

## Greater Manchester Combined Authority

### Waste and Recycling Committee

Date: 16 October 2024

Subject: 2024/25 Budget Update and Budget and Levy Setting Process for 2025/26

Report of: Steve Wilson, GMCA Treasurer

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#### **PURPOSE OF REPORT:**

To update Waste and Recycling Committee Members on the forecast 2024/25 budget position as at month 5 and the timeline for setting the budget and levy for 2025/26.

#### **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**

[9 February 2024 GMCA meeting, budget and levy setting](#)

## **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**

N/A

## 1. Introduction/Background

The levy for the Waste & Resources service for the 2024/25 financial year was set on 9 February 2024 for a total of £178.3m after a £4.0m application of reserves and was in line with the Medium-Term Financial Plan.

The 2024/25 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 2024/25 as at Month 5

<b>Waste and Resources Forecast Outturn 2024/25</b>	<b>Approved Budget</b>	<b>Forecast Outturn Month 5</b>	<b>Forecast Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Operational Costs	116.326	111.780	(4.546)
Operational Financing	55.104	55.070	(0.034)
Office Costs	6.245	5.672	(0.573)
Non-Operational Financing	0.599	0.599	-
<b>Total Budget</b>	<b>178.274</b>	<b>173.121</b>	<b>(5.153)</b>
Levy	(174.274)	(174.274)	-
Levy Adjustment	-	(0.247)	(0.247)
Return to constituent authorities	-	20.000	20.000
Transfer (from)/to reserves	(4.000)	(18.600)	(14.600)
<b>Levy</b>	<b>178.274</b>	<b>(173.121)</b>	<b>5.153</b>

The operational costs element of the budget is forecast to underspend by £4.5m due to tonnages for the first five months being lower than budget and income from pulpables and commingled recyclates being higher than budget during the first part of the year. The position will be updated based on actual income as the year progresses. Tonnages and recyclate prices will be monitored monthly through the remainder of the year.

An underspend on office costs of £0.6m is forecast. This can be broken down between £0.2m underspend on employee costs due to vacant posts and £0.4m underspend on supplies and services mainly related to professional fees.

At the GMCA meeting of 9 February 2024 approval was given to make a one-off payment to districts of £20m funded from reserves which has now been paid.

### 3. Forecast Capital Outturn for 2024/25 as at Month 5

	Budget 2024/25 £m	Current 2024/25 Forecast £m	(Increase)/ Decrease £m
Operational Sites	9.070	10.190	(1.120)
Non-Operational Sites	0.200	0.200	-
<b>Total Capital - Waste &amp; Resources</b>	<b>9.270</b>	<b>10.390</b>	<b>(1.120)</b>

The current forecast expenditure has increased since budget setting. Works at Raikes Lane Thermal Recovery Facility (TRF), Bolton have been fully priced and profiled between years slightly offset by the slippage into 2025/26 of works at Reliance Street, Newton Heath.

### 4. Medium-Term Financial Plan (MTFP) to 2025/26

#### 4.1. MTFP Projections

The MTFP projections from February 2024 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 2% per annum.

#### 4.2. Estimated Budget and Levy

The estimated budget and levy for 2025/26 onwards was:

	Budget £m	Use of Reserves £m	Levy £m
2025/26	184.8	(4.0)	180.8
2026/27	192.2	(3.0)	189.2

### **4.3. Challenges**

Reserves are still forecast to be utilised to smooth levy increases due to previous year's increases in inflation. The biggest influences on the Waste & Resources levy for 2025/26 are interest rate forecasts for borrowing, Districts meeting their tonnage forecasts and assumed levels of income from the sale of recyclates. A full review of tonnages will conclude in October 2024 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 2024	Consultation with District Waste Chief Officers, Leaders and Treasurers
January 2025	Final proposals to Waste & Recycling Committee and Scrutiny Committee
February 2025	Final proposals to GMCA and approval of budget and levy