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1. Current Year Forecast

- 1.1.1 A comparison of the current year forecast compared with the budget approved by the Authority on 7th February is shown in the table below:

	Budget	Estimate Full Year	Variance
	£'000	£'000	£'000
1. MWDA ESTABLISHMENT	3,277	2,654	(624)
2. WASTE MANAGEMENT & RECYCLING CONTRACT	30,900	30,867	(33)
3. RESOURCE RECOVERY CONTRACT	42,954	42,624	(330)
4. CONTRACT SUPPORT	350	350	0
5. PROCUREMENT	1,500	1,387	(113)
6. ESTATES	1,506	1,354	(152)
7. RECYCLING CREDITS	4,697	4,468	(229)
8. DATA PROCESSING	283	265	(18)
9. BEHAVIOURAL CHANGE PROGRAMME	756	595	(161)
NET COST OF SERVICES	86,224	84,563	(1,661)
10. NET INTEREST	1,400	863	(537)
NET OPERATING EXPENDITURE	87,624	85,427	(2,198)
11. TECHNICAL ACCOUNTING	105	5,100	4,995
12. PPP LIABILITIES REPAYMENTS	0	(6,897)	(6,897)
13. OTHER INCOME	(12,968)	(12,989)	(21)
TOTAL COST OF SERVICE	87,729	83,629	(4,100)
14. LEVY INCOME	(83,492)	(83,492)	0
	0	0	
NET (SURPLUS) CONTRIBUTION IN YEAR	(8,730)	(12,852)	(4,100)

2. Explanation of Forecast Changes

2.1. MWDA Establishment Costs

- 2.1.1 Staffing makes the largest part of costs for this area; the original budget is based on a full complement of staff and is inclusive of an additional £300k that members, following a levy workshop held in January, approved in principle for additional resources to allow enable the Authority to manage waste more efficiently. Recruitment in respect of these additional resources is expected to take place in the latter part of the financial year. In addition, the Authority carried 3 vacancies into this year, of which two are now filled. Also, current forecast includes the agreed 3.2% uplift to NJC pay rates.
- 2.1.2 £130k of the budget relating to additional support for the finance team at the year-end is now considered unlikely to be required this financial year.
- 2.1.3 Additionally, the original budget includes costs relating to the rent of premises. However, under new accounting standards (IFRS 16) this expense is treated differently, and the charge is split between our interest cost and liability on the balance sheet. This results in forecast reduced costs of approximately £113k.

2.2. Waste Management and Recycling Contracts

- 2.2.1 This is based on the current estimate of costs based on expected tonnages and KPI's provided by the Authority's contracts team.

2.3. Resource Recovery Contracts

- 2.3.1 This is based on the current estimate of costs based on expected tonnages and KPI's provided by the Authority's team.

2.4. Contracts Support

- 2.4.1 This is the Authority's current estimate of our legal and technical costs with regards to the above contracts and additional costs in relation to any ongoing contractual disputes.

2.5. Procurement

- 2.5.1 The procurement variance is mainly due to the budget including staffing costs for the procurement team that are now included within the forecast for establishment costs.

2.6. Estates

- 2.6.1 As outlined in the Establishment costs paragraph, the rent of premises is handled differently as per new accounting standards, with the charge is now split between the interest costs and the liability on the balance sheet. However, costs regarding service charges and other associated costs to these sites are still included. The net effect is that this budget is expected to be underutilised by around £63k this financial year.
- 2.6.2 Additionally, cost with regards to rates were slightly overestimated during budget preparation meaning an anticipated underutilisation of around £35k.

2.7. Recycling Credits

- 2.7.1 Current forecasts have been based on estimates of recycling tonnages from districts that are currently lower than originally budgeted. In addition, the rate used for recycling credits has reduced from £76.02 per tonne to £71.16 for 2025/26.

2.8. Data Processing

- 2.8.1 The current underspend is mostly due to an over accrual from the prior year and the current estimate of indexation for services provided within our contract with Intergence.

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- 2.8.2 There are a couple of uncertainties within the forecast, the main one being cost relating to the authorities testing of AI products. If, following testing, the Authority does seek to bring forward the implementation of AI in certain areas, expenditure will increase on this budget.

2.9. Behaviour Change Programmes

- 2.9.1 Current estimate is based on the year to date spend prorated and then an adjustment to fall in line with previous years spend. Officers continue to review the programme to ensure the forecast is as accurate as possible and that the funding will be utilised by the end of the financial year.

2.10. Net Interest

- 2.10.1 Interest expenditure at approximately £1.4m is expected to be in line with previous years, with a slight increase per the changes expected regarding IFRS 16.
- 2.10.2 The above is offset by interest receivable, calculated in respect of the cash balances that St Helens currently holds on the Authority's behalf together with anticipated cash movements over the remainder of the financial year. The current forecast also includes an additional £100k in respect of interest receivable relating to cash balances for the 24/25 financial year. This results from the reconciliation undertaken in conjunction with the St Helens team referred to within the main body of the report.

2.11. Technical Accounting

- 2.11.1 This is the estimate of the statutory provision for the repayment of debt (MRP), and the calculation implements the change in MPR Policy approved by the Authority on 27th June. It also includes an estimate of uplifts in relation any pending rent reviews for this financial year that lead to a remeasurement of lease liabilities.
- 2.11.2 The original budget netted off the impact of PPP liability repayments and so is not directly comparable to the current forecast.

2.12. PPP Liabilities Repayment

- 2.12.1 This is the expected cost for the repayment of the Authority's PPP liabilities that is not charges to the Authority's revenue account. The net effect of this and the Technical Accounting adjustment referred to above is to reduce net forecast expenditure (from that contained within the original budget) by £1.902m. This reduction is mostly a consequence of the change in accounting policies approved by members in June.

2.13. Income

2.13.1 Other income includes the Extended Producer Responsibility (EPR) grant provisionally awarded by the government in October 2024 and confirmed in July 2025¹.

2.13.2 Additionally, the Authority received additional income of £21k from MHCLG in respect of audit reform. Further income in relation to audit reform may be due later on in the year, however, the Authority is yet to be informed of the amount.

¹ Whilst there was a reduction in the Authority's EPR allocation from £12.968m to £11.396m, MHCLG have confirm that they will make good the difference in 2025/26.