

MERSEYSIDE WASTE DISPOSAL AUTHORITY
OUTTURN REPORT 2007-2008
WDA/39/08

Recommendation:

1. That Members note the final outturn position with regard to the Authority's Capital and Revenue Expenditure for 2007-2008.
2. That Members note the final outturn with regard to the Authority's Prudential Indicators as included in Appendix 3.

MERSEYSIDE WASTE DISPOSAL AUTHORITY
OUTTURN REPORT 2007-2008
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Joint Report of the Treasurer to the Authority and the
Director of Waste Disposal

1. Purpose of the Report

To advise Members of the final outturn with regard to the Authority's Capital and Revenue Expenditure in 2007-2008. The final outturn to the Authority's Prudential Indicators are enclosed in the report.

2. Background

The Authority operates a quarterly monitoring cycle as incorporated in its Financial Instructions which support the Financial Procedure Rules. This report is compiled at the end of the year (the fourth quarter) and shows the final outturn position.

3. Key Areas for the Report

3.1 Capital Expenditure

3.1.1 The Capital Expenditure Outturn is enclosed at Appendix 1. It shows the Revised Programme as approved at the Authority's Budget Meeting on 1 February 2008 (WDA/06/08), the actual expenditure for the year and the variation from the Revised Programme.

3.1.2 The resulting expenditure shows a reduction of £2.05M or 12% from the Revised Programme. The main reasons for that underspend are; delays in obtaining electric supply to the Fairport New Technologies Demonstrator Plant (£0.52M); delays in implementing works at Sefton Meadows Household Waste Recycling Centre (£0.30M); and slippage in the New Site Acquisition programme (£1.18M).

3.1.3 Detailed explanation, by scheme, is shown at Appendix 1.

3.2 Revenue Expenditure

3.2.1 The Revenue Outturn is attached at Appendix 2 and shows the Original Approved Budget for 2007-2008 in Column 1, the Revised Estimate (approved at the Authority Budget meeting on 1 February 2008 - WDA/06/08) in Column 2 with the Actual Outturn expenditure and Variations shown in Columns 3 and 4 respectively.

3.2.2 The final underspending of Revenue Expenditure shows a reduction of £1.95M or 3.7% from the Revised Budget for 2007-2008 which can be analysed as follows:-

	£M
Reduction in Contract Payments	-0.51
WEEE Grant and Refundable Expenditure (not in Budget)	-0.44
Reduction in Recycling Credits payable to Districts	-0.73
Other Net Savings	<u>0.27</u>
	<u>-1.95</u>

3.2.3 The Table at the bottom of Page 2 of the Summary in Appendix 2 shows the Authority's Earmarked and General Balances with movement in 2007-2008.

3.2.4 A summary of the Balances at 31 March 2008, with explanations for their existencies is shown as follows:-

	£M
Earmarked Reserve for Advisory Cost to the Procurement Project	1.3
Sinking Fund (created to offset future large increases in Levy and higher Council Taxes as a result of implementing new Waste Management Processes)	2.4
General Reserve (to cover risks to the Authority in carrying out every day functions)	<u>5.5</u>
	<u>9.2</u>

3.3 Prudential Indicators

The Authority set its Prudential Indicators and included them in its Budget for 2007-2008. These Indicators were recently revised at the Authority meeting on 28 March 2008 as a result of changes to the Capital Finance system (WDA/22/08). Appendix 3 shows the actual outturn against the revised Indicators with reasons for variations.

4. Risk Implications

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

4.1.2

	£M
Total Balances held by the Authority at 31 March 2008	9.2
<u>Less</u> : Earmarked Balances	<u>-3.7</u>
General Reserve	<u>5.5</u>

4.1.3 The following risk assessment has been made:-

<u>Risk</u>	<u>Potential Impact</u>	<u>Likelihood</u>	<u>Consequence</u>	<u>Rate Value</u>	<u>Mitigation</u>
Contractual obligations with Landfill Owners	That additional costs of statutory improvements in landfill conditions are passed on through contracts with MWHL	4	4	16	Provision in accounts
Need to utilise Landfill Allowances	The Authority will need to utilise the purchase of Landfill Allowances until its new waste management processes are in place	4	4	16	None
Costs of Procurement of new contracts	Increased workload for professional advisors in completing the project	4	4	16	Contribution from Halton Council
Additional cost of waste management contracts	Increases in waste arisings or market forces pushing up waste management costs	2	2	4	None

4.1.4 The level of Balances seem adequate at the moment but are subject to review should information become available.

5. Environmental Implications

5.1 None

6. HR Implications

6.1 None

7. Financial Implications

7.1 None (excepting those within the detail of the report itself).

8. Conclusion

8.1 The report identifies the financial performance of the Authority in the financial year 2007-2008, and also indicates the level of the Authority's Reserves with a view on its adequacy.

IAN ROBERTS
Treasurer to the Authority

CARL BEER,
Director of Waste Disposal

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BACKGROUND PAPERS

The following list of documents were used to complete this report and are available for public inspection for four years from the date of the meeting from the Contact Officer named above:

Budget Report 2007-2008
Budget Report 2008-2--9
Final Account Working Papers 2007-2008

Capital Programme Outturn 2007-2008

	Revised Programme* £000	Actual Outturn £000	Variation £000	Explanation
<u>Waste Treatment Plants</u>				
Bidston Facility	451	443	-8	Delays in planning process for proposed site entrance works has resulted in scheme slippage
NTDP - Fairport	13,471	12,948	-523	Delays in obtaining electric supply has resulted in commissioning phase of scheme slipping into 2008/09.
Second MRF	40	41	+1	Minor increase in planned expenditure
<u>HWRCs</u>				
<u>Development</u>				
New Liverpool 1st Site	6	15	+9	Increase in Project Management fees dealing with Holt Lane planning issues/appeal
<u>Improvements</u>				
Sefton Meadows	325	30	-295	Delays in implementing works whilst awaiting decision from Sefton Council's Contaminated Land Section
<u>Closed Landfill Sites</u>				
Billinge	164	127	-37	Mainly due to delays in completing property agreement for required long term access to satisfy statutory conditions
Red Quarry	25	-	-25	MWDA's contribution to completion of site restoration currently met by external funding (Forestry Commission)
<u>New Site Acquisition</u>	<u>2,439</u>	<u>1,264</u>	<u>-1,175</u>	Delays in process has resulted in scheme slippage
	<u>16,921</u>	<u>14,868</u>	<u>-2,053</u>	

*As per Budget Report 1/2/08

MERSEYSIDE WASTE DISPOSAL AUTHORITY
REVENUE OUTTURN 2007/2008
Summary

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
1. MWDA ESTABLISHMENT	2,452,426	2,200,068	2,267,495	+67,427
2. WASTE DISPOSAL CONTRACTS	45,651,142	43,278,810	42,278,598	-1,000,212
3. CLOSED LANDFILL SITES	317,720	312,442	256,270	-56,172
4. RENTS, DEPRECIATION & DEFERRED GRANT	41,580	106,285	253,223	+146,938
5. RECYCLING CREDITS	3,597,192	5,460,055	4,729,762	-730,293
6. COMMUNICATIONS	211,400	179,150	66,427	-112,723
7. JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY	231,288	216,438	169,610	-46,828
8. REMADE NORTHWEST	20,000	20,000	56,479	+36,479
9. LANDFILL ALLOWANCES	507,683	2,000,340	2,712,780	+712,440
10. CONTRACT PROCUREMENT	787,303	1,741,718	1,507,222	-234,496
NET COST OF SERVICES	53,817,734	55,515,306	54,297,866	-1,217,440
11. INTEREST RECEIVABLE	-175,928	-179,897	-323,523	-143,626
12. DIVIDEND	-300,000	-300,000	-300,008	-8
13. GAS RIGHTS	-	-	-110,824	-110,824
14. INTEREST PAYABLE	2,823,300	1,425,384	1,443,762	+18,378
NET OPERATING EXPENDITURE	56,165,106	56,460,793	55,007,273	-1,453,520

	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
NET OPERATING EXPENDITURE	56,165,106	56,460,793	55,007,273	-1,453,520
15. TRANSFER TO/-FROM LATS RESERVE	-507,683	-2,000,340	-2,712,780	-712,440
16. TRANSFER TO/-FROM EARMARKED RESERVE	-787,303	-741,718	-34,832	+706,886
17. TRANSFER TO/-FROM GENERAL RESERVE	-2,852,757	-3,852,757	-4,325,147	-472,390
18. CONTRIBUTION TO/-FROM CAPITAL ADJUSTMENT ACCOUNT	417,786	583,818	566,074	-17,744
19. CONTRIBUTION TO/-FROM SINKING FUND	2,399,000	2,399,000	2,399,000	-
TOTAL COST OF SERVICE	54,834,149	52,848,796	50,899,538	-1,949,208
20. LEVY INCOME	-54,834,149	-54,834,149	-54,834,143	+6
NET(SURPLUS)/DEFICIT IN YEAR	-	-1,985,353	-3,934,555	-1,949,202
<u>GENERAL RESERVE</u>				
Balance B/fwd	-5,293,899	-5,926,081	-5,926,081	-
-Added/Deducted	-	-1,985,353	-3,934,555	1,949,202
Transferred -in/out	2,852,757	3,852,757	4,325,147	472,390
Balance C/fwd	-2,441,142	-4,058,677	-5,535,489	-1,476,812
<u>EARMARKED RESERVE - ADVISORS</u>				
Balance B/fwd	1,691,417	-1,348,313	-1,348,313	-
-Added/Deducted	787,303	1,741,718	1,507,222	-234,496
Transferred -in/out	-	-1,000,000	-1,472,390	-472,390
Balance C/fwd	-904,114	-606,595	-1,313,481	-706,886
<u>LATS RESERVE</u>				
Balance B/fwd	-2,729,725	-2,712,780	-2,712,780	-
-Added/Deducted	507,683	2,000,340	2,712,780	712,440
Balance C/fwd	-2,222,042	-712,440	-	712,440
<u>SINKING FUND</u>				
Balance B/fwd	-	-	-	-
-Added/Deducted	-2,399,000	-2,399,000	2,399,000	-
Balanace C/fwd	-2,399,000	-2,399,000	-2,399,000	-

REVENUE OUTTURN 2007/2008

Item 1 - MWDA Establishment

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
Employees	1,643,998	1,426,727	1,432,723	+5,996
Premises	117,800	112,350	115,607	+3,257
Transport	68,900	64,650	63,694	-956
Supplies & Services	245,875	241,405	236,798	-4,607
Agency	360,650	383,136	402,526	+19,390
Support	41,450	49,850	66,278	+16,428
Capital Financing	24,000	22,300	9,294	-13,006
TOTAL EXPENDITURE	2,502,673	2,300,418	2,326,920	+26,502
<u>INCOME</u>				
Capital Fees	-50,247	-100,350	-59,425	+40,925
NET EXPENDITURE	2,452,426	2,200,068	2,267,495	+67,427

REVENUE OUTTURN 2007/2008

Item 2 - Waste Disposal Contracts

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
- Contract Payments	28,501,844	27,721,269	27,215,021	-506,248
- Landfill Tax	15,086,784	13,724,671	13,686,342	-38,329
- Performance Improvement	165,000	37,962	30,155	-7,807
- Legislation Claim	2,852,757	2,852,757	2,852,757	-
TOTAL EXPENDITURE	46,606,385	44,336,659	43,784,275	-552,384
<u>INCOME</u>				
<u>Trade Waste Charges</u>				
Liverpool	-340,518	-342,550	-347,150	-4,600
St. Helens	-238,363	-238,363	-238,363	-
Wirral	-	-	-	-
Knowsley	-197,142	-197,142	-197,142	-
Sefton	-179,220	-119,480	-119,480	-
SUB-TOTAL	-955,243	-897,535	-902,135	-4,600
WEEE Grant	-	-160,314	-160,314	-
WEEE Contribution	-	-	-84,000	-84,000
WEEE Reimbursement	-	-	-359,228	-359,228
SUB-TOTAL	-	-160,314	-603,542	-443,228
TOTAL INCOME	-955,243	-1,057,849	-1,505,677	-447,828
NET EXPENDITURE	45,651,142	43,278,810	42,278,598	-1,000,212

REVENUE OUTTURN 2007/2008

Item 3 - Closed Landfill Sites

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
<u>Premises</u>				
- Maintenance	66,480	100,850	73,830	-27,020
- Electricity	26,500	18,835	17,322	-1,513
- Trade Effluent	195,200	159,975	146,803	-13,172
- Other Costs	6,040	9,282	8,632	-650
Sub-Total	293,220	288,942	246,587	-42,355
<u>Supplies & Services</u>				
- Aerial Surveys	3,000	3,000	-	-3,000
- Resistivity Surveys	7,000	6,000	3,352	-2,648
- Analyst Fees	14,500	14,500	6,331	-8,149
Sub-Total	24,500	23,500	9,683	-13,817
TOTAL EXPENDITURE	317,720	312,442	256,270	-56,172

REVENUE OUTTURN 2007/2008

Item 4 - Rents, Depreciation & Deferred Grant

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
Rents	14,640	14,640	14,788	+148
Depreciation & Impairment	583,940	403,045	549,835	+146,790
Deferred Grant	-557,000	-311,400	-311,400	-
TOTAL EXPENDITURE	41,580	106,285	253,223	+146,938

REVENUE OUTTURN 2007/2008

Item 5 - Recycling Credits

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
Recycling Credits				
Liverpool	514,419	1,402,062	961,524	-440,538
Knowsley	684,101	480,943	528,577	+47,634
Sefton	1,292,330	1,657,018	1,523,222	-133,796
St. Helens	643,672	969,992	920,163	-49,829
Wirral	462,670	950,040	796,276	-153,764
NET EXPENDITURE	3,597,192	5,460,055	4,729,762	-730,293

REVENUE OUTTURN 2007/2008

Item 6 - Communications

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
- Equipment, Furniture, Materials	8,000	5,000	1,320	-3,680
- General Office Supplies	22,000	13,000	2,953	-10,047
- PR Agency	47,900	45,000	54,483	+9,483
- Joint Communication	105,000	100,000	-	-100,000
- Corporate	21,000	8,000	3,634	-4,366
- Expenses	1,250	1,250	2,540	+1,290
- Grants & Subscriptions	1,250	1,900	1,202	-698
- Miscellaneous	5,000	5,000	295	-4,705
TOTAL EXPENDITURE	211,400	179,150	66,427	-112,723

REVENUE OUTTURN 2007/2008

Item 7 - Joint Municipal Waste Management Strategy

	Column 1	Column 2	Column 3	Column 4
	ALLOWED BUDGET 2007/2008 £	REVISED BUDGET 2007/2008 £	ACTUAL OUTTURN 2007/2008 £	VARIANCE £
<u>EXPENDITURE</u>				
- Policy & Research	10,000	8,150	2,257	-5,893
- Strategy Update	8,000	8,000	269	-7,731
- Sustainable Development	21,000	15,000	29,350	+14,350
- Partnership Development	1,000	1,000	99	-901
- Education & Awareness Programme	55,000	55,000	32,468	-22,532
- Match Funding Programme	5,000	5,000	6,320	+1,320
- Waste Prevention Programme	43,000	36,000	10,559	-25,441
SUB-TOTAL	143,000	128,150	81,322	-46,828
DPD Contribution	88,288	88,288	88,288	-
TOTAL EXPENDITURE	231,288	216,438	169,610	-46,828

Merseyside Waste Disposal Authority
Prudential Indicators 2007-2008

Indicator	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale	2007/2008 (£M (unless stated otherwise) ←Revised→		←Outturn→ where appropriate	Comment		
Indicator 1	3.1	Estimated capital expenditure for the year	Capital Expenditure		16.92	14.87	Slippage on Fairport NTDP project £0.5M, on site acquisition expansion £1.2M and on Sefton Meadows HWRC improvement £0.3M	
			Financing of Capital Expenditure					
			- Grants	7.15	6.66	Reduced borrowing as a consequence of slippage		
			- Capital Receipts	0.00	0.00			
			- Earmarked Reserves	0.00	0.00			
			- Borrowing	<u>9.77</u>	16.92	<u>8.21</u>	14.87	
			Additional In-year Capital Financing (Borrowing) requirement					
			- Borrowing (as above)	9.77	8.21	Consequence of expenditure slippage.		
			- Less MRP/Set aside	<u>-0.64</u>	9.13	<u>-0.80</u>	7.41	More prudent repayment assessment