1. Current Year Forecast – Authority's Revenue Budget

1.1. The table below compares the revenue budget approved by the Authority in February with the current Month 6 forecast and the position previously reported at Month 4.

	Original Budget	Current Forecast	Variance	Forecast @ M4	Variance
	£000s	£000s	£000s	£000s	£000s
1. MWDA ESTABLISHMENT	3,462	3,165	(297)	3,388	(224)
2. WASTE MANAGEMENT & RECYCLING CONTRACTS	38,535	35,509	(3,026)	35,325	185
3. RESOURCE RECOVERY CONTRACT	44,673	46,398	1,725	45,711	687
4. CONTRACT SUPPORT	453	416	(37)	416	0
5. PROCUREMENT	1,473	1,639	166	1,717	(78)
6. ESTATES	1,659	1,166	(494)	1,137	29
7. RECYCLING CREDITS	4,640	4,903	263	5,013	(110)
8. DATA PROCESSING	289	266	(23)	266	0
9. BEHAVIOURAL CHANGE PROGRAMME	974	627	(347)	627	(0)
NET COST OF SERVICES	96,158	94,088	(2,070)	93,599	489
10. NET INTEREST	778	980	202	796	184
NET OPERATING EXPENDITURE	96,936	95,068	(1,868)	94,395	673
11. TECHNICAL ACCOUNTING	5,835	6,026	191	6,026	0
12. PPP LIABILITIES REPAYMENTS	(7,248)	(7,297)	(49)	(7,297)	0
TOTAL COST OF SERVICE	95,523	93,797	(1,727)	93,124	673
13. LEVY INCOME	(85,579)	(85,579)	0	(85,579)	0
14. OTHER INCOME	(11,606)	(11,656)	(50)	(11,656)	0
NET (SURPLUS) CONTRIBUTION IN YEAR	(1,662)	(3,438)	(1,776)	(4,111)	673

1.2. At the end of the second quarter, the Authority continues to report a favourable position against its approved budget. However, the forecast contribution to the general fund has reduced from £4.1m at Month 4 to £3.4m at Month 6, a reduction of approximately £0.7m.

1.3. The change since Month 4 primarily reflects revised forecasts across the Authority's waste contracts, particularly in relation to anticipated waste tonnages. There have also been a number of smaller changes across other budget areas, which are explained below.

1.4. The forecast will continue to be refined as further information becomes available during the remainder of the financial year.

Explanation of Forecast Changes

2. Establishment

2.1. The establishment budget is forecast to underspend, principally because employer pension contribution rates are lower than assumed when the budget was prepared.

2.2. There is also an underspend arising from the timing of recruitment. The two vacant posts reported earlier in the year have now been filled, but the successful candidates are expected to start later than originally forecast.

2.3. The forecast underspend has increased further because agency costs are now expected to be lower, with the relevant work being undertaken by Authority employees. The forecast cost of the service agreement with St Helens has also reduced.

2.4. These savings are partly offset by higher anticipated recruitment costs associated with forthcoming staff retirements.

3. Waste Management and Recycling Contracts

	Original Budget	Current Forecast	Variance	Forecast @ M4	Variance
	£000s	£000s	£000s	£000s	£000s
Main Contract	39,194	36,339	(2,855)	36,062	277
Food Waste	3,019	2,686	(334)	2,621	65
Simpler Recucling	1,397	1,397	0	1,397	0
Halton Recharge	(3,928)	(4,168)	(241)	(3,607)	(561)
Trade Waste	(1,147)	(744)	404	(1,147)	404
Total	38,535	35,509	(3,026)	35,325	185

3.1. The forecast has been updated to reflect the latest assumptions concerning the introduction of food waste collections, including delays affecting the provision of collection equipment to Sefton. The full financial effect remains uncertain because this is the first year of implementation and reliable tonnage information is still emerging.

3.2. There is also continuing uncertainty over the timing and scale of the changes arising from the Simpler Recycling requirements.

3.3. These additional costs have been partly offset by a further contractual performance deduction, which reduces the amount payable to the contractor.

4. Resource Recovery Contracts

4.1. The forecast has been increased by approximately £0.7m, reflecting the latest estimate of residual waste tonnages. The principal factors are delays in the full implementation of food waste collections and the fact that the anticipated effects of Simpler Recycling have so far failed to materialise.

4.2. This remains a significant area of forecast uncertainty and will continue to be reviewed as further tonnage information becomes available.

5. Procurement

5.1. Procurement expenditure is expected to increase as the Material Recovery Facility and Household Waste and Haulage workstreams move into the procurement phase.

5.2. Costs are forecast to increase above the original profile between September and January, with a further increase expected between January and April as activity intensifies to ensure formal procurement can commence in line with the approved programme.

5.3. The Authority is continuing to confirm the timing and anticipated level of expenditure with its advisers. The forecast may therefore be revised as the procurement programmes develop.

6. Estates

6.1. The forecast increase in expenditure reflects the updated estimates of business rates payable on the Authority's operational sites.

7. Recycling Credits

7.1. As previously reported, the adverse variance relates to a correction to Liverpool City Council's 2025/26 recycling credit claims. Discussion with LCC to close this matter are ongoing.

8. Data Processing

8.1. The original budget was prepared before the Authority recharge to Halton Borough Council for the provision of this service was confirmed. The resulting income has created a small favourable variance.

9. Net Interest

		Original Budget	Current Forecast	Variance	Forecast @ M4	Variance
		£000s	£000s	£000s	£000s	£000s
Interest Payable	PWLB Loans	1,160	1,326	166	1,160	166
	Market	80	104	24	80	24
	Leases	37	41	3	39	1
	Provision		173	173	180	(7)
Interest Recievable	Cash Balances	(500)	(664)	(164)	(664)	0
Total		778	980	202	796	184

9.1. Forecast interest associated with the Closed Landfill Site Provision has reduced slightly following refinement of the underlying calculation model.

9.2. Forecast interest expenditure has increased by £0.190m following a review undertaken as part of the audit of the 2025/26 accounts. This is a one-off adjustment relating the period in which a certain payment is accounted for. It does not reflect additional borrowing or a change in the interest rates payable on the Authority's existing loans.

10. Overall position

10.1. The Authority continues to forecast a favourable year-end position. However, the forecast has reduced since Month 4 and remains sensitive to changes in waste tonnages, the pace of implementation of food waste and Simpler Recycling arrangements, and the timing of procurement expenditure.

10.2. Officers will continue to monitor these areas closely, with any material changes reflected in the next financial performance update.