

The estimated budget and levy for 2024/25 onwards was:

	Budget £m	Use of Reserves £m	Levy £m
2024/25	181.4	(4.0)	177.4
2025/26	187.5	(2.0)	185.5

### **4.3 Inflation**

The biggest influence on the Waste & Resources levy for 2024/25 is inflation. Work is under way to seek ways to minimise and smooth the impacts on Districts. A full review of tonnages will conclude in October 2023 which may also have an impact on the above numbers.

## **5. Budget Consultation and Timeline**

### **5.1 Proposals**

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

### **5.2 Formal Process**

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

December 2023	Consultation with District Waste Chief Officers, Leaders and Treasurers
January 2024	Final proposals to Waste & Recycling Committee and Scrutiny Committee
February 2024	Final proposals to GMCA and approval of budget and levy