

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: 2025/26 FINANCE UPDATE

REPORT OF: THE FINANCIAL ADVISER

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 12 FEBRUARY 2026

SUMMARY OF REPORT:

This report provides an update on the Authority's finances and forecast outturn at the end of March 2026.

RECOMMENDATIONS:

The Authority is recommended to note this review of the 2056/26 revenue budget.

SIGNED: Daniel Omisore

DATE: 02 February 2026

1. EXECUTIVE SUMMARY

- 1.1. This report contains a review of the 2025/26 budget, with tables detailing other key budget information including forecast balances in Appendix A.
- 1.2. The net expenditure outturn forecast for 2025/26 is £96.691m, a projected £1.821m underspend compared to the budget. The report concludes that the Authority is currently forecasting to have a revenue surplus of £4.631m at 31 March 2026. These balances will be used to reduce the 2026/27 levy.
- 1.3. This paper summarises the overall 2025/26 position in advance of agreeing the 2026/27 budget, the key strategic factors which have shaped the financial position across the year are detailed in section 2 of this paper.
- 1.4. Section 4 of the paper provides an update on borrowing for the North London Heat and Power Project (NLHPP) as the Authority borrowed a further tranche of £140m in December.

2. VARIANCES COMPARED TO THE 2025/26 BUDGET

- 2.1. Waste tonnage forecasts have been reviewed with borough officers, updated with actual tonnage to the end of November and outturn is expected to be slightly lower than budgeted
 - 2.1.1. Residual waste is forecast to fall by 17,551 tonnes (3.2%) to 538,971 tonnes. The largest percentage reduction is from Waltham Forest, reflecting the development of their waste collection strategy.
 - 2.1.2. Dry mixed recycling is forecast at 126,483 tonnes, a marginal increase of 630 tonnes (0.5%).
 - 2.1.3. Organic waste is forecast at 57,018 tonnes, 2,662 tonnes (4.5%) below budget. This is largely due to a 10% reduction in garden waste following a warm, dry summer. Food waste is forecast to be 2.2% above budget.
- 2.2. The main variances compared to the 2025/26 budget are as follows.
- 2.3. **Main Waste Disposal Contract (excluding Reuse and Recycling Centre Waste): (-£2.431m)** Total residual waste is forecast to fall by 17,551 tonnes (3.2%) from the budgeted figure but unchanged from the December forecast figures. This reduction is partly tonnage driven, reflected in a tonnage saving of £1.508m and a price variance of £0.923m mainly from efficiencies achieved by treating more waste at the EcoPark and reducing the tonnage sent to third parties.
- 2.4. **Transfer Stations and Other Sites: (-£1.059m)** 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. While construction work has commenced by London Borough of Barnet at Geron Way, the Authority is not projected to incur any costs until 2026/27. Authority officers will continue to review costs for preparing, running and maintaining the three different facilities.

- 2.5. **Interest on Balances: (-£0.770m)** 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.
- 2.6. **Extended Producer Responsibility: (-£0.455m)** Additional income will be recognised to fund the circular economy initiatives mentioned in paragraphs 2.9 and 2.10.
- 2.7. **Carbon Capture (-£0.269m):** The slower pace of spend is primarily due to limited Government direction and delays in policy and actions to advance carbon capture.
- 2.8. **Composting Waste Services: (-£0.157m)** This is largely driven by reduced tonnage, forecast to be 2,662 tonnes lower than budget, principally due a fall in the amount of garden waste delivered to the Authority reflecting the warm and dry summer.
- 2.9. **Waste Prevention and Communications Programme: (+£0.204m)** 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 were approved by Members at the December Authority meeting, and initiatives commencing this financial year include:
 - 2.9.1. Reducing absorbent hygiene product waste through recycling, behaviour change, and public affairs.
 - 2.9.2. Scaling waste-prevention and education initiatives to drive measurable behaviour change, enhance circularity, and deliver social value.
 - 2.9.3. Addressing fast fashion and textile waste through research, innovation, and collaborative campaigns with partners.
- 2.10. **Recycling Initiatives (+£0.263m)** Funding has been allocated to support new circular economy initiatives. These projects are funded from monies received for Extended Producer Responsibility, ensuring that there is no impact on the levy. Projects include:
 - 2.10.1. A Contamination taskforce that is targeting poor performing rounds with the highest levels of contamination or the lowest levels of participation.
 - 2.10.2. Preparation for an on-line offering for the reuse shop.

- 2.10.3. Developing a business case for recycling nappies and other absorbent hygiene products.
- 2.10.4. Improving the Waste Electrical and Electronic Equipment recycling offering.
- 2.11. **Material Recycling Facility (MRF) Services: (+£0.415m)** Additional costs are driven by a combination of a modest increase of 630 tonnes (0.5%) against the budget and the larger than budgeted inflationary increase in the price per tonne compared to the budget.
- 2.12. **Corporate and Other Support Services costs (+£0.444m)** This is primarily driven by a combination of strategic staffing decisions and pressures below:
 - 2.12.1. A new technical member of staff has been recruited to support the Geron Way development.
 - 2.12.2. Following an internal review of the staff capitalisation policy, increased staff costs fall to the revenue budget.
 - 2.12.3. Allocation of the resources for public engagement work aimed at understanding and influencing governmental policies.
 - 2.12.4. Professional fees have increased due to higher audit costs associated with reinstating assurance for the Authority's annual accounts, and for unforeseen legal and professional services costs.
- 2.13. **North London Heat & Power Project (+0.460m)** Officers continue to work toward agreeing the final account for the EcoPark South construction contract. Some issues continue to be outstanding between Taylor Woodrow and the Authority. Legal costs in relation to this dispute are not capitalised and instead are recognised as operating expenses.
- 2.14. **Sale of Recyclates: (+£0.782m)** income from sale of recyclates is forecast to fall below budget due to lower than budgeted market prices in the second and third quarters of the year, combined with a modest increase (630 tonnes) in recycling volume.
- 2.15. **Revenue Funding – Capital Programme: (+£0.738m)** This increase reflects the transfer of costs for the Wembley Transfer station mentioned in section 2.4 above and increase in interest rates on further borrowing. The 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. In addition, the calculation of the Minimum Revenue Provision and interest costs have been revised based on the estimated final cost of EcoPark South assets included in the draft 2024/25 financial statements.

3. BALANCES AT 31 MARCH 2025

- 3.1. The menu price-based levy requires the Authority to apportion all of 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. Tables A7 and A8 in Appendix A show how in-year levy balances are apportioned between the boroughs and can be used to reduce the levy for 2026/27.
- 3.2. Balances are greater than were available to reduce the 2025/26 levy. Islington have reported a movement in forecast tonnage from household waste, which is charged through the levy, to non-household (commercial) waste which is charged separately. This has generated a movement of £0.3m from the levy to charges for Islington. This means that there are increased balances available to reduce Islington's levy in 2026/27, but also a higher charge from the Authority to Islington for the disposal of non-household waste by the same amount.

4. VALUE ADDED TAX

- 4.1. His Majesty's Revenue and Customs (HMRC) has carried out a review in relation to a contract between the Authority and one of its suppliers. As a result of this review, and HMRC's view that the arrangements in the contract constitute a dual rather than a single supply of services. This would mean that the Authority and the supplier would have to issue separate invoices for the two supplies and record the input and output VAT rather than issuing one invoice for the net amount.
- 4.2. HMRC has indicated that additional tax may be payable. The Authority is continuing to engage openly and constructively with HMRC to resolve the matter. Officers anticipate that any tax liabilities and associated costs that may arise from the audit would be covered by the existing budget for contingency. An update will be provided to the June Authority meeting.

5. NLHPP FINANCING

- 5.1. In December, the Authority borrowed a further £140 million from the Public Works Loan Board to support the ongoing construction of the Energy Recovery Facility as part of the NLHPP. This brings the total borrowed for the project overall to £1,270 million.
- 5.2. As part of the budget paper also on this agenda, a revised set of Prudential indicators for 2026/27 is included for approval.

6. CONCLUSION

6.1. Allowing for the factors outlined above, the total net expenditure in 2025/26 for the Authority is estimated to be £96.691m. This represents a decrease of £1.821m compared with budget and £0.242m compared with the December update. After movements relating to chargeable household and non-household waste types, balances available to reduce the levy are £4.631m.

7. EQUALITIES IMPLICATIONS

7.1. 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.

8. COMMENTS OF THE LEGAL ADVISER

8.1. 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

Report to the Authority 4 December 2025 – Finance Update

2025/26 Budgetary Control working papers

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APPENDIX A FINANCIAL TABLES TO SUPPORT THE REPORT

Table A1 shows the variance between the December update and, budget and the current forecast.

	2025/26 Budget	2025/26 December Forecast	2025/26 Latest Forecast	Variance to Budget	Variance to December Forecast
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Main Waste Disposal Contract (ex RRC Waste)	48,888	46,445	46,457	(2,431)	12
Composting Waste Services	1,696	1,560	1,539	(157)	(21)
MRF Services	14,185	14,497	14,600	415	103
Transfer Station and Other Sites	10,959	10,213	9,900	(1,059)	(313)
Corporate and Other Support Service Costs	6,041	6,505	6,485	444	(20)
Waste Prevention and Communications Programme	723	736	927	204	191
Recycling Initiatives	211	191	474	263	283
Carbon Capture	491	384	222	(269)	(162)
North London Heat and Power Project	92	572	552	460	(20)
Revenue Funding – Capital Programme	16,323	16,835	17,061	738	227
	99,609	97,936	98,216	(1,393)	279
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	1,445	83	(35)
Operating Costs	5,015	4,907	4,987	(28)	80
	6,378	6,388	6,433	55	45
Income					
Rents	(161)	(161)	(162)	(2)	(2)
Sale of Recyclates	(5,667)	(4,995)	(4,885)	782	110
Interest on Balances	(289)	(839)	(1,059)	(770)	(220)
Miscellaneous Income	0	(39)	(39)	(39)	0
Extended Producer Responsibility	(6,270)	(6,270)	(6,725)	(455)	(455)
	(12,386)	(12,303)	(12,870)	(483)	(567)
Net Expenditure	95,600	94,021	93,779	(1,821)	(242)
Contingency	2,912	2,912	2,912	0	0
Total Net Expenditure	98,512	96,933	96,691	(1,821)	(242)
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)	(11,242)	(11,209)	(142)	33
Charges to Boroughs (Chargeable Household Waste)	(1,892)	(1,946)	(1,678)	215	268
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)	(101,623)	(101,321)	(2,809)	301
Estimated Additional Revenue Balances at 31 March	(0)	(4,689)	(4,631)	(4,631)	59

Tables A2-A6 contain tonnage forecasts for the financial year. The budget and subsequent forecasts have been prepared in conjunction with borough officers.

TABLE A2 – RESIDUAL WASTE FORECAST

	2024/25	2025/26	2025/26	Change	Change
	Actual	Budget	Forecast		
	Tonnes	Tonnes	Tonnes		
Barnet	105,195	108,438	104,299	(4,139)	(3.8%)
Camden	69,377	69,650	68,856	(794)	(1.1%)
Enfield	87,850	88,925	84,980	(3,945)	(4.4%)
Hackney	103,461	87,653	86,358	(1,295)	(1.5%)
Haringey	69,274	70,012	69,089	(923)	(1.3%)
Islington	68,640	70,080	67,993	(2,087)	(3.0%)
Waltham Forest	64,921	61,764	57,396	(4,368)	(7.1%)
	568,719	556,522	538,971	(17,551)	(3.2%)

TABLE A3 – FOOD WASTE FORECAST

	2024/25	2025/26	2025/26	Change	Change
	Actual	Budget	Forecast		
	Tonnes	Tonnes	Tonnes		
Barnet	0	0	0	0	N/A
Camden	2,703	2,840	2,984	144	5.1%
Enfield	6,691	6,628	6,665	37	0.6%
Hackney	4,503	4,576	4,351	(225)	(4.9%)
Haringey	3,602	3,672	3,877	205	5.6%
Islington	2,599	2,421	2,751	330	13.6%
Waltham Forest	2,802	6,996	7,103	107	1.5%
	22,900	27,134	27,731	597	2.2%

TABLE A4 – GREEN WASTE FORECAST

	2024/25	2025/26	2025/26	Change	Change
	Actual	Budget	Forecast		
	Tonnes	Tonnes	Tonnes		
Barnet	10,621	11,057	9,502	(1,555)	(14.1%)
Camden	1,751	1,920	1,735	(185)	(9.6%)
Enfield	6,566	6,527	5,782	(745)	(11.4%)
Hackney	1,677	1,506	1,397	(109)	(7.2%)
Haringey	2,660	2,682	2,586	(96)	(3.6%)
Islington	1,356	1,461	1,323	(138)	(9.5%)
Waltham Forest	1,351	7,392	6,962	(430)	(5.8%)
	25,983	32,546	29,287	(3,259)	(10.0%)

TABLE A5 – DRY MIXED RECYCLING WASTE FORECAST

	2024/25	2025/26	2025/26	Change Tonnes	Change %
	Actual	Budget	Forecast		
	Tonnes	Tonnes	Tonnes		
Barnet	25,002	25,695	24,769	(926)	(3.6%)
Camden	15,843	17,145	15,805	(1,340)	(7.8%)
Enfield	17,346	17,507	18,475	968	5.5%
Hackney	16,680	16,855	16,946	91	0.5%
Haringey	16,357	16,485	16,450	(35)	(0.2%)
Islington	14,448	14,456	14,420	(36)	(0.2%)
Waltham Forest	17,344	17,711	19,618	1,907	10.8%
	123,021	125,853	126,483	630	0.5%

Table A6 - Re-use and Recycling Centre (RRCs) Balances at 31 March 2026

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.

In setting the budget and levy for 2025/26, the Authority estimated that it would have balances owed by the boroughs to NLWA of £0.083m to amend the cost of RRCs in 2025/26. The 2024/25 outturn contained reduction in balances of £0.028m.

Table A6 below provides a summary of the current financial position for each borough:

Revised RRC Balances at 1 April 2025	Total		Change in 2025/26		Estimated RRC Balances at 31 March 2026 (Column 1 plus 4)	
	Operating Costs –		Operating Costs -			
	2025/26 Original Budget	2025/26 Current Budget	2025/26 Forecast	Operating Costs		
	1 £'000	2 £'000	3 £'000	4 £'000	£'000	
Barnet	(4)	1,582	1,636	54	50	
Camden	36	822	841	19	55	
Enfield*	28	308	329	22	50	
Hackney	(8)	307	314	8	(1)	
Haringey	(24)	1,256	1,220	(35)	(59)	
Islington	(23)	1,020	1,037	17	(6)	
Waltham Forest	(33)	1,334	1,359	25	(8)	
Total	(28)	6,629	6,737	108	81	

* **Barrowell Green** - The Authority is yet to commence management of this Enfield RRC, the cost of disposing of this site's residual waste is currently recharged to Enfield and unlike the other RRC sites, is not allocated using the outcome of the visitor survey. It is estimated that the authority will commence management of this RRC later this year.

The RRC balances owed to the Authority of (£0.083) are taken into account in calculating the RRC element of the 2026/27 levy, as discussed in the budget paper elsewhere on this agenda.

Table A7 - Base Levy Balances at 31 March 2026

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. Since the levy is fixed for the year, the additional balances arising from the 2024/25 outturn of (£2.855m) feed into the estimated balance at 31 March 2026 and can be taken into account together with any in-year savings when the Authority determines its 2026/27 levy, as discussed in the budget Paper elsewhere on this agenda.

	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
	1	2	3	4	
	£'000	£'000	£'000	£'000	£'000
Barnet	(436)	15,278	14,937	(342)	(778)
Camden	(452)	7,764	7,837	73	(379)
Enfield	(547)	12,624	12,161	(463)	(1,010)
Hackney	(415)	10,151	9,932	(218)	(633)
Haringey	(253)	10,019	10,000	(19)	(271)
Islington	(341)	8,420	7,876	(545)	(886)
Waltham Forest	(411)	10,227	9,883	(344)	(755)
Total	(2,855)	74,483	72,627	(1,857)	(4,711)
				(Column 1 plus 4)	

Tables A8 and A9 contain the costs to be charges to boroughs for chargeable household and non-household waste. Boroughs declare the tonnages of these types of waste that they have collected to the Authority.

Table A8 - Charges to Boroughs for Non-Household Waste

	2025/26 Budget Estimate	2025/26 Current Forecast	Repayment due (to) / from borough
	£'000	£'000	£'000
Barnet	1,454	1,365	(89)
Camden*	3,051	2,847	(204)
Enfield	1,006	1,044	38
Hackney*	2,665	2,713	48
Haringey *	411	405	(6)
Islington *	2,299	2,641	342
Waltham Forest	181	194	13
Total	11,067	11,209	142

* Including income from non-household recyclable wastes.

Table A9 - Charges to Boroughs for Chargeable Household Waste

	2025/26 Budget Estimate	2025/26 Current Forecast	Repayment due (to) / from borough
	£'000	£'000	£'000
Barnet	289	47	(243)
Camden*	119	120	1
Enfield	186	162	(25)
Hackney*	681	749	68
Haringey *	337	340	3
Islington *	279	260	(19)
Waltham Forest	0	0	0
Total	1,892	1,678	(215)

* Including income from non-household recyclable wastes.

Report Ends