

	<b>Management Accounts Final Outturn Report 2016/17</b>
<b>Committee</b>	Gloucestershire Joint Waste Committee
<b>Committee Date</b>	<b>3 October 2017</b>
<b>Significant Decision</b>	No
<b>Responsible Officers</b>	<b>Rachel Capon, Contracts Manager (Collection &amp; Street Scene – West)</b> , Gloucestershire Joint Waste Team (01594 812 406), <a href="mailto:rachel.capon@fdean.gov.uk">rachel.capon@fdean.gov.uk</a>
<b>Main Consultees</b>	None
<b>Purpose of Report</b>	This report sets out: <ul style="list-style-type: none"> <li>• the financial performance of the individual authorities within the JWC against their approved annual budget and shows the final outturn for the financial year 2016/17.</li> <li>• the combined position across authorities.</li> </ul>
<b>Recommendations</b>	<i><b>It is recommended that the Committee:</b></i> <ol style="list-style-type: none"> <li>a) Notes the financial performance as contained in this report.</li> </ol>
<b>Resource Implications</b>	None

## 1. Background

- 1.1. When the Joint Waste Committee was formed it was agreed that budget setting and service charges are retained decisions for the individual authorities within the partnership.
- 1.2. As such the operational budgets for waste disposal, waste collection and street cleaning have remained with their respective authority but are managed by officers within the Joint Waste Team.
- 1.3. The majority of the operational budget consists of payments to contractors: Gloucestershire County Council contracts include Cory for waste disposal and since Augusts 2016 local authority company Ubico for Household Recycling Centres; Forest of Dean District Council contracts include Biffa for waste collection and street cleaning; and Cheltenham, Cotswold and Tewkesbury delivery provider for waste collection and street cleaning is also Ubico.
- 1.4. As Gloucestershire County Council (GCC) is the Administering Authority for the Joint Waste Committee, budgets associated with running the Joint Waste Committee are reported within their figures. Staffing costs for the Joint Waste Team are the largest element of this budget. These are transferred from each partner organisation's budget

to the Administering Authority on a quarterly basis.

## **2. Outturn Financial Position**

- 2.1. The combined revenue budgets for GCC, CBC, CDC, FODDC and TBC is shown at Appendix 1. The final year end revenue outturn position is an overspend of £737,000 (1.91% of the net budget). This is a £12,000 difference compared to the provisional outturn report in June and mainly is due to a change in accounting procedure relating to the procurement of vehicles at the Forest of Dean, which is explained in more detail at 4.3.2.

## **3. Waste Disposal Costs**

- 3.1. Appendix 2 shows Gloucestershire County Council revenue budget and the outturn is an overspend of £61,000.
- 3.2. There was an overspend on waste contracts due to additional tonnage at the Household Recycling Centres (HRCs).
- 3.3. The sale of HRC materials continued to provide an income in line with market prices. However, this income is offset in part with the cost of haulage, resulting in net income of £150,000.
- 3.4. Materials prices were stable for much of 2016/17 but we are starting to see fluctuations in some prices, notably a downturn in paper and card, which we will continue to monitor in 2017/18. The recent switch to new contractors as a result of the procurement exercise has enabled us to maintain best value but it does not protect us from the variation in market prices.
- 3.5. The HRC overspend is offset by less residual waste than forecast delivered by waste collection authorities, mainly due to service changes in a number of districts. This leads to recycling credits and incentive payments to the Districts being overspent due to their higher than budgeted recycling rates. It is recognised that this is a good news story and represents the best financial outcome for the partnership.
- 3.6. There was an underspend on waste projects due to delayed implementation and a further underspend on staffing costs due to vacancies within the team.

## **4. Waste Collection Costs**

### **4.1. Cheltenham Borough Council (CBC)**

- 4.1.1. Appendix 3 shows CBC revenue budget. The final outturn is an overspend of £215,000.
- 4.1.2. The charge from Ubico was £183,000 over budget. The main overspends are on household waste, green waste and trade waste with some smaller underspends in other areas. The overspend for collection schemes is largely a result of the inefficient collection rounds, additional property numbers and the associated increased service take up. We believe that these issues will be resolved under the new service set for implementation later this year and an updated budget has been allocated.
- 4.1.3. Income from Green Waste was £58,000 above budget due to an increase in the price and increased take up for this service.
- 4.1.4. £100,000 for planned maintenance was not required in 2016/17. This sum has been set aside (appropriated to a maintenance reserve) for works to be carried out in 2017/18.

- 4.1.5. Purchase of receptacles was £54,000 overspent due to the need to replenish stocks to bring them up to minimum levels and the increased demand as set out above; an increased budget has been built in for 2017/18.
- 4.1.6. Recycling income was generally close to budgeted levels but there was a shortfall of £29,000 in contributions from other organisations as a result of market forces on recyclable materials.
- 4.1.7. Other variances net to £7,000 and include overspend on wood recycling £34,000 and saving on marketing £21,000.

## **4.2. Cotswold District Council (CDC)**

- 4.2.1. Appendix 4 shows CDC revenue budget. The outturn is an overspend of £134,000.
- 4.2.2. The majority of this is due to the cost of an additional recycling collection vehicle being used due to the increase in property numbers.
- 4.2.3. The increase in property numbers has also resulted in additional procurement of bins and caddies for household waste which was not included in the base budget, which has also contributed to the overspend.
- 4.2.4. There were also increased household waste costs as a result of the delay in moving the operations from T Barry and Thamesdown Recycling to the new Packers Leaze depot.
- 4.2.5. The overspends are partly offset by additional income from the green waste collection scheme due to an increase in the number of subscribers; lower spend on recycling schemes marketing, which was only used for promotion of the round zoning changes; and a lower spend on street cleaning as a result of the mild winter and less need for gritting of car parks.

## **4.3. Forest of Dean District Council (FODDC)**

- 4.3.1. Appendix 5 shows the FODDC revenue budget. The outturn is a saving of £48,000.
- 4.3.2. There was a saving of £131,000 generated by the new recycling collection service. This saving has been delivered ahead of the target saving for 2017/18 in FODDC's medium term financial strategy.
- 4.3.3. Following consultation with FODDC auditors a late adjustment was made to account for the new recycling vehicles which resulted in a £134,000 overspend on food waste and recycling collections. The details of which are stated in FODDC statement of accounts as follows:

“The council provided the funding for a number of Recycling Vehicles during the year to support the waste contract. These vehicles have been provided to the contractor Biffa in an exchange for a reduction of the contract price over a number of years. In assessing the accounting treatment of this transaction the council has considered the criteria under IAS 17 Leases and IAS 18 Revenue and paragraphs 2.1.2.25 and 4.1.2.18 of the code. Therefore, in substance, the payment to Biffa is a prepayment for the future services to be provided and this reflects the economic reality”.

The £134,000 has been financed by the FODDC's capital reserve which is not reflected in Appendix 5 as this goes through the FODDC balance sheet.

- 4.3.4. There was an overspend of £16,000 on household waste collections due to the increase in property numbers being higher than anticipated and £10,000 overspend on

garden waste which was due to an increase in tonnages collected which resulted in additional loaders being required to service the collections.

4.3.5. The overspends were offset by:

- £34,000 additional income from recycling credits and material sales following improvements to the recycling services in August 2016.
- £13,000 underspend on JWT staffing costs due to a reduction in the charges following staff changes.
- £23,000 underspend on street cleaning due to changes to health and safety requirements which require new safe systems of work to be implemented in order to cleanse high speed roads.
- £7,000 underspend on bring banks and bulky waste services.

#### **4.4. Tewkesbury Borough Council (TBC)**

4.4.1. Appendix 6 shows TBC revenue budget and the outturn is an overspend of £375,000.

4.4.2. The main cause of this overspend is depreciation. The new fleet of vehicles were required by 14 April 2017 but in order to allow for staff training they were delivered prior to 1 April. The budget did not include having a new fleet of vehicles before the financial year end so the depreciation for them was not included in the original budget. As it is the policy to depreciate vehicles in the year of purchase, this has resulted in an overspend on depreciation.

4.4.3. Central support costs were lower than budgeted.

4.4.4. Excluding the central support costs and depreciation variances, the remaining variance is an overspend of £30,000. There were additional costs from advertising service changes and some costs of the HSE investigation as well as a £7,000 overspend on the Ubico contract.

4.4.5. This has been offset by additional recycling credits, as well as small gains on income from trade waste and garden waste subscriptions.

## Appendix 1 – Total Revenue Budget Summary across all JWC partners

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Budget Area	Total Budget £'000	Outturn £'000	Year End Variance £'000
<b>Joint Waste Management Unit</b>			
Gross Expenditure	292	295	3
Income	-250	-252	-2
<b>Net Expenditure</b>	<b>42</b>	<b>43</b>	<b>1</b>
<b>Joint Improvement Board</b>			
Gross Expenditure	0	0	0
Income	-42	-43	-1
<b>Net Expenditure</b>	<b>-42</b>	<b>-43</b>	<b>-1</b>
<b>TOTAL - GJWP</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Waste Disposal</u></b>			
<b>Royalty Payments</b>	-628	-663	-35
<b>WCA Landfill and Composting</b>	0	0	0
Gross Expenditure	17,019	16,381	-638
Income	0	-12	-12
<b>Net Expenditure</b>	<b>17,019</b>	<b>16,369</b>	<b>-650</b>
<b>Household Recycling Centres</b>			
Gross Expenditure	4,309	5,270	961
Income	0	-266	-266
<b>Net Expenditure</b>	<b>4,309</b>	<b>5,004</b>	<b>695</b>
<b>Trade Waste</b>	-4	0	4
<b>Recycling Credits</b>	3,644	3,887	243
<b>Tipping Away</b>	56	56	0
<b>Closed Landfill Sites</b>	32	49	17
<b>WCA Fridges and TVs</b>	76	69	-7
<b>Management Costs</b>			
Gross Expenditure	2	4	2
Income	-8	-8	0
<b>Net Expenditure</b>	<b>-6</b>	<b>-4</b>	<b>2</b>
<b>Waste Projects</b>	100	80	-20
<b>Waste Education</b>	20	0	-20
<b>Marketing Promotions - Waste</b>	122	46	-76
<b>TOTAL - WASTE DISPOSAL</b>	<b>24,740</b>	<b>24,893</b>	<b>153</b>

<b><u>Waste Collection</u></b>			
<b>Household Waste</b>	4,612	5,047	435
<b>Bulky Household Waste</b>			
Gross Expenditure	60	85	25
Income	-121	-193	-72
<b>Net Expenditure</b>	-61	-108	-47
<b>Food/Organic Waste</b>			
Gross Expenditure	-94	-20	74
Income	0	0	0
<b>Net Expenditure</b>	-94	-20	74
<b>Green Waste</b>			
Gross Expenditure	2,416	2,498	82
Income	-2,337	-2,432	-95
<b>Net Expenditure</b>	79	66	-13
<b>Recycling Centres</b>			
Gross Expenditure	774	708	-66
Income	-181	-149	32
<b>Net Expenditure</b>	593	559	-34
<b>Bring Sites</b>			
Gross Expenditure	321	305	-16
Income	-80	-82	-2
<b>Net Expenditure</b>	241	223	-18
<b>Recycling Collection Schemes</b>			
Gross Expenditure	5,216	5,454	238
Income	-2,619	-2,742	-123
<b>Net Expenditure</b>	2,597	2,712	115
<b>Bulking of Recyclables</b>			
Gross Expenditure	219	290	71
Income	-554	-558	-4
<b>Net Expenditure</b>	-335	-268	67
<b>Trade Waste</b>			
Gross Expenditure	842	850	8
Income	-934	-922	12
<b>Net Expenditure</b>	-92	-72	20
<b>Recycling Schemes Marketing</b>	232	83	-149
<b>TOTAL - WASTE COLLECTION</b>	<b>7,772</b>	<b>8,222</b>	<b>450</b>
<b><u>Street Cleaning</u></b>	<b>2,891</b>	<b>2,779</b>	<b>-112</b>
<b><u>Central Costs</u></b>			
<b>Central Support Costs</b>	1,986	1,918	-68
<b>JWT Staffing Costs</b>	589	490	-99
<b>Depreciation</b>	607	1,020	413
<b>TOTAL - CENTRAL COSTS</b>	<b>3,182</b>	<b>3,428</b>	<b>246</b>
<b>TOTAL NET EXPENDITURE</b>	<b>38,585</b>	<b>39,322</b>	<b>737</b>

## Appendix 2 – Gloucestershire County Council

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Partner: Gloucestershire County Council

Budget Area	Total Budget £'000	Outturn £'000	Year End Variance £'000
<b>Joint Waste Management Unit</b>			
Gross Expenditure	292	295	3
Income	-250	-252	-2
<b>Net Expenditure</b>	<b>42</b>	<b>43</b>	<b>1</b>
<b>Joint Improvement Board</b>			
Gross Expenditure	0		0
Income	-42	-43	-1
<b>Net Expenditure</b>	<b>-42</b>	<b>-43</b>	<b>-1</b>
<b>TOTAL – GJWP</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Waste Disposal</b>			
<b>Royalty Payments</b>	<b>-628</b>	<b>-663</b>	<b>-35</b>
<b>WCA Landfill and Composting</b>			
Gross Expenditure	17,019	16,381	-638
Income	0	-12	-12
<b>Net Expenditure</b>	<b>17,019</b>	<b>16,369</b>	<b>-650</b>
<b>Household Recycling Centres</b>			
Gross Expenditure	4,309	5,270	961
Income	0	-266	-266
<b>Net Expenditure</b>	<b>4,309</b>	<b>5,004</b>	<b>695</b>
<b>Trade Waste</b>	<b>-4</b>	<b>0</b>	<b>4</b>
<b>Recycling Credits</b>	<b>3,644</b>	<b>3,887</b>	<b>243</b>
<b>Tipping Away</b>	<b>56</b>	<b>56</b>	<b>0</b>
<b>Closed Landfill Sites</b>	<b>32</b>	<b>49</b>	<b>17</b>
<b>WCA Fridges and TVs</b>	<b>76</b>	<b>69</b>	<b>-7</b>
<b>Management Costs</b>			
Gross Expenditure	2	4	2
Income	-8	-8	0
<b>Net Expenditure</b>	<b>-6</b>	<b>-4</b>	<b>2</b>
<b>Waste Projects</b>	<b>100</b>	<b>80</b>	<b>-20</b>
<b>Waste Education</b>	<b>20</b>	<b>0</b>	<b>-20</b>
<b>Marketing Promotions - Waste</b>	<b>122</b>	<b>46</b>	<b>-76</b>
<b>TOTAL - WASTE DISPOSAL</b>	<b>24,740</b>	<b>24,893</b>	<b>153</b>

<b>Central Costs</b>			
<b>Central Support Costs</b>	1,112	1,112	0
<b>JWT Staffing Costs</b>	322	230	-92
<b>Depreciation</b>	0	0	0
<b>TOTAL - CENTRAL COSTS</b>	<b>1,434</b>	<b>1,342</b>	<b>-92</b>
<b>TOTAL NET EXPENDITURE</b>	<b>26,174</b>	<b>26,235</b>	<b>61</b>



## Appendix 3 – Cheltenham Borough Council

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Partner: Cheltenham Borough Council

Budget Area	Total Budget £'000	Outturn £'000	Year End Variance £'000
<b><u>Waste Collection</u></b>			
<b>Household Waste</b>	1,184	1,446	262
<b>Bulky Household Waste</b>			
Gross Expenditure	27	42	15
Income	-48	-59	-11
<b>Net Expenditure</b>	-21	-17	4
<b>Green Waste</b>			
Gross Expenditure	321	385	64
Income	-564	-622	-58
<b>Net Expenditure</b>	-243	-237	6
<b>Recycling Centres</b>			
Gross Expenditure	774	708	-66
Income	-181	-149	32
<b>Net Expenditure</b>	593	559	-34
<b>Bring Sites</b>			
Gross Expenditure	132	121	-11
Income	-66	-67	-1
<b>Net Expenditure</b>	66	54	-12
<b>Recycling Collection Schemes</b>			
Gross Expenditure	1,484	1,463	-21
Income	-365	-393	-28
<b>Net Expenditure</b>	1,119	1,070	-49
<b>Bulking of Recyclables</b>			
Gross Expenditure	219	290	71
Income	-554	-558	-4
<b>Net Expenditure</b>	-335	-268	67
<b>Trade Waste</b>			
Gross Expenditure	564	582	18
Income	-637	-627	10
<b>Net Expenditure</b>	-73	-45	28
<b>Recycling Schemes Marketing</b>	23	2	-21
<b>TOTAL - WASTE COLLECTION</b>	<b>2,313</b>	<b>2,564</b>	<b>251</b>
<b><u>Street Cleaning</u></b>	<b>812</b>	<b>776</b>	<b>-36</b>

**Central Costs**

**Central Support Costs**

**JWT Staffing Costs**

**Depreciation**

**TOTAL - CENTRAL COSTS**

**TOTAL NET EXPENDITURE**

	342	342	0
	31	31	0
	52	52	0
	<b>425</b>	<b>425</b>	<b>0</b>
	<b>3,550</b>	<b>3,765</b>	<b>215</b>

## Appendix 4 – Cotswold District Council

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Partner: Cotswold District Council

Budget Area	Total Budget £'000	Outturn £'000	Year End Variance £'000
<b><u>Waste Collection</u></b>			
<b>Household Waste</b>	1,156	1,200	44
<b>Bulky Household Waste</b>			
Gross Expenditure	0	0	0
Income	-36	-29	7
<b>Net Expenditure</b>	-36	-29	7
<b>Green Waste</b>			
Gross Expenditure	1,401	1,431	30
Income	-627	-672	-45
<b>Net Expenditure</b>	774	759	-15
<b>Recycling Collection Schemes</b>			
Gross Expenditure	1,626	1,794	168
Income	-1,035	-1,055	-20
<b>Net Expenditure</b>	591	739	148
<b>Recycling Schemes Marketing</b>	13	2	-11
<b>TOTAL - WASTE COLLECTION</b>	<b>2,498</b>	<b>2,671</b>	<b>173</b>
<b><u>Street Cleaning</u></b>	<b>1,027</b>	<b>987</b>	<b>-40</b>
<b><u>Central Costs</u></b>			
<b>Central Support Costs</b>	135	135	0
<b>JWT Staffing Costs</b>	39	40	1
<b>Depreciation</b>	91	91	0
<b>TOTAL - CENTRAL COSTS</b>	<b>265</b>	<b>266</b>	<b>1</b>
<b>TOTAL NET EXPENDITURE</b>	<b>3,790</b>	<b>3,924</b>	<b>134</b>

## Appendix 5 – Forest of Dean District Council

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Partner: Forest of Dean District Council

Budget Area	Total Budget £'000	Outturn £'000	Year End Variance £'000
<b><u>Waste Collection</u></b>			
<b>Household Waste</b>	1,299	1,315	16
<b>Bulky Household Waste</b>			
Gross Expenditure	33	43	10
Income	-28	-39	-11
<b>Net Expenditure</b>	5	4	-1
<b>Food/Organic Waste</b>			
Gross Expenditure	-94	-20	74
Income	0	0	0
<b>Net Expenditure</b>	-94	-20	74
<b>Green Waste</b>			
Gross Expenditure	321	332	11
Income	-516	-517	-1
<b>Net Expenditure</b>	-195	-185	10
<b>Bring Sites</b>			
Gross Expenditure	189	184	-5
Income	-14	-15	-1
<b>Net Expenditure</b>	175	169	-6
<b>Recycling Collection Schemes</b>			
Gross Expenditure	984	1,044	60
Income	-679	-713	-34
<b>Net Expenditure</b>	305	331	26
<b>Recycling Schemes Marketing</b>	181	50	-131
<b>TOTAL - WASTE COLLECTION</b>	<b>1,676</b>	<b>1,664</b>	<b>-12</b>
<b><u>Street Cleaning</u></b>	<b>522</b>	<b>499</b>	<b>-23</b>
<b><u>Central Costs</u></b>			
<b>Central Support Costs</b>	205	205	0
<b>JWT Staffing Costs</b>	136	123	-13
<b>Depreciation</b>	400	400	0
<b>TOTAL - CENTRAL COSTS</b>	<b>741</b>	<b>728</b>	<b>-13</b>
<b>TOTAL NET EXPENDITURE</b>	<b>2,939</b>	<b>2,891</b>	<b>-48</b>

## Appendix 6 – Tewkesbury Borough Council

### Revenue Budget Summary - Gloucestershire Joint Waste Partnership Outturn 2016/17

Interim Head of Service: David Dale

Partner: Tewkesbury Borough Council

Budget Area	Total Budget £'000	5 Outturn £'000	6 Year End Variance £'000
<b><u>Waste Collection</u></b>			
<b>Household Waste</b>	973	1,086	113
<b>Bulky Household Waste</b>			
Gross Expenditure			0
Income	-9	-66	-57
<b>Net Expenditure</b>	-9	-66	-57
<b>Green Waste</b>			
Gross Expenditure	373	350	-23
Income	-630	-621	9
<b>Net Expenditure</b>	-257	-271	-14
<b>Recycling Collection Schemes</b>			
Gross Expenditure	1,122	1,153	31
Income	-540	-581	-41
<b>Net Expenditure</b>	582	572	-10
<b>Trade Waste</b>			
Gross Expenditure	278	268	-10
Income	-297	-295	2
<b>Net Expenditure</b>	-19	-27	-8
<b>Recycling Schemes Marketing</b>	15	29	14
<b>TOTAL - WASTE COLLECTION</b>	<b>1,285</b>	<b>1,323</b>	<b>38</b>
<b><u>Street Cleaning</u></b>	<b>530</b>	<b>517</b>	<b>-13</b>
<b><u>Central Costs</u></b>			
<b>Central Support Costs</b>	192	124	-68
<b>JWT Staffing Costs</b>	61	66	5
<b>Depreciation</b>	64	477	413
<b>TOTAL - CENTRAL COSTS</b>	<b>317</b>	<b>667</b>	<b>350</b>
<b>TOTAL NET EXPENDITURE</b>	<b>2,132</b>	<b>2,507</b>	<b>375</b>