

MWDA OUTTURN REPORT 2010-11
WDA/24/11

Recommendation

That:

1. Members note the final outturn position with regard to the Authority's Capital and Revenue Expenditure for 2010-11; 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 2010-11
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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 2010-11. The final outturn of 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 4th February 2011.

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 4th February 2011, the actual expenditure for the year and the variation from the Revised programme.
- 3.1.2 The resulting expenditure shows a reduction of £1.5M from the Revised Programme. The main reason for the underspend is that an amount of £1.0M has not been spent on the Kirkby HWRC replacement site due to delays in the planning process. 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 4th February 2011) 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 £61,307 or less than 0.1% compared with the Revised Budget for 2010-11. The overall outcome contains a number of variances from the individual revised estimates and the main differences can be analysed as follows:-

	£000
Establishment . mainly arising from savings in premises costs, savings on supplies and services and savings in agency payments arising from delays in procurement	(86)
Contract payments . increase in costs mainly arising from the increased costs of provisions in respect of settlement of a legal action, offset by reductions in landfill tax payments	654
Closed landfill sites . savings in maintenance payments	(39)
Rent, rates depreciation . savings mainly arising from changes in asset lives and depreciation charges	(486)
Recycling credits . increased costs from payments to Liverpool and St Helens offset by reductions in payments to Wirral and Sefton	(379)
Communications . small savings across most budget headings	(13)

£000

JMWMS . savings arising from programming changes . with the final stages being delivered during 2011	(44)
Contract procurement . savings of £381k arising from delays in the procurement at the start of the year . offset by reduction in contribution from reserve of the same amount	0
Contribution to capital adjustment account . technical adjustment . offsetting savings on depreciation	523
Other savings . mainly arising from changes in the amount of interest receivable and payable	(69)
	61

3.2.3 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 2010-11.

3.2.4 A summary of the Balances at 31 March 2011 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	1.8
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,	23.7

£M

as agreed with District Councils.

Capital reserve . to offset the costs to the Authority of borrowing to finance capital investment.	3.7
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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	14.1
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43.3

3.3 Prudential Indicators

3.3.1 The Authority set its Prudential Indicators and included them in its budget for 2010-11. These indicators were recently revised at the Authority meeting on 4th February 2011.

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	43.3
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Less . Earmarked Reserves	29.2
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General Reserve	14.1
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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 contracts . increased and prolonged workload for professional advisers	4	4	16	Potential 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 2010-11, 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.