

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** BUDGET AND LEVY 2025/26

**REPORT OF:** FINANCIAL ADVISER

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 13 FEBRUARY 2025

**SUMMARY OF REPORT:**

This report seeks approval of the budget and resource requirements for 2025/26 including the levy and charging arrangements for non-household and chargeable household waste.

The report seeks approval for Prudential Indicators and proposals for the Minimum Revenue Provision in the coming year. In addition, it provides a medium-term forecast for future years up to and including 2027/28.

**RECOMMENDATIONS:**

The Authority is recommended to:

- A. Satisfy itself that the proposed budget will be sufficient to meet the net expenditure requirements for the year ahead and agree the 2025/26 budget;
- B. Agree to use revenue balance of £4.440m to support the 2025/26 budget;
- C. Agree the levy resource requirement for 2025/26 as laid out in table 1 in paragraph 1.16;
- D. Authorise the Financial Adviser to make the arrangements for collection of the levy and charges for non-household and household waste;
- E. Approve the prudential indicators and the basis for calculating the Minimum Revenue Provision as laid out in sections 6 and 7;
- F. Note the per tonne charge for non-household and chargeable household residual and recyclable waste as laid out in table 4 in paragraph 2.24; and
- G. Note the medium-term budget forecasts for 2026/27 and 2027/28.

**SIGNED:** Jon Rowney, Financial Adviser

**DATE:** 03 February 2025

## **1. INTRODUCTION**

- 1.1. This paper sets out the proposed 2025/26 net expenditure budget and levy for the Authority. The net expenditure budget of £98.512m is a marked improvement from the figure of £104.208m provided to Members in December 2024. This is predominantly due to income from the packaging Extended Producer Responsibility Funding (pEPR). The details behind the budget, and the cost to boroughs will be discussed in sections 2 & 3 below.
- 1.2. In December 2024, the levy was forecast to increase by 10.6% before balances were taken into account. The inclusion of the pEPR funding reduces the levy before balances to an increase of 4.7%.
- 1.3. The balances available to reduce the levy are lower than in previous years mainly due to tonnage being delivered to the Authority being close to the budget in 2024/25. After these balances are taken into account, the headline levy is an increase of 11.3%. The levies broken down by borough are included in table 1 in section 1.16.

### **Extended Producer Responsibility Funding**

- 1.4. The government has allocated pEPR funding of £14.479m for NLWA in addition to further funding that has been given to constituent London boroughs. The Authority has proposed to use the pEPR income to provide flexibility through adequate reserves funding against future risks and initiatives, reduce excessive swings in levy increases from one year to another and support constituent boroughs with cost pressures.
- 1.5. The Authority proposes to use the pEPR income to address the fluctuating pressures in the short to medium term that the budget faces, by aiming to target a year-on-year net expenditure (excluding balances) rate that balances the need for a smooth levy increase with financial prudence by considering a combination of forecast inflation based on the Retail Price Index (RPI) increase of 3.6% in April 2025, new services offered by the Authority, operational costs, and other ongoing risks.

### **Engagement to inform final budget proposal**

- 1.6. The December review drew attention to the budget issues that would need to be addressed at this meeting and noted that the Members' Finance Working Group (MFWG) would meet in January. In addition, officers would consult with borough counterparts to review the underpinning budget assumptions.
- 1.7. After consulting with borough counterparts to review the tonnage forecasts it shows that the latest 2025/26 tonnage forecasts are similar to the tonnages presented in December Authority meeting. The forecasts show a decrease in

residual waste tonnage, a small increase in dry mixed recycling, and increases in food & green waste. See section 5 below for more details.

- 1.8. At the 27 January meeting to review these assumptions, the Members Finance Working Group (MFWG) acknowledged the importance of the proposed Authority budget being sufficiently robust and flexible to meet its statutory operational obligations and with sufficient funding to support the capital expenditure.
- 1.9. Officers met with borough Directors of Finance on 23 January and borough Directors of Environment on 31 January to consider the Authority's proposed budget and resource requirements for 2025/26.

## **PROPOSED BUDGET**

### **Economic Uncertainties**

- 1.10. The proposed budget for 2025/26 contains a net expenditure requirement of £98.512m, a year-on-year increase of 4.9% from the latest forecast of 2024/25 net costs. The year-on-year increase includes increased costs of waste disposal due to inflation, a full year of operating costs for the Resource Recovery Facility based on actual operating conditions, Minimum Revenue Provision (MRP) and interest being recognised due to the assets coming online and increased support for LondonEnergy Ltd (LEL) as the existing energy from waste plant is ageing and has become less efficient.

### **Social Responsibility**

- 1.11. In addition to ensuring that the above items are fully funded, the proposed budget for 2025/26 will continue to support the waste prevention programme; this includes grant funding towards local groups combined with the development of an education programme called 'In the Know', to spread awareness to school children while simultaneously maximising use of the newly opened asset EcoPark House. The Authority will continue to invest in the development of carbon capture and storage, maintain and develop our offer for recycling, support our corporate resourcing for the challenges ahead and ensure that we can pay our capital borrowings.

### **New Undertakings**

- 1.12. The proposed budget also includes funding that will be received from the Government for Extended Producer Responsibility (pEPR). The Government has announced that the Authority will receive £14.5m for pEPR in 2024/25. Following discussions with the MFWG and borough Directors, £6.270m has been included to reduce the levy budget with the remainder being transferred to the maintenance reserve. Further detail is provided in section 7 of this report.

- 1.13. A triangulation exercise comparing the proposed budget to both the Business Plan and High-Level Risk Register was undertaken by the Authority to ensure all items remain deliverable, furthermore, it confirms that available resources align with NLWA’s strategic priorities while still enabling the Authority to respond effectively to risks without compromising long-term stability.

### Corporate Resourcing

- 1.14. A key challenge facing the Authority is continuing to expand on key deliverables within the business plan while maintaining work on the resource-intensive North London Heat and Power Project. The Authority has been expanding its personnel to keep up with the developing priorities both within the ‘business as usual’ activities and the programme. This is to ensure effective use of resources that will facilitate seamless working during periods of absences. Section 2.16 details on how the North London Heat and Power Project is being supported through the day-to-day functions the Authority. This preliminary analysis confirms the authority will be able to deliver on key priorities while maintaining resilience.

### Funding Through the Levy & Charges and Use of Balances

- 1.15. The budget will be funded by balances of £4.440m, non-household waste charges of £11.067m, household waste charges of £1.892m and a levy of £81.112m (consisting of a base element of £74.483m and a Re-use and Recycling Centre (RRC) element of £6.629m). The levy for each borough is shown below in table 1.
- 1.16. It should be noted that our balances available to reduce the levy are lower than they have been in recent years. In 2024/25 waste volumes have been close to forecast which is largely due to a stable year, unaffected by external factors such as COVID-19 or the cost of living crisis that have affected recent years. This has resulted in lower balances in 2024/25.

Table 1	Forecast Levy before balances			Balances available			Forecast Levy after balances		
	2024/25	2025/26	Increase/ Decrease	2024/25	2025/26	Increase/ Decrease	2024/25	2025/26	Increase/ Decrease
			£000s			£000s			£000s
Barnet	16,982	17,996	6.0%	(1,964)	(1,135)	-42.2%	15,018	16,861	12.3%
Camden	8,625	9,085	5.3%	(1,864)	(500)	-73.2%	6,761	8,586	27.0%
Enfield	13,114	13,845	5.6%	(957)	(914)	-4.5%	12,157	12,932	6.4%
Hackney	10,471	10,960	4.7%	(759)	(503)	-33.7%	9,712	10,457	7.7%
Haringey	11,341	11,954	5.4%	(1,243)	(679)	-45.3%	10,098	11,274	11.6%
Islington	8,940	9,628	7.7%	(652)	(188)	-71.2%	8,288	9,440	13.9%
Waltham Forest	12,224	12,084	-1.1%	(1,391)	(522)	-62.5%	10,833	11,562	6.7%
	81,697	85,552	4.7%	(8,829)	(4,440)	-49.7%	72,868	81,112	11.3%

### 2025/26 Budget challenges

- 1.17. At the MFWG, Members were briefed on the financial pressures, opportunities and risks that the Authority faces in 2025/26 and future years due to a combination of

factors as outlined below. An estimate of the impacts has been factored into the budget for the coming year.

- 1.18. **LEL are facing medium-term budget pressures.** This is related to the age of the waste facility, and in future years the cost of transitional period of managing two major plants; commissioning of the new energy recovery facility and ceasing operation in the existing one. Our aim is to minimise expenditure on the plant while keeping it operating successfully. The plant's continued operation is needed until the new energy recovery facility is fully operational because the option of employing third party facilities for the treatment of large quantities of waste at short notice would be significantly more costly.
- 1.19. **Higher interest rates impacting the cost of borrowing.** Whilst NLWA have benefited from borrowing when interest rates were low, future borrowing costs including in 2025/26, are expected to be higher than were obtained pre-2022. However, the impact of these higher costs will be felt only after the new energy recovery facility is in operation.
- 1.20. **Inflation uncertainties impacting major contracts.** Although the increase in inflation has slowed and is currently close to the government target, the Authority's long-term contracts are indexed with the Retail Price Index or Consumer Price Index, and therefore the Authority is susceptible to changes in inflation driving costs.
- 1.21. **Smooth transition of new facilities into operation.** While detailed planning is made to implement transition, uncertainties cannot be eliminated, resulting in delay in commissioning and incurring extra costs.
- 1.22. **The lease of Wembley transfer station ends in 2027.** The Authority is working with the London Borough of Barnet on an alternative site at Geron Way in Cricklewood. Planning is underway but too early to determine the transition and operating costs for the new facility.
- 1.23. This report contains sections as follows:
  - Section 2 Review of the 2025/26 Proposed budget.
  - Section 3 Apportionment of the 2025/26 levy.
  - Section 4 Externalities
  - Section 5 Medium Term Forecast for 2026/27 to 2027/28.
  - Section 6 Extended Producer Responsibility and The Maintenance Reserve
  - Section 6 Prudential Indicators
  - Section 7 Minimum Revenue Provision
  - Section 8 Equalities Implications
  - Section 9 Comments of the Legal Adviser
  - Section 10 Conclusion.

## 2. REVIEW OF THE 2025/26 PROPOSED BUDGET

- 2.1. Since the budget was set in February 2024, forecast revenue balances of £4.440m at 31 March 2025 have arisen as reported here and in the Finance Update paper. This forecast balance can be used to reduce the levy. The projected year on year change to the levy and charges is summarised in table 2 below, with a forecast increase in the overall recharge to boroughs of 10.6%, of which the levy increases by 11.3%.

<b>Table 2</b>	<b>2024/25 Budget £'000</b>	<b>2025/26 Budget £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
Charges - non-household	10,253	11,067	814	7.9
Charges - household	1,925	1,892	(33)	(1.7)
Levy	72,867	81,112	8,245	11.3
<b>Total</b>	<b>85,045</b>	<b>94,072</b>	<b>9,026</b>	<b>10.6</b>

The Authority's proposed budget is included at table A1 in Appendix A. The proposed budget includes the following factors:

### 2025/26 Budgeted Activity

- 2.2. The waste tonnage forecasts have been reviewed with borough officers in early January. In 2025/26 the volume of waste forecast is detailed below:
- 2.3. Residual waste is forecast to be 556,522 tonnes, this is a decrease of 20,376 tonnes (3.5%) from the latest 2024/25 forecast. This drop is principally driven by a reduction in the non-household tonnage forecast from Hackney as a result of a number of commercial contracts coming to an end.
- 2.4. Dry mixed recycling is forecast to be 125,853 tonnes, a 1,581 tonnes (1%) increase against the latest 2024/25 tonnage forecast.
- 2.5. Organic waste is currently forecast to be 5,848 tonnes (10.8%) higher than the 2024/25 forecast. There have been significant changes in the Organics tonnage forecasts. Boroughs no longer deliver mixed organic waste (Biok). This stopped in October 2024, and no further waste forecasts for this specific waste type are included in this budget. Food waste is forecast to be 27,363 tonnes, an increase of 4,841 tonnes (21%) from the 2024/25 forecast. This is driven by a large increase in Waltham Forest, which accounts for 4,401 tonnes of this increase. Green waste is forecast to be 32,546 tonnes, a 6,705 tonnes (26%) increase against the 2024/25 forecast. Again, this is driven by 6,336 tonnes forecast increase in Waltham Forest.

## **Main Waste Contracts & RRCs, predominately LondonEnergy:**

### **Transport & Disposal and Landfill Tax**

- 2.6. The 2025/26 transport and disposal cost has been based on forecast residual waste stream of 556,522 tonnes (excluding RRC tonnages), a decrease of 20,376 tonnes (3.53%) compared to the 2024/25 forecast outturn. These tonnages reflect the outcome of detailed discussions with officers from all constituent boroughs and the impacts are therefore tailored to each borough's circumstances. A breakdown by borough which excludes RRC tonnage is included in Table A2 in Appendix A.
- 2.7. The electricity income claim, and landfill tax claim (verified to the LEL budget) are reflective of the throughput that can be achieved. Electricity prices are forecast to remain at a level that results in no compensation due to LEL in the year. The Government has advised that landfill tax rates will rise from £103.70 per tonne to £126.15 per tonne from April 2025. An estimated 17,000 tonnes of residual waste and 1,500 tonnes of RRC residual waste which will result in landfill tonnage is included the budget.

### **Reuse & Recycling Centres**

- 2.8. The budget provides for the operation of seven Reuse and Recycling Centres at a cost of £6.270m. The amount charged to the relevant boroughs through the 2025/26 levy will also allow for the change in balances that arose from the closure of the 2023/24 accounts and forecast changes in balances from 2024/25. A borough by borough analysis of these costs is provided in Table A7 in Appendix A.
- 2.9. The costs of operations now reflect estimated income from recyclates, and it is assumed that tonnages and site operating costs for the 2025/26 forecast will be similar to 2024/25, adjusted for RPI.
- 2.10. Gateway Road facility in Waltham Forest was closed in November 2024 and its running costs of £0.570m been removed from the 2025/26 budget.

### **LEL Additional Support**

- 2.11. As reported to the Authority in December 2024 as part of its budget setting process, LondonEnergy is facing challenges due to the increasing age of the existing energy from waste plant that it operates. The budget therefore includes an additional £7m of support for the company in 2025/26.
- 2.12. The majority of this cost will be met by £5m drawn down from the maintenance reserve.

## Recycling & Composting contracts, predominately third party contractors:

### Composting Waste Services and Materials Recycling Facility (MRF) Services

- 2.13. Food waste and green tonnages will increase by 5,848 tonnes to 59,909 tonnes in 2025/26 compared to the 2024/25 forecast and boroughs have now stopped the collection of mixed organic waste. Borough breakdowns are in tables A3 to A5 in Appendix A. The Authority will work with LondonEnergy and constituent boroughs over coming months to review how the charges that the cost to boroughs for these types of waste are the cheapest methods of disposal.
- 2.14. Mixed dry recycling tonnages are expected to increase by 1,581 tonnes compared to the 2025/26 forecast. This increase reflects the latest forecasts supplied by the boroughs. In addition, the budget reflects the inflation increase on the additional bulking charges for tonnages that are delivered via the transfer stations.

### Income from the Sale of Recyclates

- 2.15. The average price achieved in 2024/25 shows an increase in rate against the trend of the previous two years from significant market volatility. Actual prices are based on a basket of commodities that the Authority collects and are available on letsrecycle.com. The budget figures are based on the latest year of process costs incurred by the Authority and assumes that they follow a similar pattern to 2024/25.

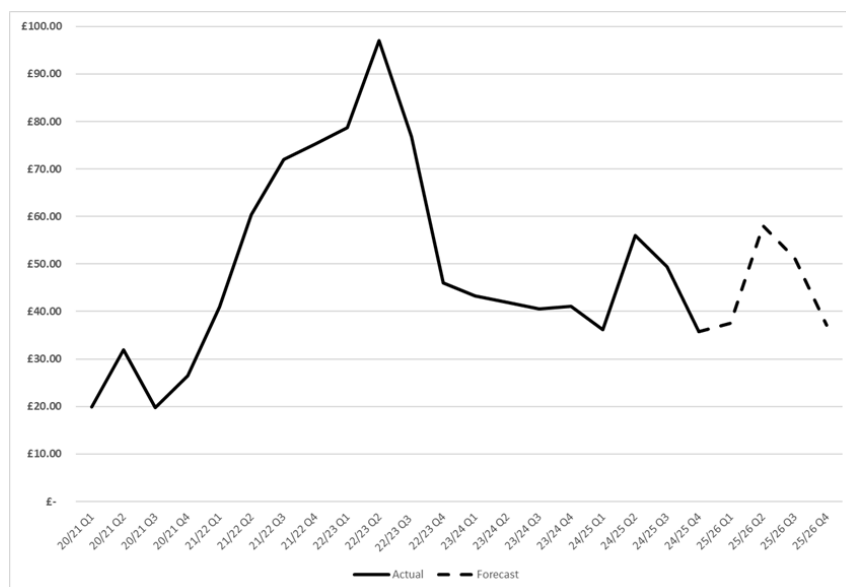


Table 3: Recycling basket market prices

### Corporate Support Service and Strategy & Service team

- 2.16. The Authority continues to work to improve internal capabilities in system, data and staffing and the associated costs. In addition, an office rent review was due in the spring of 2024, and an estimated cost for the increase has been included.



- 2.17. The establishment was expanded in FY 24/25 to manage new assets being constructed and owned by the Authority. Additionally, the FY 25/26 budget forecast includes costs for projects such as the Asset Management Strategy, emerging energy initiatives, the decarbonising waste project, the HR Service Level Agreement with Camden, and systems improvements.

### **Carbon Capture**

- 2.18. The budget and medium-term plan include the approved cost for preparing the outline business case for a carbon capture and storage solution at the new energy recovery facility. The project which aligns with government policy has progressed to Phase 1 but has been delayed, causing a knock-on effect on project activities.

### **New Eco Park South Facilities**

- 2.19. The new Resource Recovery Facility (RRF), RRC and Eco Park House started operations in 2024/25 and the 2025/26 budget includes a full year of operating costs and pass through costs for business rates and insurances. In addition, the first year of minimum revenue provision (MRP) for these new assets is included in the Revenue Funding- Capital Programme line of the proposed budget.

### **Waste Prevention Programme and Recycling Communications**

- 2.20. The proposed budget includes provision for the waste education project, behaviour change project and Repair and Upcycling project and includes an allocation of £0.250m for the community fund.

### **North London Heat & Power Project**

- 2.21. The budget forecast includes the ongoing support costs for the NLHPP that cannot be capitalised. Now that the assets delivered through the EcoPark South contract are being brought into use, the capitalisation policy has been reviewed to ensure that the split of capitalisable and non-capitalisable costs are appropriate. As a result, the budget in 2025/26 for non-capitalisable costs has decreased. All costs that can be capitalised will be funded by borrowing and interest payable on the loans will be added to project costs during the construction period.

### **Revenue Funding of the Capital Programme**

- 2.22. The budget forecast provides for the financing of:
- 2.22.1. The Authority's continued support of LEL costs;
  - 2.22.2. Pinkham Way;
  - 2.22.3. Lease of laydown area, part of the EcoPark and the purchase of Deephams Farm Road to support the NLHPP;

- 2.22.4. The new assets created by the EcoPark South project;
  - 2.22.5. The possible refurbishment of RRC sites; and
  - 2.22.6. The possible investment in a waste transfer station.
- 2.23. The Authority also makes a Minimum Revenue Provision (MRP). 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.
- 2.24. 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 EcoPark South construction contract and associated costs as well as the MRP are budgeted in 2025/26.

### **Inflation**

- 2.25. The Authority's largest contracts, and therefore a significant majority of its spend, are linked to the change in the Retail Price Index (RPI) with the most significant of these linked to the December index. The increase in RPI in December 2024 was 3.5%. The summary of independent forecasts published by HM Treasury in January 2025 estimates the December 2025 annual RPI increase at 3.4% and where relevant, the Consumer Price Index (CPI) at 3.5%. These have been factored into the proposed budget.

### **Non-Household Waste Charges**

- 2.26. Following discussions with boroughs officers, the Authority is expecting to receive 93,010 tonnes of non-household waste in 2025/26, an increase of 2,338 tonnes compared to the forecast for 2024/25. The 2025/26 tonnage comprises 76,621 tonnes of residual waste, 14,025 tonnes of dry mixed recyclable waste, 2,274 tonnes of food and 89 tonnes of green waste.
- 2.27. The estimated charges per tonne of waste are included in table 4 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. The cost for each borough is analysed in table A9 in Appendix A.

<b>Table 4</b>	<b>Price Per Tonne £</b>
Residual	130.34
Green	62.58
Food	6.74
Mixed Dry Recyclable	76.45

## **Chargeable Household Waste**

- 2.28. The Authority expects to receive 16,149 tonnes in 2025/26, a decrease of 988 tonnes from the 2024/25 forecast. The 2025/26 tonnage comprises 13,670 tonnes of residual waste, 1,348 tonnes of dry mixed recyclable waste and 1,130 tonnes of food waste.
- 2.29. The estimated charges per tonne of waste are included in Table 4 above. The charge for dry recyclable waste is inclusive of the income the Authority receives through the income sharing arrangements with its MRF providers. The estimated cost to the boroughs in 2025/26 is £1.892m. The cost is analysed by borough in Table A10 in Appendix A.

## **Contingency**

- 2.30. Previous sections of this report have advised Members of the robustness of individual budget heads to meet the Authority's statutory waste disposal obligations. However, the Authority needs to consider funding of any additional costs. In particular, it there be any concerns about the level of the waste stream delivered to the Authority by constituent councils, ability to generate income from the sale of recycling, secure treatment capacity at third party facilities or ensure that there are sufficient resources to fund the costs of the NLHPP. This is important because once the levy is set the Authority is unable to secure additional funds from its constituent councils.
- 2.31. While considering, Members should bear in mind that because over three-quarters of the Authority's operating expenditure in any year in the life of the budget and medium term plan is driven by the amount of waste and recycling collected by the constituent boroughs, it has limited scope to make compensating savings for additional costs that may arise in meeting its waste disposal obligations. Although the Authority has responsibility for the disposal of the waste from its constituent councils, it has no direct control over the volumes of waste entering the waste stream. A variance to the budgeted tonnages could arise by either a higher than expected growth in the waste stream or constituent councils not recycling as much as forecast. These factors place greater emphasis on the need to have robust budgets and adequate contingencies to deal with such eventualities.
- 2.32. The Local Government Act 2003 places a formal duty on the Financial Adviser to report to Members on the adequacy of the Authority's reserves (see section 6 below). As there is a degree of uncertainty about the scale of a few budget pressures in the coming year, it is proposed to include a base contingency provision, assessed on the same basis as recent years, namely a contingency of £1m plus 2% of operational base cost (£1.912m), totalling £2.912m.

### 3. APPORTIONMENT OF THE 2025/26 LEVY

- 3.1. All boroughs formally agreed to adopt a menu-price based levy for 2016/17 onwards. Table 5 below, summarises the estimated levy impact for each council after any balances available have been included (further details of the calculation for 2024/25 can be found in tables A7 and A8 in Appendix A):

**Table 5**

	2024/25 Levy			2025/26 Forecast Levy			Total estimated levy change (Column 6 minus Column 3)	
	Base	RRC	Total	Base	RRC	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	£'000	%
	£'000	£'000	£'000	£'000	£'000	£'000		
Barnet	13,495	1,523	15,018	15,278	1,582	16,861	1,843	12.3
Camden	5,986	775	6,761	7,764	822	8,586	1,825	27.0
Enfield	12,025	132	12,157	12,624	308	12,932	775	6.4
Hackney	9,336	376	9,712	10,151	307	10,457	745	7.7
Haringey	8,947	1,151	10,098	10,019	1,256	11,274	1,177	11.7
Islington	7,380	908	8,288	8,420	1,020	9,440	1,152	13.9
Waltham Forest	9,214	1,619	10,833	10,227	1,334	11,562	729	6.7
<b>Total</b>	<b>66,383</b>	<b>6,484</b>	<b>72,867</b>	<b>74,483</b>	<b>6,629</b>	<b>81,112</b>	<b>8,245</b>	<b>11.3</b>

### 4. EXTERNALITIES

#### Economic Uncertainties

- 4.1. The Authority's budget is exposed to risks due to economic uncertainties either through changes in waste levels, which are impacted by the general activity levels in the economy, or via changes to inflation or interest rates. The forecast includes assumptions for inflation. Therefore, after December 2025, 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

- 4.2. Since the September meeting, there has been no significant announcements from the Government and uncertainties surrounding potential new central government waste reforms remain.

#### Business Continuity

- 4.3. The 2025/26 budget forecast includes a provision of £7m to support LEL in the period until the new Energy Recovery Facility is operational and a new operating

contract is in place. This will support the Authority’s objectives and makes allowance for short term planned outages in LEL’s business plan.

## 5. MEDIUM TERM FORECAST 2026/27 AND 2027/28

- 5.1. The medium-term forecast allows for RPI inflation at 3.2% year on year. Although prudent provision has been made for these costs, the Authority’s budget is exposed to a number of factors outside its control. A 1% variance in inflation could add or subtract costs of approximately £0.8m in a full year. Similarly, a 1% variation in tonnages could have a further impact of £0.6m per annum.
- 5.2. The outlook for the levy has been discussed with both the MFWG and Borough Directors of Finance and Environment. The medium-term forecast assumes that there will be no balances at the end of 2025/26. A detailed breakdown is included in Appendix B.
- 5.3. Gross expenditure increases by £8.234m from the 2025/26 budget to the 2026/27 forecast. This is mainly driven by the additional £7m for LEL Support. In 2025/26 this support will be partially funded by a £5m drawdown from the maintenance reserve. For 2026/27, as per the Authority’s pEPR policy, the Authority will use some of these monies to offset cost increases, and target a 5% year-on-year net expenditure increase (see tables 6 and table 7 in section 6 for more details).
- 5.4. During the year, the Authority might generate balances which will reduce the levy cash requirement. As a comparator, this time last year, the budget forecast for 2024/25 with no balances available, contained a forecast increase of 17.5% (which has now reduced to 11.3%, as per Table 5 above). However, around the average increases there can be substantial divergence between boroughs, particularly based on any increase or reduction in balances carried forward from one year to the next.

Table 6	2025/26	2026/27	Variance	
	Proposed Levy £'000	Forecast Levy £'000	£'000	%
Barnet	16,861	18,878	2,017	11.96
Camden	8,586	9,545	959	11.17
Enfield	12,932	14,546	1,614	12.48
Hackney	10,457	11,524	1,067	10.20
Haringey	11,274	12,543	1,269	11.25
Islington	9,440	10,112	672	7.12
Waltham Forest	11,562	12,661	1,099	9.51
<b>Total</b>	<b>81,112</b>	<b>89,809</b>	<b>8,697</b>	<b>10.72</b>

<b>Table 7</b>	<b>Net Expenditure</b>	<b>Base Levy</b>	<b>RRC Levy</b>	<b>Total</b>	<b>Increase</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
2026/27	103,438	(83,253)	(6,569)	(89,822)	10.7%
2027/28	108,609	(87,485)	(6,766)	(94,251)	4.9%

## **6. EXTENDED PRODUCER RESPONSIBILITY AND THE MAINTENANCE RESERVE**

### **Packaging Extended Producer Responsibility (pEPR)**

6.1. The government has allocated pEPR funding of £14.479m. Unlike other waste authorities in London, which either invest all pEPR funding in circular economy outcomes or use it to subsidise borough levies, NLWA has a unique strategy. NLWA wholly owns its operating subsidiary, London Energy, and is constructing a new Energy from Waste facility. The Authority proposes to use the pEPR income to address the fluctuating pressures in the short to medium term that the budget faces.

6.2. NLWA aims to address short to medium-term pressures by:

7.2.1 Extending the life of the existing facility,

7.2.2 Alleviating capital pressures,

7.2.3 Reserving funds for circular economy initiatives,

7.2.4 Smoothing the multi-year NLWA budget, including reducing borough levies

6.3. The assumptions are that NLWA does not expect to underspend, future funding levels are uncertain, based on external stakeholder liaison. NLWA's funding structure allows flexibility, eliminating in-year borough resource requirements. A consistent year-on-year drawdown of EPR income is initially set to reduce borough levies, subject to change as financial positions become clearer.

### **Outcome for Boroughs**

6.4. The outcome in Table 8 below shows the expected total Authority costs allocated between boroughs for 2026/27 and 2027/28. It should be noted that these costs cover both the levy and charges combined. Any balances which are generated in intervening years would affect the actual costs which apply to boroughs. The table aims to:

6.4.1 Reduce variability in levy increases year-on-year,

6.4.2 Alleviate cost pressures on boroughs,

6.4.3 Ensure adequate reserves for future risks.

Table 8	Barnet £000s	Camden £000s	Enfield £000s	Hackney £000s	Haringey £000s	Islington £000s	Waltham Forest £000s	Total £000s	YoY %
<b>2024/25 Cost to Boroughs - Excl. Balances</b>									
2024/25 (Budget)	18,478	11,520	14,386	13,364	12,043	11,679	12,406	<b>93,876</b>	
<b>Proposed Budget &amp; Medium Term Financial Strategy - Combined levy and charges excluding balances</b>									
2025/26	19,739	12,256	15,038	14,307	12,702	12,206	12,265	<b>98,513</b>	4.9%
2026/27	20,716	12,870	15,803	15,044	13,331	12,820	12,855	<b>103,439</b>	5.0%
2027/28	21,772	13,510	16,571	15,818	13,991	13,459	13,489	<b>108,610</b>	5.0%

## Maintenance Reserve

- 6.5. The Authority is transitioning to being the owner of significant infrastructure assets now that new facilities have started to open at the EcoPark. These new assets will bring about new maintenance requirements, including cyclical maintenance, 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.
- 6.6. As a result, 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.
- 6.7. At the end of 2023/24, £3.833m was added to the maintenance reserve. This represented interest that was earned on balances held that had been borrowed for the capital programme but had not yet been spent. At the end of 2024/25, the forecast for interest arising on NLHPP cash balances is £6.523m. This will also be added to the reserve, bringing the total to £10.356m.
- 6.8. In 2025/26, the budget includes a release of reserves of £5m to fund part of the increase in LEL costs, as reported in section 2.11. This will be topped up by a further £8.209m (£14.479m pEPR funding less £6.720m recognised as income). The maintenance reserve is therefore forecast to be £13.565m at the end of 2025/26.
- 6.9. Taking account of the issues raised above, and the proposed retention of revenue balances, the Authority's budget estimates (including contingencies) are sufficiently robust to deal with the current risks and uncertainties facing the Authority. Future budgets will need to be considered on merit and where necessary, strengthened in a period of greater instability.

## 7. PRUDENTIAL INDICATORS

- 7.1. The Authority determines its capital investment needs to meet its service obligations. In doing so, it must have regard to The Prudential Code for Capital

Finance in Local Authorities. The Code is designed to ensure that local authorities have capital investment plans that are affordable, prudential and sustainable. To demonstrate that they have fulfilled these objectives the Code sets out indicators that must be used.

### Indicators for Affordability

7.2. The Authority's capital programme for 2024/25 to 2027/28 includes:

- 7.2.1. Completion of construction of the Resource Recovery Facility, EcoPark House and the Energy Recovery Facility at the Edmonton EcoPark.
- 7.2.2. Acquisition of a waste transfer station should the opportunity arise, and refurbishment works at existing RRC sites.
- 7.2.3. Based on this capital programme of £643m (2024/25 to 2027/28) the following ratios of financing costs (i.e. interest and minimum revenue provision) to net revenue stream are recommended for approval. It should be noted that for the Authority, the net revenue stream is represented by the levy: -

Ratio of Financing Costs to Net Revenue Stream					
	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	11.50%	15.37%	18.83%	16.82%	16.39%

7.2.4. The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have been previously taken by the Authority, reported in February 2024, are:

Impact on the NLWA Levy					
	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
£m	0.000	-0.003	0.045	0.138	0.231

7.3. **Indicators for Prudence**

7.3.1. The Capital Financing Requirement measures the underlying need to borrow. The Code provides that over the medium-term net external borrowing does not exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for the current and next two years. This provides assurance that borrowing will be incurred only for capital purposes. The Authority met this requirement in 2023/24 and no difficulties are envisaged in 2024/25 or subsequent years. The CFR reflects the cumulative capital expenditure less any provision



made for the minimum revenue provision in year. The following Capital Financing Requirements are therefore recommended for approval:

<b>Capital Financing Requirement</b>					
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>£m</b>	833	982	1,254	1,371	1,435

7.3.2. The Code requires that treasury management is carried out in accordance with good practice. The prudential indicator is that a local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. Members will be aware that the Authority's cash resources are pooled with those of London Borough of (LB) Camden and that LB Camden undertakes treasury management activities on the Authority's behalf. Camden has adopted this code and its treasury management policies and procedures conform to the Code's requirements. Officers are satisfied that through the arrangement that the Authority has with LB Camden that treasury management activities undertaken on behalf of the Authority also meet the requirements of this Code.

#### 7.4. Indicators for capital expenditure, external debt and treasury management

7.4.1. In 2024/25, the Authority completed the construction of the EcoPark South assets and also began construction of the Energy Recovery Facility. Planned capital expenditure for 2024/25 to 2027/28 is to complete this work and to plan for the demolition of the existing Energy from Waste facility.

7.4.2. The rate of expenditure has not been as much as forecast in the prudential indicators in February 2024. The programme has been replanned and the following estimated capital expenditure is recommended:

<b>Capital Expenditure</b>					
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>£m</b>	310	155	283	129	76

7.4.3. The following two Prudential Indicators (PI's) govern the Authority's ability to borrow funds in the money markets or from the Public Works Loans Board. They must be set at a level that allows headroom for the capital programme to be achieved. The following authorised limits for external debt are recommended for approval:

<b>Authorised Limit for External Debt</b>					
<b>£m</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
Borrowing	1,000	1,280	1,500	1,500	1,500
Other long term liabilities	Nil	1	1	1	

7.4.4. The following operational boundaries for external debt are recommended for approval:

<b>Operating Boundary for External Debt</b>					
<b>£m</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
Borrowing	1,000	1,280	1,500	1,500	1,500
Other long term liabilities	Nil	1	1	1	

7.4.5. The following prudential indicators are relevant for setting a treasury management strategy. The Authority has currently only taken fixed interest loans, but the indicators are set at a level that will enable the Authority to react to changing circumstances that may favour the use of variable rate loans.

<b>Net Principal re Fixed Rate Borrowing</b>					
<b>£m</b>	<b>2023/24 Actual</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
	1,000	1,280	1,500	1,500	1,500

<b>Net Principal re Variable Rate Borrowing</b>					
<b>£m</b>	<b>2023/24 Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
	0	140	220	0	0

7.4.6. In order to ensure flexibility in the loans that might be taken it is recommended that the following maturity structure of fixed rate borrowing is set for 2024/25. Given the Authority's particular investment needs, the limits provide maximum flexibility for short-term borrowing.

<b>Maturity Structure of fixed rate borrowing during 2024/25</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>	<b>Current %</b>
Under 12 months	100	0	0
12 months and within 24 months	100	0	1
24 months and within 5 years	100	0	1
5 years and within 10 years	100	0	0
10 years and above	100	0	98

7.4.7. The indicators will be kept under review.

## **8. MINIMUM REVENUE PROVISION**

- 8.1. The Authority is required to set aside a sum from revenue each year for the repayment of debt. This is known as the MRP. Regulations require that the sum set aside is prudent and associated guidance provides several methodologies that local authorities can adopt. Whichever method an Authority chooses, the regulations require that it be formally adopted each year.
- 8.2. For 2025/26, the Authority is recommended to adopt a method for borrowing undertaken before 2018/19 (for the purchase of shares in LEL in 2010) that makes provision in equal instalments over the estimated life of the asset concerned.
- 8.3. For all borrowing from 2019/20 (for the NLHPP), the Authority is recommended to calculate the MRP on an annuity basis over the estimated life of the asset. This approach is similar to many domestic mortgages and will allow the annual charge for MRP to be smoothed so that it is at a consistent level each year rather than paying a flat MRP charge each year with a slowly reducing amount of interest.

## **9. ADVICE ON RESERVES AND BALANCES AND ROBUSTNESS OF THE BUDGET PROCESS**

- 9.1. Advice is usually provided at this time on the level of reserves and balances available to the Authority, and on the robustness of the estimates that have been used to arrive at the proposed budget. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Financial Adviser) to report to the Authority on:
  - 9.1.1. The adequacy of the proposed reserves; and
  - 9.1.2. The robustness of the budget.
- 9.2. The level of balances and the robustness of estimates are linked. Balances and reserves should be set at a level that takes account of the financial risks facing the Authority; the greater the level of uncertainty, the more likely balances will be needed. A budget is prepared on the best information available at the time, and inevitably includes some uncertainty.
- 9.3. It is important that in setting the budget Members take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and in setting an overall strategy for the budget. This involves, for example, ensuring that only resources likely to be available in the long-term are used to accomplish long-term objectives.

## **10. EQUALITIES IMPLICATIONS**

- 10.1. 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.

## **11. COMMENTS OF THE LEGAL ADVISER**

- 11.1. The Authority may in accordance with Regulation 3(1) of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006, issue levies on its constituent councils to meet all liabilities falling to be discharged by it for which no provision is otherwise made.
- 11.2. The amount to be levied by the Authority in respect of any financial year from each of its constituent councils is determined in accordance with Regulation 4 by apportioning the total amount to be levied either in such proportions as all the constituent councils may agree or in absence of such agreement, by a combination of:
- 11.2.1. Apportioning costs in proportion to the tonnage of household waste delivered by each of council; and
  - 11.2.2. For non-household waste and other costs, apportioning costs on the basis of the council tax base.
- 11.3. All the constituent councils have agreed through the Inter Authority Agreement entered into in 2015 that alternative levy apportionment arrangements will apply from 2015/16 and the menu pricing arrangements referred to above are set out in that Inter Authority Agreement. This meets the requirements of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006.

## **12. CONCLUSION**

- 12.1. The detailed 2025/26 proposed budget is fully-funded and allows for the inclusion of prudent levels of contingency. The budgets as set out in this report should be sufficiently robust to meet the Authority's expenditure requirements over this period.
- 12.2. Since the December 2024 meeting, Authority officers have reviewed underpinning assumptions and have consulted with the MFWG, borough Directors of Finance and borough Directors of Environment. All groups were content with the proposed approach and the 2025/26 proposed budget reflects this approach. Members will be advised of progress against the budget in regular budget review reports to the Authority.

- 12.3. The Authority can agree the 2025/26 levy at £81.111m (comprising a base levy element of £74.483m and an RRC element of £6.628m). In total, this represents an increase of 11.3% increase compared with the 2024/25 levy.
- 12.4. NLWA officers are working diligently to ensure risks are mitigated and costs kept under control to battle these financial challenges and will continue to do so well into the future.

**List of documents used:**

Report to the Authority 8 February 2024 – Revenue Budget and Levy 2024/2025  
Report to the Authority 30 July 2024 – Finance Update  
Report to the Authority 5 December 2024 – Finance Update  
2025/26 budget working papers

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## APPENDIX A: 2025/26 PROPOSED BUDGET

Table A1 below provides a summary of the 2025/26 proposed budget.

	<b>2024/25 Budget £'000</b>	<b>2025/26 Current Budget £'000</b>	<b>Variance to 2024/25 Budget £'000</b>
<b>Expenditure</b>			
Main Waste Disposal Contract (ex RRC Waste)	45,919	48,888	2,969
Composting Waste Services	2,205	1,696	(509)
MRF Services	12,755	14,185	1,430
Transfer Station and Other Sites	5,009	10,959	5,951
Corporate and Other Support Service Costs	6,097	6,041	(56)
Waste Prevention and Communications Programme	816	723	(93)
Recycling Initiatives	206	211	5
Carbon Capture	1,152	491	(661)
North London Heat and Power Project	633	92	(542)
Revenue Funding – Capital Programme	14,834	16,323	1,489
	<b>89,626</b>	<b>99,609</b>	<b>9,983</b>
<b>Additional LEL Support</b>			
LEL Support	0	7,000	7,000
Release of Maintenance Provision	0	(5,000)	(5,000)
	<b>0</b>	<b>2,000</b>	<b>2,000</b>
<b>Reuse and Recycling Centres Expenditure</b>			
Residual Waste Disposal	1,336	1,363	27
Operating Costs	4,908	5,015	107
	<b>6,244</b>	<b>6,378</b>	<b>134</b>
<b>Income</b>			
Rents	(141)	(161)	(20)
Sale of Recyclates	(4,477)	(5,667)	(1,190)
Interest on Balances	(198)	(289)	(91)
Extended Producer Responsibility	0	(6,270)	(6,270)
	<b>(4,816)</b>	<b>(12,386)</b>	<b>(7,570)</b>
<b>Net Expenditure</b>			
	<b>91,054</b>	<b>95,600</b>	<b>4,546</b>
Contingency	2,821	2,912	91
<b>Total Net Expenditure</b>	<b>93,875</b>	<b>98,512</b>	<b>4,637</b>
<b>Financed By</b>			
Use of Balances	(8,829)	(4,440)	4,389
Charges to Boroughs (Non-household waste)	(10,253)	(11,067)	(814)
Charges to Boroughs (Chargeable Household Waste)	(1,925)	(1,892)	33
2024/25 Levy - Base Element	(66,383)	(74,483)	(8,100)
- RRC Element	(6,484)	(6,629)	(144)
Total Levy	(72,867)	(81,112)	(8,245)
<b>Total Resources Available</b>	<b>(93,875)</b>	<b>(98,512)</b>	<b>(4,637)</b>
<b>Estimated Additional Revenue Balances at 31 March</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

**Table A2 – 2025/26 residual waste tonnage forecast**

	<b>2024/25</b>	<b>2025/26</b>		
	<b>Forecast</b>	<b>Forecast</b>	<b>Change</b>	<b>Change</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>
Barnet	106,312	108,438	2,126	2.0%
Camden	70,280	69,650	(630)	(0.9%)
Enfield	88,925	88,925	0	0.0%
Hackney	105,311	87,653	(17,659)	(16.8%)
Haringey	69,685	70,012	326	0.5%
Islington	69,395	70,080	686	1.0%
Waltham Forest	66,989	61,764	(5,225)	(7.8%)
<b>Total</b>	<b>576,898</b>	<b>556,522</b>	<b>(20,376)</b>	<b>(3.5%)</b>

**Table A3 – 2025/26 mixed organic waste tonnage forecast**

	<b>2024/25</b>	<b>2025/26</b>		
	<b>Forecast</b>	<b>Forecast</b>	<b>Change</b>	<b>Change</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>
Barnet	0	0	0	0%
Camden	0	0	0	0%
Enfield	0	0	0	0%
Hackney	0	0	0	0%
Haringey	49	0	(49)	(100.0%)
Islington	20	0	(20)	(100.0%)
Waltham Forest	5,630	0	(5,630)	(100.0%)
<b>Total</b>	<b>5,698</b>	<b>0</b>	<b>(5,698)</b>	<b>(100.0%)</b>

**Table A4 – 2025/26 Food waste tonnage forecast**

	<b>2024/25</b>	<b>2025/26</b>		
	<b>Forecast</b>	<b>Forecast</b>	<b>Change</b>	<b>Change</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>
Barnet	0	0	0	0%
Camden	2,749	2,840	90	3.3%
Enfield	6,628	6,628	0	0.0%
Hackney	4,607	4,805	198	4.3%
Haringey	3,636	3,672	36	1.0%
Islington	2,306	2,421	116	0%
Waltham Forest	2,595	6,996	4,401	169.5%
<b>Total</b>	<b>22,522</b>	<b>27,363</b>	<b>4,841</b>	<b>21.5%</b>

**Table A5 – 2025/26 Garden waste tonnage forecast**

	<b>2024/25 Forecast Tonnes</b>	<b>2025/26 Forecast Tonnes</b>	<b>Change Tonnes</b>	<b>Change %</b>
Barnet	10,841	11,057	217	2.0%
Camden	1,768	1,920	152	8.6%
Enfield	6,527	6,527	0	0.0%
Hackney	1,549	1,506	(44)	(2.8%)
Haringey	2,709	2,682	(27)	(1.0%)
Islington	1,392	1,461	70	5.0%
Waltham Forest	1,056	7,392	6,336	600.1%
<b>Total</b>	<b>25,841</b>	<b>32,546</b>	<b>6,705</b>	<b>25.9%</b>

**Table A6 – 2025/26 MDR tonnage forecast**

	<b>2024/25 Forecast Tonnes</b>	<b>2025/26 Forecast Tonnes</b>	<b>Change Tonnes</b>	<b>Change %</b>
Barnet	25,121	25,695	573	2.3%
Camden	16,975	17,145	170	1.0%
Enfield	17,507	17,507	0	0.0%
Hackney	16,855	16,855	0	0.0%
Haringey	16,322	16,485	163	1.0%
Islington	14,313	14,456	143	1.0%
Waltham Forest	17,179	17,711	532	3.1%
<b>Total</b>	<b>124,272</b>	<b>125,853</b>	<b>1,581</b>	<b>1.3%</b>

**Table A7 - RRC Levy**

The amounts charged to the relevant boroughs through the 2025/26 levy allow for the balances from the closure of the 2023/24 accounts and forecast additional balances from 2024/25.

	<b>Forecast RRC Balances at 1 April 2025 £'000</b>	<b>2025/26 Estimated costs £'000</b>	<b>2025/26 Estimated Levy £'000</b>
Barnet	116	1,467	1,583
Camden	36	786	822
Enfield*	12	297	309
Hackney	(8)	314	307
Haringey	79	1,177	1,256
Islington	65	955	1,020
Waltham Forest	(49)	1,383	1,334
<b>Total</b>	<b>251</b>	<b>6,379</b>	<b>6,630</b>



### Table A8 - Base Levy

The amounts charged to the relevant boroughs through the 2025/26 base levy allow for the additional balances that arose from the closure of the 2023/24 accounts and forecast additional balances from 2024/25.

	<b>Forecast Balances at 1 April 2025 £'000</b>	<b>2025/26 Estimated Levy Requirement £'000</b>	<b>2025/26 Estimated Levy £'000</b>
Barnet	(1,251)	16,529	15,278
Camden	(535)	8,299	7,764
Enfield	(926)	13,550	12,624
Hackney	(496)	10,646	10,151
Haringey	(758)	10,777	10,019
Islington	(253)	8,673	8,420
Waltham Forest	(473)	10,700	10,227
<b>Total</b>	<b>(4,691)</b>	<b>79,175</b>	<b>74,483</b>

### Table A9 - Non-household Waste Charges

The cost to boroughs in 2025/26 is estimated to be:

	<b>2025/26 Estimated Tonnes</b>	<b>2025/26 Estimated Cost £'000</b>
Barnet*	11,316	1,454
Camden*	26,820	3,051
Enfield	7,721	1,006
Hackney*	22,150	2,665
Haringey *	3,416	411
Islington *	20,026	2,299
Waltham Forest*	1,392	181
<b>Total</b>	<b>92,842</b>	<b>11,067</b>

\* Including tonnages and income from non-household recyclable wastes.

The final charges will be calculated as part of the 2024/25 final accounts process and reported to the Authority in June 2025. Any under or over payment by boroughs will be collected from or repaid to boroughs at the conclusion of the final accounts process.

### Table A10 - Chargeable Household Waste

The cost to boroughs in 2024/25 is estimated to be:

	<b>2025/26 Estimated Tonnes</b>	<b>2025/26 Estimated Cost £'000</b>
Barnet	2,220	289
Camden	1,056	119
Enfield	1,430	186
Hackney	5,544	681
Haringey	2,820	337
Islington	3,078	279
Waltham Forest *	0	0
<b>Total</b>	<b>16,149</b>	<b>1,892</b>

\*Waltham Forest has indicated that it does not collect such waste.

Arrangements for the settling of over or under payments by the boroughs are the same as for non-household waste.

## APPENDIX B: MEDIUM TERM FORECAST 2025/26 & 2026/27

The table below shows the proposed budget and the budget forecasts for the following two years

	2024/25 Budget	2025/26 Current Forecast	2026/27 Current Forecast	2027/28 Current Forecast
	£'000	£'000	£'000	£'000
<b>Expenditure</b>				
Main Waste Disposal Contract (ex RRC Waste)	45,919	48,888	50,453	52,067
Composting Waste Services	2,205	1,696	1,750	1,806
MRF Services	12,755	14,185	14,639	15,107
Transfer Station and Other Sites	5,009	10,959	11,610	11,983
Corporate and Other Support Service Costs	6,097	6,041	6,231	6,379
Waste Prevention and Communications Programme	816	723	735	748
Recycling Initiatives	206	211	218	225
Carbon Capture	1,152	491	507	523
North London Heat and Power Project	633	92	95	98
Revenue Funding – Capital Programme	14,834	16,323	16,401	16,697
	89,626	99,609	102,638	105,632
<b>Additional LEL Support</b>				
LEL Support	0	7,000	7,000	7,000
Release of Maintenance Provision	0	(5,000)	0	0
	0	2,000	7,000	7,000
<b>Reuse and Recycling Centres Expenditure</b>				
Residual Waste Disposal	1,336	1,363	1,406	1,451
Operating Costs	4,908	5,015	5,176	5,341
	6,244	6,378	6,582	6,792
<b>Income</b>				
Rents	(141)	(161)	(166)	(171)
Sale of Recyclates	(4,477)	(5,667)	(5,848)	(6,035)
Interest on Balances	(198)	(289)	(298)	(308)
Extended Producer Responsibility	0	(6,270)	(9,479)	(7,411)
	(4,816)	(12,386)	(15,791)	(13,925)
<b>Net Expenditure</b>	<b>91,054</b>	<b>95,600</b>	<b>100,429</b>	<b>105,499</b>
Contingency	2,821	2,912	3,009	3,110
<b>Total Net Expenditure</b>	<b>93,875</b>	<b>98,512</b>	<b>103,438</b>	<b>108,609</b>
<b>Financed By</b>				
Use of Balances	(8,829)	(4,442)	(0)	0
Charges to Boroughs (Non-household waste)	(10,253)	(11,067)	(11,626)	(12,259)
Charges to Boroughs (Chargeable Household Waste)	(1,925)	(1,892)	(1,990)	(2,100)
2024/25 Levy - Base Element	(66,383)	(74,483)	(83,253)	(87,485)
- RRC Element	(6,484)	(6,628)	(6,569)	(6,766)
Total Levy	(72,867)	(81,111)	(89,822)	(94,251)
<b>Total Resources Available</b>	<b>(93,875)</b>	<b>(98,513)</b>	<b>(103,438)</b>	<b>(108,609)</b>