

## Revenue Outturn

### 1. Overall Performance

- A comparison of the Authority's financial performance for 2025-26 against the original budget is shown in the below table.

	Original Budget	Actual Expenditure	Variance	Forecast
	£000	£000	£000	£000
1. MWDA ESTABLISHMENT	3,277	2,753	(525)	2,722
2. WASTE MANAGEMENT & RECYCLING CONTRACTS	30,900	30,338	(562)	30,874
3. RESOURCE RECOVERY CONTRACT	42,854	43,534	680	43,022
3A. RRC CONTINGENT ASSET	0	2,401	2,401	0
4. CONTRACT SUPPORT	450	577	127	450
5. PROCUREMENT	1,500	832	(668)	1,058
6. ESTATES	1,506	927	(579)	1,366
7. RECYCLING CREDITS	4,697	4,317	(380)	4,468
8. DATA PROCESSING	283	212	(71)	267
9. BEHAVIOURAL CHANGE PROGRAMME	756	560	(196)	739
<b>NET COST OF SERVICES</b>	<b>86,224</b>	<b>86,451</b>	<b>226</b>	<b>84,966</b>
10. NET INTEREST EXC PPP	1,400	751	(649)	819
<b>NET OPERATING EXPENDITURE</b>	<b>87,624</b>	<b>87,202</b>	<b>(423)</b>	<b>85,785</b>
11. TECHNICAL ACCOUNTING	105	5,981	5,876	5,100
12. TRANSFERS TO EARMARKED RESERVES	8,730	10,000	1,270	10,000
13. PPP LIABILITIES REPAYMENTS	0	(6,885)	(6,885)	(6,897)
<b>TOTAL COST OF SERVICE</b>	<b>96,459</b>	<b>96,297</b>	<b>(162)</b>	<b>93,988</b>
14. LEVY INCOME	(83,492)	(83,492)	(0)	(83,492)
15. OTHER INCOME	(12,968)	(12,989)	(21)	(12,989)
<b>NET (SURPLUS) CONTRIBUTION IN YEAR</b>	<b>(0)</b>	<b>(184)</b>	<b>(183)</b>	<b>(2,493)</b>

1.1. The result shows a surplus for the year of £0.2m and a £10m contribution to reserves, which overall, is a £1.5m increase on the planned surplus in original budget. However, the result is £2.3m lower than the forecast previously reported in February, which is mostly due to increased costs in respect of the RRC contract. Certain rebates are now categorised as a contingent asset and described further in Section 4 below.

1.2. The below table shows the Authority's reserves as at the 31st March 2026.

	Earmarked Reserves	General Fund	Total
	£000	£000	£000
<b>Opening Balances</b>	<b>(10,000)</b>	<b>(20,127)</b>	<b>(30,127)</b>
Opening Balance Adjustment		(64)	(64)
<b>Adjusted Opening Balances</b>	<b>(10,000)</b>	<b>(20,191)</b>	<b>(30,191)</b>
Surplus or Deficit on Provision of Services		(184)	(184)
Transfers to Earmarked Reserves	(10,000)		(10,000)
<b>Closing Balances</b>	<b>(20,000)</b>	<b>(20,375)</b>	<b>(40,375)</b>

- The general fund's opening balance was adjusted slightly to correct an error in treatment of capital expenditure relating to intangible assets under construction that should have been capitalised rather than put through revenue.
- The earmarked reserves held by the Authority are both for the ongoing procurement for future waste services and to provide a buffer for upcoming changes in legislation that are likely to impact the Authority significantly.
- The below report details reasons for variances and provides a further breakdown of the budget headings provided in table 1.

## 2. Establishment

<b>1. MWDA ESTABLISHMENT</b>		<b>Original Budget 2025-26</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Staffing Costs	2,606	2,218	-388	2,229
	Agency	68	21	-47	21
	Financial Support (Year End Support)	165	253	88	216
	Premises	162	109	-53	117
	Supplies & Services	506	356	-150	353
	Transport	54	14	-40	6
<b>Total Expenditure</b>		<b>3,561</b>	<b>2,971</b>	<b>-590</b>	<b>2,942</b>
<b>Income</b>					
	Management Fee (Halton)	-284	-234	50	-235
	Prior Year Management Fee Adjustment	0	15	15	15
<b>Total Income</b>		<b>-284</b>	<b>-219</b>	<b>65</b>	<b>-220</b>
<b>Net Expenditure</b>		<b>3,277</b>	<b>2,753</b>	<b>-525</b>	<b>2,722</b>

2.1. Staffing Costs are the main reason for the underspend for this year. The original budget included a full complement of staff, whereas the starting the year the Authority held 8 vacancies, of which 4 were recruited to during the year. Most new staff joined in the latter half of the year therefore had little impact on reducing the variance.

2.2. The second highest variance was in supplies and services; this was mostly due to a move of service charge relating to premises being moved from this budget line to premises costs budget line. The remainder of the variance relates recruitment costs being less than expected.



#### 4. Resource Recovery Contract

<b>3. RESOURCE RECOVERY CONTRACT</b>		<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
	Contract Payments - Merseyside Districts	42,854	46,784	3,930	42,022
	Contract Payments - Contingent Asset	0	2,401	2,401	0
	Contract Payments - Halton	2,776	3,283	507	2,857
	Take Out Interest costs	0	-13,001	-13,001	0
	Deferred Income	0	-3,780	-3,780	0
	Insurance Costs	0	3,079	3,079	1,000
	Use of Insurance Provision	0	-2,549	-2,549	0
	PPP Interest	0	13,001	13,001	0
	Halton Contract Income	-2,776	-3,283	-507	-2,857
	<b>Net Expenditure</b>	<b>42,854</b>	<b>45,935</b>	<b>3,081</b>	<b>43,022</b>

- 4.1. The majority of the increased cost in this area relates to tonnage payments, which the Authority believes it is due, but which are disputed by the Contractor. The budget and previous forecast assumed that this income would be recognised in 2025/26, however, the fact that the matter is not yet concluded means that potential income can only be recorded as a contingent asset in a note to the accounts rather than within the Income & Expenditure Account. This has resulted in a shortfall of income of £2.4m that would have offset expenditure incurred in this contract. The recovery of this rebate, and rebates relating to previous years, is the subject of a separate report to the Authority.
- 4.2. Further cost pressures were added by insurance costs of some £0.5m resulting from an adjudication that was settled on 15 May 2026 (which is also the addressed in the separate report referred to above). However, this was less than the projected £1m included in previous forecasts.

## 5. Contracts Support

<b>4. CONTRACT SUPPORT</b>		<b>Original Budget 2025-2026</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Legal Costs	450	325	-125	450
	Financial Advisors	0	185	185	0
	Insurance Advisors	0	31	31	0
	Interim Project Leader	0	32	32	0
	Technical Support	0	8	8	0
	Other	0	47	47	0
	Halton Management Fee	0	-50	-50	0
<b>Net Expenditure</b>		<b>450</b>	<b>577</b>	<b>127</b>	<b>450</b>

- 5.1. The overspend within contract support relates to increase utilisation of specialist consultants and legal advisors to aid the Authority in the dispute resolution process with contractors, which is the subject of a separate report to members.

## 6. Procurement

<b>5. PROCUREMENT</b>		<b>Original Budget 2025-2026</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Future Waste Services</u>					
	Legal	537	170	-367	180
	Technical	258	257	-0	335
	Financial	138	251	113	318
	Programme	568	89	-479	115
	Misc	0	1	1	0
<u>Anaerobic Digestion Projects</u>					
	Technical	0	38	38	38
	Financial	0	51	51	50
<u>Out of Scope</u>					
		0	12	12	22
<u>Halton Recharge</u>					
		0	-36	-36	0
<b>Total Net Expenditure Costs</b>		<b>1,500</b>	<b>832</b>	<b>-668</b>	<b>1,058</b>

- 6.1. The spend was below budget but only slightly less than forecast in February. This was due to Phase 1 of the project being extended from September 2025 to

November 2025, which in turn meant that the ramp up in costs expected for the second phase was delayed to later in the year.

- 6.2. Additionally, an expected increase in legal costs did not materialise - being roughly a third of what was planned. However, it is expected that these costs will materialise in later phases of the procurement process.
- 6.3. Also, the recharge to Halton was not included within previous budgets or forecast as the extent of Halton's contribution was only recently determined.

## 7. Estates

<b>6. ESTATES</b>		<b>Original Budget 2025-2026</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Closed Landfill Sites</b>					
	Closed Land Fill Site Maintenance Costs	509	437	-71	469
	Use of CLS Provision	0	-437	-437	0
<b>HWRCs</b>					
	Minor Repairs and Maintenance	0	14	14	1
	Rent	68	13	-55	0
	Rates	930	900	-30	895
<b>Total</b>		<b>1,506</b>	<b>927</b>	<b>-579</b>	<b>1,366</b>

- 7.1. Cost for the Closed Landfill Site maintenance are similar to budget, but the accounting treatment has changed, following discussions with the external auditor.
- 7.2. These costs are now offset by the utilisation of the provision. However, the overall provision has been reassessed, and this has resulted in an increased charge within the Technical Accounting section as outlined in Section 12 below.
- 7.3. As with the Establishment budget, the Estates budget included costs for Rent that are now accounted for elsewhere. The remaining costs relate to service charges for one of the Authority's landfill sites.

## 8. Recycling Credits

<b>7. RECYCLING CREDITS</b>		<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
<b>Recycling Credits</b>					
	Knowsley	457	421	-36	425
	Liverpool	531	290	-241	323
	Sefton	1,384	1,595	211	1,360
	St Helens	1,436	1,296	-140	1,412
	Wirral	889	715	-174	947
<b>Net Expenditure</b>		<b>4,697</b>	<b>4,317</b>	<b>-380</b>	<b>4,468</b>

- 8.1. Spend was around 8% lower than budget which corresponds with tonnages for recycling being 8% lower when compared to the previous financial year.

## 9. Data Processing

<b>8. DATA PROCESSING</b>		<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
	IT Delivery	199	175	-24	196
	IT - CRM	53	45	-8	53
	IT - Other	11	0	-11	11
	Data Processing - Software	5	3	-3	2
	Data Processing - Cognos	15	8	-6	4
	Halton Recharge	0	-19	-19	0
<b>Net Expenditure</b>		<b>283</b>	<b>212</b>	<b>-71</b>	<b>267</b>

- 9.1. The main variance relates to the contract with the Authority's IT provider that came in less than expected due to the role of IT Manager being brought in house during the year.
- 9.2. As with other services, the recently determined recharge to Halton included in this area wasn't included in the original budget or forecast so increases the underspend.

## 10. Behavioural Change Programmes

<b>9. BEHAVIOURAL CHANGE PROGRAMME</b>		<b>Original Budget 2025-2026</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Programmes</u>					
	BCP - Education	75	9	-66	75
	BCP - Community Funding	165	164	-1	165
	BCP - Community Funding Returned Grant Income	0	0	0	0
	BCP - Circular Economy Initiatives	35	17	-18	35
	BCP - Re-Use	50	61	11	50
	BCP - Waste Prevention Programme	107	79	-28	100
	BCP - Campaigns	250	181	-69	234
	BCP - Organic Waste	50	40	-10	50
	BCP - Community Fund Contribution Veolia	-15	-15	0	-15
<u>Corporate Comms</u>					
	Corporate Comms	12	35	23	11
<u>Strategy Update</u>					
	Policy & Research	2	0	-2	0
	Strategy Update	25	38	13	35
<u>Halton Recharge</u>					
		0	-49	-49	0
<b>Net Expenditure</b>		<b>756</b>	<b>560</b>	<b>-196</b>	<b>739</b>

10.1. As with other services, the original budget didn't include the recently determined recharge to Halton for the BCP programmes. However, if this was excluded the performance of this year would have been on a par with the previous year.

10.2. Individual programmes can span more than one year and so the underspend reflect slippage of programmes into 2026/27 rather than any genuine underspend.

## 11. Net Interest

<b>10. NET INTEREST EXC PPP</b>		<b>Original Budget 2025-2026</b>	<b>Actual</b>	<b>Variance to Budget</b>	<b>Previously Reported Forecast</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Interest Payable</u>					
	Interest on Loans	1,400	1,249	-151	1,289
	Interest on Leases	0	44	44	44
<u>Interest Receivable</u>					
	Interest on Cash Balances	0	-542	-542	-515
<b>Net Expenditure</b>		<b>1,400</b>	<b>751</b>	<b>-649</b>	<b>819</b>

- 11.1. Overall, the position was improved by interest receivable from our cash balances held and invested on the Authority's behalf by St Helens. Additionally, the interest receivable result was improved by a correction in relation to interest accrued in the previous financial year.
- 11.2. Adding further to this improved result, a review of the interest profile of the Authority's market loan has resulted in interest payable being slightly lower than previously forecast.
- 11.3. Finally, the Authority has made its final payment to its long-term loans in relation to the Merseyside Residual Debt Fund, meaning a recurrent saving c. £18k in annual interest costs going forward.

## 12. Technical Accounting

<b>11. TECHNICAL ACCOUNTING</b>	<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
<u>Accounting Adjustments</u>				
Net Capital Accounting	105	0	-105	0
MRP	0	5,125	5,125	5,100
Deferred Income Transfer to CAA	0	0	0	0
Increase in CLS Provision	0	1,039	1,039	0
Additional Accruals Reversal from Prior Year	0	-233	-233	0
<u>Transactions with Subsidiaries</u>				
MWHL	0	50	50	0
Dividends Receivable	0	0	0	0
<b>Net Expenditure</b>	<b>105</b>	<b>5,981</b>	<b>5,876</b>	<b>5,100</b>

- 12.1. The charge for Minimum Revenue Provision was slightly higher than forecast, due to updating estimates to actuals and correcting the profile for the newly added right of use assets under IFRS 16.
- 12.2. Also, during the year on recommendation of our external auditors, the Closed Landfill Site provision was reviewed by the Authority. This was to update the methodology and align with revised forecast expenditure on maintaining the sites. This change resulted in an impact of £1m charge for the year. This increase was mostly offset by the utilisation the new provision against in year CLS spend as highlighted in the Estates section, and by an accrual from the prior year that was to pick up any unexpected costs from the prior year.



### 13. PPP Liability Repayment

<b>13. PPP LIABILITIES REPAYMENTS</b>		<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
	WMRC Liability Repayment	0	-1,328	-1,328	-1,340
	RRC Liability Repayment	0	-5,557	-5,557	-5,557
	<b>Net Expenditure</b>	<b>0</b>	<b>-6,885</b>	<b>-6,885</b>	<b>-6,897</b>

13.1. Repayments of the PPP Liabilities came out slightly less than expected, this was due to difference between forecasts and actuals after both accounting models were updated for the latest CPI, RPIX and DERV indices.

### 14. Income

<b>14 + 15. INCOME</b>		<b>Original Budget 2025-2026 £000</b>	<b>Actual £000</b>	<b>Variance to Budget £000</b>	<b>Previously Reported Forecast £000</b>
<b>Waste Levy</b>					
	Knowsley	-9,255	-9,255	0	-9,255
	Liverpool	-28,658	-28,658	0	-28,658
	Sefton	-16,692	-16,692	-0	-16,692
	St Helens	-10,022	-10,022	0	-10,022
	Wirral	-18,865	-18,865	0	-18,865
<b>Other Income</b>					
	Extended Producer Responsibility	-12,968	-12,968	-0	-12,968
	MHCLG - LG Audit Reform	0	-21	-21	-21
	<b>Net Expenditure</b>	<b>-96,460</b>	<b>-96,481</b>	<b>-21</b>	<b>-96,481</b>

14.1. There was a small increase in grant income as the Authority received additional funding from MHCLG as part of its audit reform programme. The Authority expects to receive another £0.05m in the new financial year for the continuation of this programme.