

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: FINANCE UPDATE

REPORT OF: THE FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 4 DECEMBER 2025

SUMMARY OF REPORT:

This report provides an update on the Authority's finances and forecast outturn at the end of March 2026. In addition, it provides an assessment of the budget and resource requirements for 2026/27 and considers the balances that may be available to support the 2026/27 levy.

RECOMMENDATIONS:

The Authority is recommended to:

- A. Note this review of the 2025/26 financial position;
- B. Note the current assessment of the budget and resource requirements for 2026/27 and the factors that could affect the level of the 2026/27 levy; and
- C. Note the issues that will need to be addressed in setting the budget and levy for 2026/27 at the Authority meeting on 12 February 2026

SIGNED: Daniel Omisore, Financial Adviser

DATE: 24 November 2025

1. EXECUTIVE SUMMARY

Overview

- 1.1. On 9 October 2025, the Authority was provided with an up-to-date assessment of its financial position. This included an update on changes to the resources available in 2025/26 and an early indication of the budget for 2026/27 as well as an indicative levy based on that budget.
- 1.2. This report provides the outcome of a further review of the 2025/26 forecast outturn, an update on the outlook for the budget and levy for 2026/27 and the medium-term forecast up to 2028/29.

2025/26 Forecast

- 1.3. The Authority's net expenditure for 2025/26 is currently forecast at £96.933m, a projected underspend of £1.579m against the original budget. The main driver is a £2.4m reduction in residual waste disposal costs, achieved through a combination of lower waste volumes and efficiencies from a new contract that enables direct deliveries from boroughs to third party facilities for waste above the capacity of the energy from waste plant at Edmonton.
- 1.4. Waste tonnage forecasts have been reviewed with borough officers and are expected to be slightly lower than budgeted:
 - 1.4.1. Residual waste is forecast to fall by 16,203 tonnes (2.9%) to 540,319 tonnes. The largest percentage reduction is from Waltham Forest, reflecting the development of their waste collection strategy.
 - 1.4.2. Dry mixed recycling is forecast at 126,754 tonnes, a marginal increase of 901 tonnes (0.7%).
 - 1.4.3. Organic waste is forecast at 57,335 tonnes, 2,345 tonnes (4.0%) below budget. This is largely due to an 8.9% reduction in garden waste following a warm, dry summer. Food waste is forecast to be 2.0% above budget.
- 1.5. The revenue balance at the end of the financial year is forecast to be £4.689m. Subject to final outturn, this surplus may be used to support the 2026/27 levy.

Efficiency Savings and Cost Reductions

- 1.6. Members will be aware that, given the demand-led nature of the service provided by the Authority to the constituent boroughs and the long-term contracts that it has for the majority of these services, the scope to make savings is limited. Despite these limitations, officers are reviewing costs to identify savings within the budget and medium-term forecast.
- 1.7. Officers have identified savings in year including, but not limited to:

- 1.7.1. Replanning the Carbon Capture project to reflect the slower progress being made by Government to identify storage options nationwide
 - 1.7.2. Supporting boroughs that wish to switch to separated food and green waste
 - 1.7.3. Insourcing some project roles to reduce adviser costs on the North London Heat and Power Project (NLHPP)
 - 1.7.4. Developing and delivering waste prevention and communications projects in-house and reducing spend on contractors
- 1.8. Officers are also working closely with contractors to ensure that when contracts end, costs of new contracts are minimised and price increases are mitigated where possible.

2026/27 Forecast Budget & Levy

- 1.9. Section 4 of this report sets out the underlying assumptions and discusses significant issues that have been captured in the early budget forecast for 2026/27. The net expenditure requirement is anticipated to increase to £103.291m, a year on year increase of £4.779m (4.9%). This includes updated assumptions for capital financing costs (including Minimum Revenue Provision and interest on borrowing), inflationary adjustments and operating costs for the Resource Recovery Facility, EcoPark House and the Reuse and the EcoPark Reuse and Recycling centre.
- 1.10. The budget forecast also includes the assumption that the Authority will take on the running of the Barrowell Green Reuse and Recycling Centre (RRC) in Enfield from April 2026. If this cost were excluded to give a like-for-like comparison, the net expenditure of £102.393m would be a year on year increase of 3.9%. The additional cost of operating Barrowell Green will be recharged through the levy based on the 2022 visitor survey. The percentages used for Barrowell green are detailed in table 3 which is in paragraph 4.16 of this report.
- 1.11. The headline levy is forecast to increase by 4.2% compared to 2025/26. Excluding Barrowell Green, the like-for-like increase would be 3.1% which is lower than the current rate of inflation. Officers will continue to work to reduce these balances so as to minimise year-on-year fluctuations in the levy.
- 1.12. Before balances are included (the first 3 columns of table 1 below), the levy increase is also 4.2%. Balances currently identified as available to reduce the levy are slightly higher than the equivalent sums which were available to reduce the 2025/26 levy at the start of this year.

Table 1

	Forecast Levy before balances			Balances available			Forecast Levy after balances		
	2025/26	2026/27	Increase/ Decrease	2025/26	2026/27	Increase/ Decrease	2025/26	2026/27	Increase/ Decrease
	£000s	£000s		£000s	£000s		£000s	£000s	
Barnet	17,996	17,685	-1.7%	(1,135)	(937)	-17.5%	16,861	16,748	-0.7%
Camden	9,085	9,516	4.7%	(500)	(435)	-12.9%	8,585	9,081	5.8%
Enfield	13,845	15,174	9.6%	(914)	(1,042)	14.0%	12,931	14,132	9.3%
Hackney	10,960	11,537	5.3%	(503)	(531)	5.5%	10,457	11,006	5.3%
Haringey	11,954	12,576	5.2%	(679)	(379)	-44.2%	11,275	12,197	8.2%
Islington	9,628	10,158	5.5%	(188)	(492)	161.7%	9,440	9,666	2.4%
Waltham Forest	12,084	12,534	3.7%	(522)	(873)	67.4%	11,562	11,661	0.9%
	85,552	89,180	4.2%	(4,440)	(4,689)	5.6%	81,112	84,491	4.2%

1.13. The 4.2% increase year-on year before balances is driven by inflationary increases, the inclusion of the operating costs for the Barrowell Green Reuse and Recycling Centre in the London Borough of Enfield and a reduction in the use of reserves to support operating costs. This is partly offset by the increased recognition of Extended Producer Responsibility funding in 2026/27.

1.14. Further work will be carried out, with continuing close liaison with boroughs, to produce updated budget proposals for the Member Finance Working Group to review in January 2026 together with up-to-date advice on the Authority's budget and resource requirements for 2026/27. This will be reported to the Authority meeting in February 2026, at which the budget and levy will be set. In keeping with established practice, officers will also meet with Borough Finance Directors in January 2026 to seek their views on the application of balances in advance of the budget setting Authority meeting.

Medium term Forecast

1.15. The Medium term forecast in section 5 of this report looks ahead to 2027/28 and 2028/29 to provide a forecast of likely costs, the levy and charges in these years.

LondonEnergy Ltd Budget for 2026

1.16. The LondonEnergy (LEL) budget is included in the Governance of LondonEnergy Ltd paper elsewhere on this agenda. Officers have been involved in the budgeting process and have challenged the budgeted figures as appropriate. LEL continues to provide a cost-effective waste management solution for North London, despite operating the UK's oldest energy-from-waste facility.

- 1.17. The 2026 draft budget forecasts a £6.5m loss, driven by increased maintenance and insurance costs, and reduced electricity income. However, LEL still delivers significant value, estimated at £30m annually compared to third-party alternatives.

2. 2025/26 FORECAST

- 2.1. At the meeting on 13 February 2025, the Authority approved a budget for 2025/26 of £98.512m and at the meeting on 09 October 2025, presented the October forecast of £98,121m. The current forecast net expenditure for 2025/26 is £96.933m, an underspend of £1.579m compared to the budget and underspend of £1.188m compared to October forecast. A table comparing the budget to the forecast is included as table A1 in Appendix A.

- 2.2. The key variances to the budget are as below:

- 2.2.1. **Main Waste Disposal Contract (excluding RRC Waste): (-£2.443m)** Total residual waste is forecast to fall by 16,203 tonnes (2.9%) from the budgeted figure and £0.950m from the October forecast figures. This reduction is reflected in a tonnage saving of £1.393m. Furthermore, efficiencies achieved from LondonEnergy's new contract for third party waste resulted in estimated saving of £1.050m in the year.
- 2.2.2. Authority officers and borough officers will continuously review the tonnage figures for the rest of the year.
- 2.2.3. **Transfer Stations and Other Sites: (-£0.747m)** The reduction is mainly due to change in accounting treatment where the budgeted rent for the lease of the Wembley transfer station has been capitalised and transferred to Revenue funding of the capital programme. In addition, Geron Way preparatory costs of £0.371m have been deferred to 2026. Authority officers will continue to review costs for preparing, running and maintaining the three different facilities.
- 2.2.4. **Interest on Balances (-£0.550m):** The increase in interest on balances is due to increased levels of interest earned on operating balances as interest rates have remained higher than anticipated.
- 2.2.5. **Charges for Household & Non-Household Waste: (-£0.228m)** Updated forecasts of tonnages from boroughs for chargeable household wastes (from healthcare and schools, for example) and non-household wastes (commercial) indicate that overall, a modest increase in waste will be collected across the financial year. Tables A6 and A7 in Appendix A reflect the forecast expectation for non-household and chargeable waste for each borough.

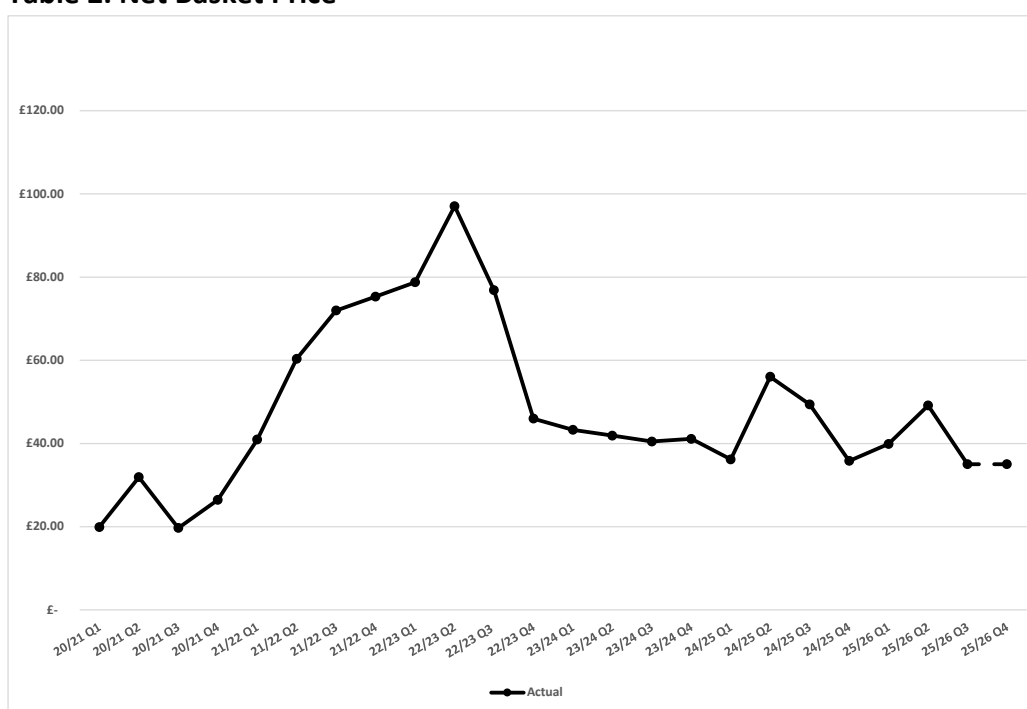
- 2.2.6. **Composting Waste Services: (-£0.136m)** This is largely driven by reduced tonnage, forecast to be 2,345 tonnes lower than budget, principally due a fall in the amount of garden waste delivered to the Authority reflecting the warm and dry summer.
- 2.2.7. **Carbon Capture (-£0.107m):** The slower pace of spend is primarily due to limited Government direction and delays in policy and actions to advance carbon capture.
- 2.2.8. **RRC Operating Costs: (-£0.108m):** The site running and recycling cost are forecasted to decrease by £66k, the shop is forecast to return a profit of £42k. The budget assumed break-even position.
- 2.2.9. **RRC Residual Waste Disposal: (+£0.118m)** Residual tonnage from RRCs is slightly up against budget contributing higher costs than budgeted for landfill tax, shredding and transport.
- 2.2.10. **MRF Services: (+£0.312m)** Additional costs are driven by a combination of an increase of 901 tonnes (0.7%) against the budget and the larger than budgeted inflationary increase in the price per tonne compared to the budget.
- 2.2.11. **North London Heat & Power Project (+0.480m)** Officers continue to work toward agreeing the final account for the EcoPark South construction contract which is currently the subject of an adjudication process. These legal costs in relation to the adjudication will not be capitalised and instead are recognised as operating expenses.
- 2.2.12. **Revenue Funding – Capital Programme: (+£0.512m)** This increase reflects the transfer of costs for the Wembley Transfer station mentioned in section 2.2.3 above. This transfer is to reflect a change to the accounting rules, requiring leases to be recognised as capital assets. This is an adjustment and there is no increase in expenditure.
- 2.2.13. **Corporate and Other Support Services costs (+£0.465m)** This is primarily driven by a combination of strategic staffing decisions and project-related pressures below:
- 2.2.13.1. The integration of the NLHPP team in-house was undertaken to improve project control and delivery. However, a portion of the associated staff costs no longer qualifies for capitalisation, resulting in increased revenue expenditure.
- 2.2.13.2. Additional staffing costs have been incurred to recruit new technical staff supporting the Geron Way development.

2.2.13.3. Allocation of the resources for public engagement work aimed at understanding and influencing governmental policies.

2.2.13.4. Professional fees have increased due to higher audit costs associated with reinstating assurance for the Authority's annual accounts.

2.2.14. **Sale of Recyclates: (+£0.672m)** income from sale of recyclates is forecast to fall below budget due to lower than budgeted market prices in Q2 and Q3 (Q1 was favourable), Q4 is forecast to remain at Q3 price. Table 2 below shows the volatility in market prices over recent years. Authority officers will continue to review future market prices.

Table 2. Net Basket Price



2.2.15. **Waste Prevention and Communications Programme (+nil)** Funding has been allocated to support new circular economy initiatives. These projects are being funded from monies received for Extended Producer Responsibility, ensuring no impact on the levy. Projects commencing this financial year include:

- Reducing absorbent hygiene product waste through recycling, behaviour change, and public affairs.
- Improving recycling quality by preventing increases in rejected and downgraded materials, supported by a taskforce to educate residents on key contaminants.
- Scaling waste prevention initiatives to drive behaviour change, enhance circularity, and deliver social value.

- Addressing fast fashion and textile waste through research, innovation, and collaborative campaigns with partners.

3. BOROUGH BALANCES AT 31 MARCH 2025

- 3.1. The menu price-based levy requires the Authority to apportion all its costs to the boroughs based on the types of waste and the tonnage delivered by each borough and to hold borough specific balances. A positive balance for a borough can be used to support a future year's levy but, if negative, will be recovered through an additional share in the following year's levy, equal to the borough's balance.
- 3.2. Tables A8 and A9 in Appendix A show how in-year levy balances might be apportioned (based on the current forecast) between the boroughs and used to reduce the levy when the Authority determines its 2026/27 levy in February.

2025/26 Summary

- 3.3. Allowing for the factors outlined above, the total net expenditure in 2025/26 for the Authority is estimated to be £96.933m. This represents a decrease of £1.579m against the budget. Taking into account the balances brought forward at the end of 2024/25 of £2.882m, the net revenue surplus on 31 March 2026 is forecast to be £4.689m.

4. 2026/27 BUDGET FORECAST

- 4.1. The following paragraphs set out the underlying assumptions and discuss significant issues and variances for the coming year. Forecasts will continue to be refined and discussed with borough officers prior to the February 2026 Authority meeting where Members will be asked to approve the proposed budget, set the levy for 2026/27 and note the medium-term forecast. This will be prepared in line with the Inter Authority Agreement agreed in 2016.

Opening position

- 4.2. When setting the levy for 2025/26, no balances were forecast as being available to support the 2026/27 budget and levy. Since then, the unaudited revenue balances at 31 March 2025 improved by £2.882m. In addition, reviews of the 2025/26 budget have identified that revenue balances at 31 March 2026 could increase by a further £1.807m to £4.689m.
- 4.3. The Authority's net expenditure is forecast to be £103.291m, before considering any available reserves. This is 4.9% higher than the 2025/26 budget. This includes an assumption that the Authority will take over the running of the Barrowell Green RRC in Enfield. If this cost is excluded for a direct comparison to the 2025/26 budget, the increase is reduced to 3.9%.

- 4.4. The following paragraphs set out the underlying assumptions and discuss significant issues and variances. The budget for 2026/27 compared with 2025/26 is laid out in table B1 in Appendix B.

Inflation

- 4.5. Most of the prices in the Authority's contract with LEL are reviewed annually in line with the December Retail Price Index (RPI). For financial planning purposes the Authority has used the HM Treasury's digest of forecasts published by banks and other institutions and has assumed an increase in December 2025 RPI at 4.6% and April 2026 at 4.2%. Costs linked to the Consumer Price Index (CPI) have been increased by 3.7% and 3.3% respectively . Inflation adds £1.550m to waste and recycling tonnage related costs. Inflation assumptions will be reviewed and updated for the February budget and levy meeting.

Main Waste Disposal Contract

- 4.6. The 2026/27 transport and disposal budget has been based on forecast residual waste stream of 535,486 tonnes (excluding RRC tonnages), i.e. a decrease of 4,833 tonnes (0.9%) compared with the latest forecast for 2025/26. This reduction is primarily made up of a 5,031 reduction in Household waste tonnages, partly offset by an increase of 197 tonne in Non-Household & Chargeable Household waste tonnages. These tonnages have been reviewed with borough officers and the impacts are therefore tailored to each borough's circumstances. A breakdown by borough of the budgeted total tonnage of residual waste excluding RRC waste is included in table B2 in Appendix B.
- 4.7. The inflationary increase is partially offset by the reduction in tonnage to give a year on year increase in cost of £1.029m
- 4.8. Electricity prices are assumed to remain high enough that there will be no requirement for the electricity income claim in the year.

Landfill Tax

- 4.9. The rate of landfill tax for 2026/27 is expected to be announced as part of the Government budget on 26 November. The assumption included in supporting calculations to this report is that it will increase in line with RPI. In 2025/26, landfill tax is £126.15 per tonne.

Transfer Stations and Other Sites

- 4.10. The Authority has transfer stations at Wembley, Hornsey Street and the new facilities at the EcoPark. This budget line contains the running costs for these facilities as well as a provision for work to facilitate the transfer away from Wembley to a new facility at Geron Way in 2027. There is also budget for the management of other sites that the Authority owns.

LEL Support

- 4.11. The Authority will continue to provide support to LEL to ensure that they can continue to maintain the Energy from Waste facility, which is now over 50 years old, until the new Energy Recovery Facility is brought into use. The Authority plans to provide £7.0m of funding in 2026/27. This was partially offset in the 2025/26 budget by a release from reserves of £5.0m. A similar release of reserves is not currently planned in 2026/27.

Organic Waste and Materials Recovery Facility Services

- 4.12. The budget forecast for 2026/27 reflects the forecast services changes currently being implemented across boroughs. Food waste is forecast to increase by 9,166 tonnes (33.1%), Barnet is commencing collection of food waste from April 2026 and Garden waste is forecast to increase by 2,569 tonnes (8.7%). There has been an increase in volume of green waste since the authority stopped collecting BIOK waste which was more expensive. Dry Mixed Recycling tonnage is forecast to decrease by 905 tonnes (0.7%). The Tonnage forecasts for each borough are included in tables B3-B6 in Appendix B.

Waste Prevention and Communications Programme

- 4.13. The budget contains provision to maintain the community fund programme at £250k. This is within an overall proposal which is forecast to be in line with the 2025/26 budget despite circular economy projects commencing in 2025/26. These project costs are being matched from Extended Producer Responsibility funding, ensuring no impact on the levy.

Reuse and Recycling Centres

- 4.14. The cost of operating the Reuse and Recycling Centres have been updated to reflect known expenditures and estimated income from recyclates. Residual waste costs at these centres have increased compared to the 2025/26 budget, primarily due to higher-than-expected inflation in landfill charges and changes in waste composition. Specifically, tonnage containing POPs has decreased, while overall residual waste tonnage has risen by 4%. It is assumed this trend will continue, and the forecast for 2026/27 is based on similar tonnage levels to 2025/26.
- 4.15. The forecast also includes recycling and operational costs for Barrowell Green RRC from April 2026, which were previously funded directly by the Enfield Council. These costs are attributed to boroughs based on the 2022 visitor survey. The percentages used to calculate this are shown below

Table 3 – 2022 visitor survey for Barrowell Green

	Enfield	
	Barrowell Green	
Barnet		0.47%
Camden		0.00%
Enfield		99.17%
Hackney		0.12%
Haringey		0.24%
Islington		0.00%
Waltham Forest		0.00%
Total		100.00%

- 4.16. An analysis of the costs for each borough, which include an estimate of income from the sale of recyclates is included in table B9 in Appendix B.

Resource Recovery Facility (RRF)

- 4.17. The budget includes the forecast cost of running the RRF for the entire year. Actual running costs will be reviewed with officers at LEL to establish the fixed fee for operating the facilities over coming years and the outcome will be reported to a future meeting.

Carbon Capture and Storage

- 4.18. The budget and medium plan includes the approved cost of preparing the outline business case for a carbon capture and storage solution at the new energy recovery facility. The medium term forecast includes the cost of the second phase of the work.

Revenue Funding of the Capital Programme

- 4.19. The budget forecast provides for the financing costs of:
- 4.19.1. The Authority's investment in LondonEnergy Ltd
 - 4.19.2. Pinkham Way
 - 4.19.3. Lease of laydown area, part of the EcoPark and the purchase of Deephams Farm Road to support the North London Heat and Power project
 - 4.19.4. The Resource Recovery Facility and EcoPark House, including any enhancements required.
 - 4.19.5. The possible refurbishment of RRC sites
- 4.20. The Authority also makes a Minimum Revenue Provision. This represents the minimum amount that must be set aside in the Authority's revenue account each year, to repay the borrowing necessary to finance the asset acquisitions listed above.
- 4.21. The costs of borrowing for the NLHPP are rolled into the capital cost until the asset comes into use. Therefore, the impact of borrowing for the construction of the Energy Recovery Facility and associated costs will not be budgeted under this heading until completion.

Sale of Recyclates

- 4.22. The forecast is based on the latest available rates that we have incurred in 2025/26 to date. In addition, the rates used in the 2025/26 forecast assume an inflationary uplift.

Extended Producer Responsibility (pEPR)

- 4.23. The pEPR funding awarded to the authority for 2025/26 is expected to be fully settled by 31 March 2026. In addition, a notification letter has been received from PackUK for an anticipated 2026/27 pEPR funding of £13.509m. The current assumption is that £10.228m of this will be included in the budget and the remaining £3.281m will be transferred to the maintenance reserve.

Non-Household Waste Charges

- 4.24. The Authority anticipates that boroughs will deliver 77,792 tonnes of residual waste and 17,448 tonnes of recyclable and organic waste to the Authority in 2026/27.
- 4.25. The estimated charges per tonne of waste are included in table 2 below. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with its Materials Recycling Facility (MRF) providers.
- 4.26. Based on the advised tonnages the estimated cost to the boroughs is £12.042m. This is analysed by borough in Table B6 in Appendix B.

Table 4 – Non Household and Chargeable Household Waste prices

	Price Per Tonne
	£
Residual	140.18
Green	60.67
Food	£8.25
Mixed Dry Recyclable	75.45

Chargeable Household Waste

- 4.27. The Authority forecasts that it expects to receive 11,276 tonnes of residual waste and 2,672 tonnes of organic waste and dry mixed recycling in 2026/27.
- 4.28. The estimated charges per tonne of waste are included in Table 3 above. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with its MRF providers.
- 4.29. Based on the advised tonnages the estimated cost to the boroughs in 2026/27 is £2.068m. The cost is analysed by borough in Table B7 in Appendix B.

Contingency

- 4.30. The budget forecast in this report reflects the approach taken in recent budgets, i.e. £1m plus 2% of the operational base provision.

Levy

- 4.31. The table in paragraph 1.12 sets out the current estimate of the potential 2026/27 levy for each borough. It reflects the forecast balances at 31 March 2026 and the Authority's expenditure and income expectations. Residual waste and recycling tonnage forecasts will be reviewed in conjunction with borough counterparts to inform the February update.

Levy Apportionment Arrangements

- 4.32. All boroughs formally agreed to adopt a menu-price based levy for 2016/17 onwards. Details of the calculation for 2026/27 can be found in Tables B8 and B9 in Appendix B.

5. MEDIUM TERM FORECAST

- 5.1. After 2026/27 there are currently no balances available to offset the levy. Based on high level estimates of future expenditure, the current total levy estimates are as below. Borough directors of finance have confirmed that increases to the levy resulting from the opening of the Energy Recovery Facility and have been factored into their own forecasts.

Inflation

- 5.2. The forecast includes assumptions for inflation however the further into the future, the more uncertain these forecasts become. Therefore, after December 2026, it is assumed that inflation lies within the government targets (2.5% for the RPI and 2.0% for the Consumer Price Index. For every 1% difference from this the equivalent cost would be movement of £1m to the Authority.

Legislative Reform

- 5.3. There have recently been no significant announcements from the Government and uncertainties surrounding potential new central government waste reforms remain. Initiatives such as the Deposit Return Schemes, Emissions Trading Scheme (ETS), and Simpler Recycling are expected to introduce further cost and financial burden onto the authority. ETS would be likely to have the greatest impact, although the Government has announced that: *"We recognise the challenges the expansion of the scheme places on local authorities who have limited control over the composition of the waste they are required to collect and manage. As such local authorities will not be expected to cover full ETS costs."*
- 5.4. Authority officers continue to work in collaboration with external stakeholders to lobby on the side of affordability and practicality on these changes. However, at this

stage, the uncertainty means that nothing has been included in the forecast for these items.

Business Continuity

- 5.5. In the years until the new Energy Recovery Facility becomes operational and a new operating contract is in place, the medium term forecast includes a provision of £7m each year to support LondonEnergy Ltd. This will support the Authority's objectives.
- 5.6. This provision makes allowance for planned outages in LEL's business plan, however any medium term or long term outages that are unplanned would be outside the scope of this provision.

Revenue Impact of Capital Investment

- 5.7. The current forecast includes an estimate of the interest cost and Minimum Revenue Provision (MRP) for EcoPark South facilities. These estimates may change slightly as the final costs are agreed. The MRP for the Energy Recovery Facility is included from the financial year after it opens.

Table 5. Non-NLHPP capital investment

		25/26	26/27	27/28
Category		Current Year Estimate (£)	Next Year Forecast (£)	Next Year Forecast (£)
IT	IT transition: Haringey to LEL	139,236		
Ecopark	Ecopark South assets (Capex only)*	286,000	723,000	1,000
		425,236	723,000	1,000

- 5.8. The non-NLHPP capital programme includes £139k in 2025/26 for the IT transition from the London Borough of Haringey to LEL, ensuring continuity of systems and compliance with licensing requirements.
- 5.9. There is a provision of £286k for 2025/26 and £723k for 2026/27 primarily for the enhancements of EcoPark South assets to ensure that the new infrastructure is maintained appropriately. These investments are critical to maintaining service resilience and supporting the Authority's long-term strategic objectives. These estimates are based on the proposed LEL budget presented elsewhere on this agenda.

Balances

- 5.10. If balances are available at the end of 2026/27 they will be used to reduce the cost of services in 2027/28. There has not been a year since 2010, in which balances have not developed to reduce the eventual levy for the following year.

- 5.11. The legislative reforms will be included in future forecasts as they become more certain, however, the medium term forecast excluding legislative reforms is forecast to be as follows:

Table 6 – Headline levy increases for medium term years

	Net Expenditure £'000	Base Levy £'000	RRC Levy £'000	Total £'000	Increase %
2027/28	109,700	(86,883)	(7,807)	(94,690)	12.1%
2028/29	111,823	(88,654)	(8,002)	(96,656)	2.1%

6. MAINTENANCE RESERVE

- 6.1. The Authority can now be considered the owner of significant infrastructure assets with new facilities starting to open at the EcoPark. These new assets will present cyclical and non-cyclical maintenance requirements, especially in relation to the ERF which can result in high levels of expenditure in some years and lower expenditure in others. This could present a risk if expenditure had to be brought forward.
- 6.2. For that reason, in February 2024, the Authority agreed to create a maintenance reserve. It was intended that this would be used to manage maintenance requirements to prevent fluctuations in future levies and mitigate any medium-term issues relating to LEL.
- 6.3. By the end of 2024/25, the reserve stood at £11.753m. The approved budget for 2025/26 contained a release from reserves of £5.000m to fund part of the increase in LEL costs, as reported in section 2.11 of the budget paper in February 2025. This will be topped up by a further £7.884m (£14.479m pEPR funding less £6.270m recognised as income and £0.325m allocated to fund Circular economy initiatives). In addition, at the end of 2025/26, the forecast for interest arising on NLHPP cash balances is £3.823m. This will also be added to the reserve which is therefore forecast to be £18.460m at the end of 2025/26.

7. CONCLUSION

- 7.1. This update indicates that the 2025/26 budget remains sufficiently robust to meet the cost of the Authority's waste disposal obligations in the current year and balances at 31 March 2026 are likely to be £4.689m higher than was assumed when the budget was set in February 2025. There is no certainty that any further balances will emerge in 2025/26 and the forecast levy for 2026/27 to 2028/29 includes no

allowance for them. Officers are however reviewing costs to identify opportunities to reduce costs and will keep Borough Directors of Finance informed of progress.

- 7.2. In February 2026 it will be necessary for Members to take decisions to ensure that the 2026/27 budget is sufficient to meet the Authority's statutory obligations in the year ahead. To assist with this process, the Member Finance Working Group will meet in January 2026 to review the assumptions underpinning the 2026/27 budget forecast and to consider levy options. The outcome from this review together with up-to-date advice on the Authority's budget and resource requirements for 2026/27 will be reported to the budget and levy setting meeting in February.

8. EQUALITIES IMPLICATIONS

- 8.1. Budgets and forecasts are considered an allocation of resources. Approval to spend is sought separately by officers. The equalities implications are considered as part of the spending approval.

9. COMMENTS OF THE LEGAL ADVISER

- 9.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

Report to the Authority 13 February 2025 – Budget and Levy 2025/26
2025/26 budgetary control working papers

Contact officer:

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APPENDIX A: INFORMATION RELATING TO THE 2025/26 FORECAST

Table A1 2025/26 Forecast Outturn

Table A1 shows the variance between the October (Q2) Forecast update, budget and the current forecast.

	2025/26 Budget	2025/26 Q2 Forecast	2025/26 Current Forecast	Variance to Budget	Variance to Q2 Forecast
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Main Waste Disposal Contract (ex RRC Waste)	48,888	47,395	46,445	(2,443)	(950)
Composting Waste Services	1,696	1,549	1,560	(136)	11
MRF Services	14,185	14,302	14,497	312	195
Transfer Station and Other Sites	10,959	10,584	10,213	(747)	(371)
Corporate and Other Support Service Costs	6,041	6,595	6,505	465	(90)
Waste Prevention and Communications Programme	935	934	926	(8)	(7)
Carbon Capture	491	491	384	(107)	(107)
North London Heat and Power Project	92	553	572	480	19
Revenue Funding – Capital Programme	16,323	16,871	16,835	512	(36)
	99,609	99,274	97,936	(1,672)	(1,337)
Additional LEL Support					
LEL Support	7,000	7,000	7,000	(0)	(0)
Release of Maintenance Provision	(5,000)	(5,000)	(5,000)	(0)	(0)
	2,000	2,000	2,000	(0)	(0)
Reuse and Recycling Centres Expenditure					
Residual Waste Disposal	1,363	1,481	1,481	118	(1)
Operating Costs	5,015	4,925	4,907	(108)	(18)
	6,378	6,406	6,388	10	(18)
Income					
Rents	(161)	(161)	(161)	0	0
Sale of Recyclates	(5,667)	(5,347)	(4,995)	672	352
Interest on Balances	(289)	(654)	(839)	(550)	(185)
Extended Producer Responsibility	(6,270)	(6,270)	(6,270)	0	0
Miscellaneous Income	0	(39)	(39)	(39)	0
	(12,386)	(12,470)	(12,303)	84	168
Net Expenditure	95,600	95,209	94,021	(1,579)	(1,188)
Contingency	2,912	2,912	2,912	0	0
Total Net Expenditure	98,512	98,121	96,933	(1,579)	(1,188)
Financed By					
Use of Balances	(4,440)	(7,323)	(7,323)	(2,882)	0
Release from Reserves	0	0	0	0	0
Charges to Boroughs (Non-household waste)	(11,067)	(11,177)	(11,242)	(175)	(65)
Charges to Boroughs (Chargeable Household Waste)	(1,892)	(1,905)	(1,946)	(53)	(41)
2024/25 Levy - Base Element	(74,483)	(74,483)	(74,483)	0	0
- RRC Element	(6,629)	(6,629)	(6,629)	0	0
Total Levy	(81,112)	(81,112)	(81,112)	0	0
Total Resources Available	(98,512)	(101,517)	(101,623)	(3,111)	(105)
Estimated Additional Revenue Balances at 31 March	(0)	(3,396)	(4,689)	(4,689)	(1,293)

TONNAGE FORECASTS

The tonnage in tables A2-A5 have been reviewed based on actual tonnage delivered in April to September 2025, the projections for October 2025 to March 2026 are prepared in collaboration between authority and borough officers.

Where officers are aware of planned service changes, these have been included in the forecast. The tonnage includes both household, chargeable household and non-household waste.

Table A2 – 2025/26 residual waste tonnage forecast

	2024/25 Actual Tonnes	2025/26 Budget Tonnes	2025/26 Forecast Tonnes	Change Tonnes	Change %
Barnet	105,195	108,438	104,349	(4,090)	(3.8%)
Camden	69,377	69,650	69,195	(455)	(0.7%)
Enfield	87,850	88,925	84,792	(4,133)	(4.6%)
Hackney	103,461	87,653	87,005	(648)	(0.7%)
Haringey	69,274	70,012	69,018	(994)	(1.4%)
Islington	68,640	70,080	69,359	(722)	(1.0%)
Waltham Forest	64,921	61,764	56,601	(5,163)	(8.4%)
	568,719	556,522	540,319	(16,203)	(2.9%)

Table A3 – 2025/26 Food waste tonnage forecast

	2024/25 Actual Tonnes	2025/26 Budget Tonnes	2025/26 Forecast Tonnes	Change Tonnes	Change %
Barnet	0	0	0	0	N/A
Camden	2,703	2,840	2,946	107	3.8%
Enfield	6,691	6,628	6,615	(13)	(0.2%)
Hackney	4,503	4,576	4,329	(248)	(5.4%)
Haringey	3,602	3,672	3,945	273	7.4%
Islington	2,599	2,421	2,790	369	N/A
Waltham Forest	2,802	6,996	7,045	49	0.7%
	22,900	27,134	27,671	536	2.0%

Table A4 – 2025/26 Garden waste tonnage forecast

	2024/25 Actual Tonnes	2025/26 Budget Tonnes	2025/26 Forecast Tonnes	Change Tonnes	Change %
Barnet	10,621	11,057	9,659	(1,399)	(12.6%)
Camden	1,751	1,920	1,607	(313)	(16.3%)
Enfield	6,566	6,527	5,899	(628)	(9.6%)
Hackney	1,677	1,506	1,548	43	2.8%
Haringey	2,660	2,682	2,464	(218)	(8.1%)
Islington	1,356	1,461	1,394	(67)	(4.6%)
Waltham Forest	1,351	7,392	7,093	(299)	(4.0%)
	25,983	32,546	29,665	(2,881)	(8.9%)

Table A5 – 2025/26 MDR tonnage forecast

	2024/25 Actual Tonnes	2025/26 Budget Tonnes	2025/26 Forecast Tonnes	Change Tonnes	Change %
Barnet	25,002	25,695	25,432	(262)	(1.0%)
Camden	15,843	17,145	15,734	(1,410)	(8.2%)
Enfield	17,346	17,507	18,014	507	2.9%
Hackney	16,680	16,855	17,033	177	1.1%
Haringey	16,357	16,485	16,525	40	0.2%
Islington	14,448	14,456	14,508	52	0.4%
Waltham Forest	17,344	17,711	19,507	1,796	10.1%
	123,021	125,853	126,754	901	0.7%

Table A6 – Non-household waste Charges by Borough

	2025/26 Budget Estimate £'000	2025/26 Current Forecast £'000	Repayment due (to) / from borough £'000
Barnet	1,454	1,452	(1)
Camden*	3,051	2,969	(82)
Enfield	1,006	1,048	41
Hackney*	2,665	2,713	47
Haringey *	411	416	5
Islington *	2,299	2,450	151
Waltham Forest	181	195	14
Total	11,067	11,242	175

* Including income from non-household recyclable wastes.

Table A7 – Chargeable household waste charges by borough

	2025/26 Budget Estimate £'000	2025/26 Current Forecast £'000	Repayment due (to) / from borough £'000
Barnet	289	288	(1)
Camden*	119	124	5
Enfield	186	186	(1)
Hackney*	681	750	69
Haringey *	337	341	4
Islington *	279	256	(23)
Waltham Forest	0	0	0
Total	1,892	1,946	53

* Including income from non-household recyclable wastes.

Table A8 - RRC Balances available at year end

Under the menu-price based levy, the net costs of operating each RRC is attributed to boroughs in accordance with a visitor survey. Under or overspends continue to be attributable to individual sites and are carried forward to the levy calculation in the following year so the net cost to each borough in any year also reflects the changes in its balance position.

Balances with brackets at 31 March 2026 indicate an estimate of balances owed to the borough by the Authority and balances without brackets are a balance owed by the borough to the Authority.

	Revised RRC Balances at 1 April 2025	Total Operating Costs – 2025/26 Original Budget	Total Operating Costs - 2025/26 Current Forecast	Change in 2025/26 Total Operating Costs	Estimated RRC Balances at 31 March 2026 (Column 1 plus 4)
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(4)	1,582	1,606	24	20
Camden	36	822	816	(6)	31
Enfield*	28	308	356	48	76
Hackney	(8)	307	310	3	(5)
Haringey	(24)	1,256	1,209	(46)	(70)
Islington	(23)	1,020	1,004	(15)	(39)
Waltham Forest	(33)	1,334	1,380	45	12
Total	(28)	6,629	6,681	53	25

Table A9 - Base levy balances by borough

The menu-price based levy requires the authority to attribute all of its costs to the boroughs and to hold borough specific balances. A negative balance for a borough can be used to support a future year's levy but if positive will be recovered through an addition to the levy. The following table sets out the forecast balance position excluding RRCs. It should be noted the costs in columns 2 and 3 are those that are attributable to the levy; they do not include the costs of processing non-household and chargeable household waste.

Balances with brackets at 31 March 2026 indicate an estimate of balances owed to the borough by the Authority.

	Revised balance at 1 April 2025	2025/26 Budget Levy Costs	2025/26 Levy Costs Current Forecast	Forecast Change in 2025/26 Levy Costs	Estimated Balance at 31 March 2026 (Column 1 plus 4)
	1 £'000	2 £'000	3 £'000	4 £'000	£'000
Barnet	(436)	15,278	14,752	(526)	(962)
Camden	(452)	7,764	7,735	(29)	(481)
Enfield	(547)	12,624	12,066	(558)	(1,105)
Hackney	(415)	10,151	10,036	(115)	(530)
Haringey	(253)	10,019	9,974	(45)	(298)
Islington	(341)	8,420	8,286	(134)	(475)
Waltham Forest	(411)	10,227	9,776	(452)	(863)
Total	(2,855)	74,483	72,624	(1,859)	(4,714)

APPENDIX B: TABLE B1 – 2025/26 & 2026/27 COMPARISON

	2025/26 Budget	2026/27 Forecast	Variance
	£'000	£'000	£'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	48,888	49,918	1,029
Composting Waste Services	1,696	1,584	(112)
MRF Services	14,185	13,950	(234)
Transfer Station and Other Sites	10,959	11,643	684
Corporate and Other Support Service Costs	6,041	6,703	663
Waste Prevention and Communications Programme	935	958	23
Carbon Capture	491	677	186
North London Heat and Power Project	92	110	18
Revenue Funding – Capital Programme	16,323	16,949	626
	99,609	102,493	2,884
Additional LEL Support			
LEL Support	7,000	7,000	(0)
Release of Maintenance Provision	(5,000)	0	5,000
	2,000	7,000	5,000
Reuse and Recycling Centres Expenditure			
Residual Waste Disposal	1,363	1,544	181
Operating Costs	5,015	6,073	1,058
	6,378	7,617	1,239
Income			
Rents	(161)	(166)	(5)
Sale of Recyclates	(5,667)	(5,566)	101
Interest on Balances	(289)	(865)	(576)
Extended Producer Responsibility	(6,270)	(10,228)	(3,957)
Miscellaneous Income	0	0	0
	(12,386)	(16,824)	(4,438)
Net Expenditure	95,600	100,285	4,685
Contingency	2,912	3,006	94
Total Net Expenditure	98,512	103,291	4,779
Financed By			
Use of Balances	(4,440)	(4,689)	(249)
Release from Reserves	0	0	0
Charges to Boroughs (Non-household waste)	(11,067)	(12,042)	(975)
Charges to Boroughs (Chargeable Household Waste)	(1,892)	(2,068)	(175)
2024/25 Levy - Base Element	(74,483)	(76,850)	(2,367)
- RRC Element	(6,629)	(7,641)	(1,013)
Total Levy	(81,112)	(84,491)	(3,379)
Total Resources Available	(98,512)	(103,291)	(4,779)
Estimated Additional Revenue Balances at 31 March	(0)	0	0

Table B2 – 2025/26 residual waste tonnage forecast

	2025/26	2026/27		
	Forecast	Forecast	Change	Change
	Tonnes	Tonnes	Tonnes	%
Barnet	104,349	97,308	(7,041)	(6.7%)
Camden	69,195	68,977	(219)	(0.3%)
Enfield	84,792	84,750	(42)	(0.0%)
Hackney	87,005	86,816	(189)	(0.2%)
Haringey	69,018	69,114	96	0.1%
Islington	69,359	70,052	694	1.0%
Waltham Forest	56,601	58,469	1,868	3.3%
	540,319	535,486	(4,833)	(0.9%)

Table B3 2025/26 Food waste tonnage forecast

	2025/26	2026/27		
	Forecast	Forecast	Change	Change
	Tonnes	Tonnes	Tonnes	%
Barnet	0	8,854	8,854	-
Camden	2,946	2,976	29	1.0%
Enfield	6,615	6,700	85	1.3%
Hackney	4,329	4,389	61	1.4%
Haringey	3,945	3,985	39	1.0%
Islington	2,790	2,818	28	1.0%
Waltham Forest	7,045	7,115	70	1.0%
	27,671	36,837	9,166	33.1%

Table B4 – 2025/26 Garden waste tonnage forecast

	2025/26	2026/27		
	Forecast	Forecast	Change	Change
	Tonnes	Tonnes	Tonnes	%
Barnet	9,659	11,057	1,399	14.5%
Camden	1,607	1,774	168	10.4%
Enfield	5,899	6,550	651	11.0%
Hackney	1,548	1,579	31	2.0%
Haringey	2,464	2,651	187	7.6%
Islington	1,394	1,461	67	4.8%
Waltham Forest	7,093	7,160	67	0.9%
	29,665	32,234	2,569	8.7%

Table B5 – 2025/26 MDR tonnage forecast

	2025/26 Forecast Tonnes	2026/27 Forecast Tonnes	Change Tonnes	Change %
Barnet	25,432	25,528	95	0.4%
Camden	15,734	15,717	(17)	(0.1%)
Enfield	18,014	18,644	630	3.5%
Hackney	17,033	17,020	(12)	(0.1%)
Haringey	16,525	16,533	8	0.0%
Islington	14,508	14,653	145	1.0%
Waltham Forest	19,507	19,563	56	0.3%
	126,754	127,659	905	0.7%

Table B6 – 2026/27 Non-household waste Charges by Borough

	2026/27 Forecast Tonnes	2026/27 Forecast Cost £'000
Barnet*	11,316	1,561
Camden*	26,820	3,233
Enfield	7,721	1,082
Hackney*	22,461	2,889
Haringey *	3,416	438
Islington *	21,947	2,632
Waltham Forest*	1,560	208
Total	95,242	12,042

Table B7 – 2026/27 Chargeable household waste charges by borough

	2026/27 Forecast Tonnes	2026/27 Forecast Cost £'000
Barnet	2,220	311
Camden	1,057	127
Enfield	1,430	201
Hackney	6,384	796
Haringey	2,820	359
Islington	2,857	274
Waltham Forest *	0	0
Total	16,768	2,068

Table B8 – 2026/27 RRC Levy

	Forecast RRC Balances at 1 April 2026 £'000	2026/27 Estimated costs £'000	2026/27 Estimated Levy £'000
Barnet	20	1,581	1,601
Camden	31	839	869
Enfield*	76	1,218	1,294
Hackney	(5)	334	329
Haringey	(70)	1,169	1,100
Islington	(39)	988	949
Waltham Forest	12	1,488	1,500
Total	25	7,617	7,642

Table B9 2026/27 Base Levy

	Forecast Balances at 1 April 2025 £'000	2026/27 Estimated Levy Requirement £'000	2026/27 Estimated Levy £'000
Barnet	(962)	16,104	15,141
Camden	(481)	8,677	8,196
Enfield	(1,105)	13,957	12,852
Hackney	(530)	11,203	10,673
Haringey	(298)	11,407	11,109
Islington	(475)	9,170	8,695
Waltham Forest	(863)	11,046	10,183
Total	(4,714)	81,564	76,850

APPENDIX C: TABLE C1 – 2026/27, 2027/28 & 2028/29 Budget Forecast

	2026/27 Budget Forecast £'000	2027/28 Budget Forecast £'000	2028/29 Budget Forecast £'000
Expenditure			
Main Waste Disposal Contract (ex RRC Waste)	49,918	51,165	52,445
Composting Waste Services	1,584	1,624	1,665
MRF Services	13,950	14,299	14,657
Transfer Station and Other Sites	11,643	13,080	13,787
Corporate and Other Support Service Costs	6,703	6,741	6,858
Waste Prevention and Communications Programme	958	974	990
Carbon Capture	677	694	712
North London Heat and Power Project	110	112	115
Revenue Funding – Capital Programme	16,949	17,245	16,762
	102,493	105,934	107,989
Additional LEL Support			
LEL Support	7,000	7,000	7,000
Release of Maintenance Provision	0	0	0
	7,000	7,000	7,000
Reuse and Recycling Centres Expenditure			
Residual Waste Disposal	1,544	1,582	1,622
Operating Costs	6,073	6,225	6,381
	7,617	7,807	8,002
Income			
Rents	(166)	(170)	(174)
Sale of Recyclates	(5,566)	(5,705)	(5,848)
Interest on Balances	(865)	(887)	(909)
Extended Producer Responsibility	(10,228)	(7,411)	(7,411)
	(16,824)	(14,173)	(14,342)
Net Expenditure	100,285	106,569	108,650
Contingency	3,006	3,131	3,173
Total Net Expenditure	103,291	109,700	111,823
Financed By			
Use of Balances	(4,689)	0	0
Charges to Boroughs (Non-household waste)	(12,042)	(12,809)	(12,942)
Charges to Boroughs (Chargeable Household Waste)	(2,068)	(2,200)	(2,224)
2024/25 Levy - Base Element	(76,850)	(86,883)	(88,654)
- RRC Element	(7,641)	(7,807)	(8,002)
Total Levy	(84,491)	(94,690)	(96,656)
Total Resources Available	(103,291)	(109,700)	(111,823)
Estimated Additional Revenue Balances at 31 March	0	0	(0)

Report Ends