

MWDA OUTTURN REPORT 2009-10
WDA/22/10

Recommendation

That:

1. Members note the final outturn position with regard to the Authority's Capital and Revenue Expenditure for 2009-10; and
2. Members note the final outturn with regard to the Authority's Prudential indicators as included in Appendix 3.

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MWDA OUTTURN REPORT 2009-10
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Report of the Treasurer

1. Purpose of the Report

- 1.1 To advise Members of the final outturn with regard to the Authority's capital and Revenue expenditure in 2009-10. The final outturn to the Authority's Prudential Indicators are enclosed in the report.

2. Background

- 2.1 The financial position of the Authority is reported to Members as set out in the Financial Instructions which support the Financial Procedure Rules. This report is compiled at the end of the year and shows the final outturn position.
- 2.2 The Authority is required to consider the final outturn position on the Prudential Indicators as a part of the statutory Prudential Code for Capital Finance. The outturn position for the Prudential indicators is shown in appendix 3 compared with the Revised Estimate for indicators approved by the Authority on 5th February 2010.

3. Key areas of the report

3.1 Capital Expenditure

- 3.1.1 The Capital Expenditure Outturn is attached at Appendix 1. It shows the Revised Capital programme as approved at the Authority's budget meeting on 5th February 2010, the actual expenditure for the year and the variation from the Revised programme.
- 3.1.2 The resulting expenditure shows a reduction of £3.7M from the Revised Programme. The main reason for the underspend is that an amount of £3.3M had been allowed for the initial procurement costs for the site(s) for the Resource Recovery Contract (RRC). Since the budget was approved there have been delays in procuring the land to support the RRC and the

effect is that the Authority has not spent the capital sum it had allocated. Other cost reductions have arisen from savings on some schemes and slippage on others, the details of the Revised Budget and the outturn per scheme are shown in Appendix 1.

3.2 Revenue Expenditure

3.2.1 The Revenue Outturn is attached at Appendix 2 and shows the Original Approved Budget in Column 1, the Revised Estimate (approved at the Authority Budget meeting on 5th February 2010) in column 2 with the Actual Outturn Expenditure and Variations shown in Columns 3 and 4 respectively.

3.2.2 The final Outturn shows an underspend for Revenue Expenditure of £2.3M or 3.9% from the Revised Budget for 2009-10 which can be analysed as follows:-

	£M
Reduction in contract costs	(1.2)
Reduction in landfill tax payment	(0.3)
Reduction in recycling credits payable to Districts	(0.2)
Other net savings	(0.6)
	(2.3)
	(2.3)

3.2.3 The cost of the impairment of fixed assets which is shown as a charge to the Income and Expenditure account is offset by a technical adjustment from the Capital Adjustment Account. The savings on procurement advisers are offset by a reduced contribution from the earmarked reserve.

3.2.4 The section at the end of table 2 of the summary in Appendix 2 shows the Authority's Earmarked and General Balances together with the movements in and out during 2009-10.

3.2.5 A summary of the Balances at 31 March 2010 with a comment about why the amounts are set aside is shown as follows:-

	£M
Earmarked Reserve – to set aside funds to pay for the cost of professional advisers to the RRC procurement	2.5
Sinking Fund – created to offset future large increases in the Levy and council taxes as a result of the new contract for waste disposal facilities	16.2
Capital reserve – to offset the costs to the Authority of borrowing to finance procurement of a site (or sites) to support the RRC	3.5
General Reserve – to cover risks to the Authority in carrying out both normal functions and in procuring a significant contract where costs are significant and uncertain	11.5
	<hr/> 33.7 <hr/>

3.3 Prudential Indicators

- 3.3.1 The Authority set its Prudential Indicators and included them in its budget for 2009-10. These indicators were recently revised at the Authority meeting on 5th February 2010.
- 3.3.2 Appendix 3 shows the actual outturn against the revised Indicators with reasons for variations. It is important to note that the Authority remained within the boundaries of the Prudential Indicators and the borrowing framework authorised through their approval.

4. Risk Implications

- 4.1 The reasons for the earmarked reserves have been set out in the previous section of the report, but there is a need to check on the level of the

General Reserves and their adequacy to cover possible financial risks to the Authority in the coming years.

	£M
Total balances held by the Authority at 31 March 2010	33.7
Less – Earmarked Reserves	22.2
General Reserve	<u>11.5</u>

4.2 The following risk assessment has been made:

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Contractual obligations with landfill owners may arise from statutory changes until the Authority is able to stop using landfill to dispose of waste	4	4	16	Provision in the General Fund balances
Need to utilise Landfill Allowances – the Authority will need to continue to purchase landfill allowances until the new contract is in place	4	4	16	LATS purchase, budgeted for, LATS trading and provision in General Fund balances

Costs of Procurement of new contract – increased and prolonged workload for professional advisers	4	4	16	Increase in contribution to earmarked reserve and contribution from Halton Council
Additional costs of waste management contracts	2	2	4	General Fund Provision

4.2.1 The level of balances is adequate at the moment but will need to be reviewed should costs associated with the procurement change significantly.

5. HR Implications

5.1 There are no HR implications

6. Environmental Implications

6.1 There are no Environmental implications

7. Financial Implications

7.1 The financial implications are set out in the body of the report

8. Conclusion

8.1 The report identifies the financial performance of the Authority in the financial year 2009-10, it indicated the level of reserves and comments on their adequacy, it also confirms the Authority has operated within the boundaries of its approved Prudential Indicators.

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The background documents to this report are open to inspection in accordance with
Section 100D of The Local Government Act 1972 - Nil.