Western Riverside Waste Authority

Annual Report and Financial Statements

For the year ended 31 March 2026

Un-Audited

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NARRATIVE REPORT

Organisational Overview, External Environment and Operational Model

Western Riverside Waste Authority (WRWA) is one of four Statutory Joint Waste Disposal Authorities in London which are charged by Parliament with managing the waste collected by their respective constituent councils. In the case of WRWA, these are:

- Hammersmith and Fulham
- Lambeth
- Wandsworth
- The Royal Borough of Kensington and Chelsea

The Authority manages disposal of waste with a main contractor, Cory Riverside Energy (Cory), through the Waste Management Services Agreement (WMSA) to minimise costs and maximise income from recycled materials. Total waste managed by the Authority in the years 2024/25 and 2025/26 is as follows:

	2024/25		**2025/26**		**Difference**	
	Tonnage	%	**Tonnage**	**%**	**Tonnage**	**%**
General Waste	281,262	79.9%	**275,223**	**78.8%**	**(6,039)**	**-2.15%**
Recycling	70,857	20.1%	**73,857**	**21.2%**	**3,000**	**+4.23%**
Total	352,119		**349,080**		**(3,039)**	

The changes in the general waste/recycling tonnages reflect the work of the Boroughs in reducing, re-using and recycling waste and reflects increased awareness and changing social attitudes and behaviours in the generation of waste.

The Authority's key sources of income are charges to constituent councils for the disposal costs of waste via Apportionment of Waste Disposal Costs (AWDC) charges and a levy upon those councils. The Authority has a statutory duty to apportion levies among the constituent councils for each financial year to meet liabilities for which provision is not otherwise made. The Authority has agreed with all four constituent councils the basis of this levy which is directly related to tonnage levels delivered for specific waste streams and proportionate Council Tax bases for household waste and recycling tonnage and other running costs.

Risks

The Authority annually reviews its Risk Management Strategy and has developed a Risk Register which identifies key risks together with an analysis of their likelihood/ impact and the key preventative, detective and corrective controls. The next Risk Management Review is due to the Audit Committee in July 2026 followed by the Authority meeting in September 2026. The Annual Governance Statement confirms that the Authority's Risk Management Strategy is effective and well embedded into management processes. The Annual Governance Statement is due to the Authority meeting in September 2026 followed by the Audit Committee in October 2026 and it is presented as part of these Accounts as draft.

A key risk relates to the Local Authority sector's financial position in being able to fund their waste disposal costs and the potential subsequent pressure on the Authority to seek short term cost savings. The Authority continues to be open and transparent regarding its ability to reduce costs for constituent councils. The latest budget and 3 year forecast can be found

here: https://wrwa.gov.uk/wp-content/uploads/2026/02/WRWA-Public-Agenda-10-Feb-2026.pdf. The volatility of recycling rates, and electricity prices plus uncertainty on continued receipt of 'Triad' electricity income remain to be key risks to the Authority and the constituent councils.

For recycling rates, the Authority has arrangements with its contractor to ensure both an available market and price certainty as far ahead as possible for recyclates.

For electricity, the energy share reconciliation which takes place after April each year incorporates the impact of the generation of power on the Triad days plus other end of year power adjustments which are awarded if Riverside Resource Recovery Energy (RRRL) meet the specific energy supply targets set by the National Grid. As this is uncertain, this has not been budgeted prior to 2026/27 with a commitment to any excess received over £0.6m to be a moved to a new Triad Income Reserve. In addition, the electricity generated at the Belvedere Energy for Waste (EfW) plant forms part of the General Waste rate charged by Cory within the contract. This is the most volatile part of the pricing and is market price driven. The Authority receives income from the electricity generated if the market price exceeds the 'threshold' (uplifted under the terms of the contract) and below this threshold the Authority incurs a charge. In 2025/26 the electricity cost was £0.9m over budget, offset by (net) £1m of unbudgeted Triad Income of which £0.4m was moved to the new Triad Income Reserve.

The three year forecast also includes the first-year impact of the Government's proposed Emission Trading Scheme (ETS), where a levy will be placed on the amount of fossil fuel derived carbon produced from the incineration of waste. As currently proposed, this levy could be an additional burden of between £15-20m annually for the Authority from 2028 onwards. Government are due to release their next response to all local authorities later in 2026 on how and when ETS will be implemented and what plans they have for funding the levy. In the meantime, the Authority along with its constituent councils will continue to formulate proposals to manage and where possible, offset the ETS cost.

Performance

The operational income and expenditure of the Authority is primarily affected by the tonnage of waste managed during the year. The usable reserves balances at the end of March 2026 were £35.4 m, an increase of £0.9m compared to that reported as at March 2025 (£34.5m). The surplus generated and therefore the increase in reserves is largely due to; -£1.0m of unbudgeted Triad income received as noted above, -£0.5m net underspend on levy expenditure (including the net effect of £1m contract income to/ from the authority), +£1m loan taken direct from revenue and not reserves, and -£0.6m overachievement of treasury investment income. The balance being +£0.2m overspend on net operating expenditure and income (direct tonnage income).

The budget for 2025/26 assumed the full use of £6.5m Extended Producer Responsibility Grant instead of use of reserves subsidising the tonnages rates to the constituent council. This has occurred as intended.

The surplus of £0.9m is transferred to reserves and split between the Stabilisation Reserve and new Triad Income Reserve, the latter reserve being allocated a £0.4m share of the surplus based on the amount received over £0.6m as committed to in February 2026 to commence from 1st April 2027 (therefore this has been possible a year early). The Loan Repayment Reserve will not be drawn down and transferred to the Stabilisation Reserve which buffers future gate fee increases/ subsidies in future years.

During 2022/23 Cory reached financial close on the arrangements to construct a further EfW facility on land adjoining the existing facility at Belvedere. As part of that arrangement the Authority received a one-off payments of £3.50m in 2018 and £1.75m in 2022 and these are being drawn down in the Authority's accounts over the remaining life of the Cory contract.

Pensions

All permanent staff are eligible for inclusion in the statutory Local Government Pension Scheme (LGPS) administered by the London Pension Fund Authority (LPFA) under the Local Government Pension Scheme Regulations 2013.

The Fund's assets reduced to £8.9m in 2025/26 from £9.1m in 2024/25. The Fund's actuary estimated that the present value of scheme liabilities has increased over the same period by £0.2m, from £6.9m to £7.1m, creating a surplus of £1.8m in 2025/26 (£2.3m in 2024/25). This surplus is adjusted in the Accounts by an 'asset ceiling' adjustment which reduces the surplus (asset in the Balance Sheet) to £25k in 2025/26 (£0.2m in 2024/25).

Each Local Government Pension Scheme fund is required to have a Triennial Valuation which differs in basis to the accounting valuation undertaken annually. The last Triennial Valuation was undertaken as at 31 March 2025 and showed that on that basis the Authority's element of the fund was over 100% funded, and accordingly the minimum employer contribution rate as a percentage of payroll for the year from 1 April 2026 to 31 March 2029 was set at 5.5%, increased from 4.1% in the previous valuation at 31 March 2022. The valuation undertaken as at 31 March 2025 and previously in 2022 does not include a secondary contribution requirement.

The valuation report received from LPFA's actuary has used data from the 2025 actuarial valuation of the LPFA Pension Fund alongside actual data such as actual fund returns and the fund asset statement as at 31 March 2026.

This valuation is only a snapshot in time and changes to the Fund surplus (or deficit) movement is largely attributable to complex external factors and is heavily dependent on the assumptions made by the Authority's actuary who values the Fund and provides an estimate in this case of the surplus in funds available to meet any liabilities. Reasons for this decrease in surplus in 2025/26 include:

- changes in demographic assumptions for both current and future pensioners;
- changes in financial assumptions which include a significant change to discount rates following the UK mini budget event in September 2022;
- change from experience gain to loss on the defined benefit obligation (including an allowance for actual CPI inflation over the accounting period); and
- an increase to other actuarial losses on assets (the difference between the actual investment return on the assets over the year, and the interest on assets, plus an experience item I applicable).

In addition, the valuation as aforementioned is subject to an accounting adjustment under International Accounting Standard (IAS) 19 (Employee Benefits) for the prudent treatment of surpluses in pensions funds, an asset ceiling adjustment, further explanation of which can be found in Note 30 of the Accounts.

Whilst a surplus has existed for four years, in 2021/22 a deficit existed which demonstrates how easily the position can change and the Authority has a cash reserve of £1.8m to offset

any future potential cost should it ever crystallise. The surplus is not being recognised in the income and expenditure account but is held on the Balance Sheet.

Total annual employment costs have risen in 2025/26 to £0.8m from £0.5m which is due to a restructure, and recruitment to vacant posts which existed in the prior year. However, there is still a low level of directly employed staff and the risk of increased pension contributions that could ultimately be required in the event of pension performance deteriorating.

Borrowing Facilities

The Authority finances debt through the Public Works Loan Board (PWLB) with loans totalling £1.0m outstanding at 31 March 2025. The Authority's current policy is to redeem debt from balances wherever this is practicable and in 2025/26 this occurred on repayment of the final £1m loan noted above in September 2025. The Authority had no new loans being advanced during the financial year. As at present there is no capital expenditure planned as part of the three year forecast produced in February 2026, the loan reserve has been drawn to zero as detailed above, however this will continue to be reviewed against future borrowing needs.

Cash Balances/Investments

Average balances of £23.3m in 2025/26 (£24.2m in 2024/25) were invested via Wandsworth Council earning the short term (under 1 year) investment rate achieved by the Council at an average of 4.13% (5.04% in 2024/25). As at 31 March 2026 the Authority also holds £5.5m in the Better World Cautious Fund (BWCF) with CCLA Investment Fund Management (CCLA) (£5.9m as at 31 March 2025). Whilst there has been capital volatility in 2025/26 this is affected by timing of economic conditions in the final quarter of the year, and recovery is expected during 2026/27. The Authority is protected against any negative capital fluctuations affecting revenue under International Financial Reporting Standards (IFRS) 9 (Financial Instruments) until 1 April 2029 as detailed on page 20 of the Authority's Accounting Policies detailed in the Statement of Accounts. Day to day cashflow is managed within a Special Interest Bearing Account (SIBA) with the current retail banker (NatWest) earning 2% as at 31 March 2026. The end of year cash balances are shown as cash and cash equivalents in the Balance Sheet.

Outlook

The total level of waste managed by the Authority in 2025/26 has reduced which follows the national trend reported by the Department for Environment, Food & Rural Affairs (Defra). Key reasons include reducing packaging weight or 'light-weighting', contributing factors arising from the continuing cost of living crisis, and economic growth in WRWA. However, the level of waste could grow in future years in line with the increase in population forecast for its area. The Authority continues to drive forward efficiencies from within the WMSA in order to generate savings for constituent councils in the current financial climate. The Authority is also keenly aware of the constituent councils' commitment to achieving net zero and its principles around the waste hierarchy and increasing recycling align with those goals.

Key challenges for 2026/27 and beyond are:

- redevelopment proposals at Cringle Dock, providing a new transfer station for the Authority and financial benefits for the constituent councils;
- establishing a waste and procurement strategy looking towards the new contract requirements when the existing contract expires in 2032;

- understanding future liabilities under the ETS likely to be introduced in full from 2028;
- the implementation of Simpler Recycling including separate collections of food waste and increased materials processing in the Materials Recovery Facility (MRF); and
- delivering savings.

However, the constituent councils benefit from the EfW facility at Belvedere under the current WMSA with:

- the avoidance of increasing government landfill tax costs;
- certainty of capacity to dispose; and
- contractual agreements through the WMSA to receive refinancing savings, income from the sale of energy and eventually, the benefits to be achieved from Residual Value at the end of the existing contract in 2032.

Conclusion

The Authority has been able to maintain a sound financial base to meet future financial pressures.

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Responsibility of the Authority

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Responsibility of the Treasurer

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with the proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local Authority Code.

The Treasurer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- reviewed internal audit reports to identify any control weaknesses or deficiencies;
- carried out regular control processes to maintain numerical accuracy within the accounts.

Certificate

I certify that the Statement of Accounts presents a true and fair view of the Western Riverside Waste Authority's income and expenditure for the year ended 31 March 2026 and the Authority's financial position as at 31 March 2026.

S Kalsi
Treasurer 26 June 2026

Statement of Accounts for Western Riverside Waste Authority

Introduction

This is the Statement of Accounts for the Authority for the year ended 31 March 2026. The purpose of the Statement of Accounts is to summarise the financial position of the Authority.

The Statement of Accounts is a complex, technical document, the form, and content of which is governed by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which in turn is underpinned by International Financial Reporting Standards. This means that the accounts are prepared on the same basis as the rest of the local authorities in the United Kingdom. This report is intended to provide a fair, balanced and understandable guide to the most significant aspects of the Authority's financial performance, year-end financial position, and cash flow, as well as giving information as to how the Authority will develop over the next few year.

The Statement of Accounts is made up of four core statements as follows:

- **Movement in Reserves Statement -** This is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It is analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce the Levy such as the General Fund) and 'unusable reserves'.
- **Comprehensive Income and Expenditure Statement -** This consolidates all the gains and losses experienced by the Authority during the financial year.
- **Balance Sheet** – This statement shows the value, as at 31 March each year, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.
- **Cash Flow Statement -** This statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

In addition, further Notes to the accounts provide more information.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce charges to constituent councils) and 'unusable reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for determining the Apportionment of Waste Disposal Costs (AWDC) charges and the residual Levy. The net increase/ decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance	Pension Liability Reserve	Capital Reserve	Triad Income Reserve	Stabilisation Reserve	Loan Repayment Reserve	Recycling Initiatives Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Movement in Reserves during 2025/26										
Balance at 31 March 2025 carried forward	**4,479**	**1,800**	**10,000**	**0**	**16,940**	**1,000**	**250**	**34,469**	**100,459**	**134,928**
Net Surplus on provision of services	**991**	**0**	**0**	**0**	**0**	**0**	**0**	**991**	**0**	**991**
Other Comprehensive Income and Expenditure	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(4,085)**	**(4,085)**
Total Comprehensive Income and Expenditure	**991**	**0**	**0**	**0**	**0**	**0**	**0**	**991**	**(4,085)**	**(3,094)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	**(100)**	**0**	**0**	**0**	**0**	**0**	**0**	**(100)**	**100**	**0**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**891**	**0**	**0**	**0**	**0**	**0**	**0**	**891**	**(3,985)**	**(3,094)**
Transfers to/from Earmarked Reserves	**(891)**	**0**	**0**	**358**	**1,533**	**(1,000)**	**0**	**0**	**0**	**0**
Increase/ (Decrease) in Year	**0**	**0**	**0**	**358**	**1,533**	**(1,000)**	**0**	**891**	**(3,985)**	**(3,094)**
Balance at 31 March 2026 carried forward	**4,479**	**1,800**	**10,000**	**358**	**18,473**	**0**	**250**	**35,360**	**96,474**	**131,834**

	General Fund Balance	Pension Liability Reserve	Capital Reserve	Triad Income Reserve	Stabilisation Reserve	Loan Repayment Reserve	Recycling Initiatives Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Movement in Reserves during 2024/25										
Balance at 31 March 2024 carried forward	4,479	1,800	10,000	0	19,619	1,000	250	37,148	102,509	139,657
Net (Deficit) on provision of services	(3,826)	0	0	0	0	0	0	(3,826)	0	(3,826)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(903)	(903)
Total Comprehensive Income and Expenditure	(3,826)	0	0	0	0	0	0	(3,826)	(903)	(4,729)
Adjustments between accounting basis and funding basis under regulations (Note 7)	1,147	0	0	0	0	0	0	1,147	(1,147)	0
Net (Decrease) before Transfers to Earmarked Reserves	(2,679)	0	0	0	0	0	0	(2,679)	(2,050)	(4,729)
Transfers to/from Earmarked Reserves	2,679	0	0	0	(2,679)	0	0	0	0	0
(Decrease) in Year	0	0	0	0	(2,679)	0	0	(2,679)	(2,050)	(4,729)
Balance at 31 March 2025 carried forward	4,479	1,800	10,000	0	16,940	1,000	250	34,469	100,459	134,928

During the preparation of the 2024/25 financial statements, management identified amounts relating to historical downward revaluation movements in excess of the amount of accumulated gains in the revaluation reserve for that particular asset that had been charged to the revaluation reserve and not the capital adjustment account as required under the CIPFA Code of Practice. These historical balances have been reclassified in year. The difference relates only to the split of unusable reserves and does not affect total reserves or usable reserves, or the financial position previously presented to users of the financial statements.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from AWDC charges and the Residual Levy. The Authority raises income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The position relating to the raising of income to cover expenditure is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement (MiRS).

		2024/25		**2025/26**	
	Note	£000	£000	**£000**	**£000**
Operating expenditure					
Employees		522		852	
Premises		1,140		1,305	
General waste disposal		54,561		57,206	
Other supplies and payments		1,429		2,108	
Depreciation and Impairment of Property, Plant and Equipment	12	813		490	
Total			58,465		**61,961**
Operating Income (outside IFRS 15)					
Hammersmith and Fulham		(9,181)		(9,260)	
Kensington and Chelsea		(9,997)		(10,239)	
Lambeth		(15,495)		(15,672)	
Wandsworth		(13,614)		(14,060)	
Total			(48,287)		**(49,231)**
Net Cost/ (surplus) of Services			10,178		**12,730**
Other Items					
Net Financing and investment (income)	9		(886)		**(693)**
Grant income recognised under IFRS 15*	11		(8)		**(6,512)**
Other income recognised under IFRS 15*	10		(702)		**(1,711)**
Other income outside IFRS 15			(467)		**(358)**
Deficit/(Surplus) on Provision of Services			8,115		**3,456**
Levy on constituent councils (outside IFRS 15)					
Hammersmith and Fulham		(834)		(869)	
Kensington and Chelsea		(956)		(970)	
Lambeth		(1,109)		(1,165)	
Wandsworth		(1,390)		(1,443)	
			(4,289)		**(4,447)**
Net (Surplus) /Deficit on Provision of Services			3,826		**(991)**
Movement on revaluation of Property, Plant and Equipment assets	12		1		**4,017**
Remeasurements of the net defined benefit asset/liability	30		902		**68**
Other Comprehensive (Income)/Cost			903		**4,085**
Total Comprehensive Income (Income)/Cost			4,729		**3,094**

*Represented in 2024/25 due to a new separate Grant Income note in 2025/26.

The notes on pages 14 to 55 form part of the financial statements.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (AWDC charges and the Residual Levy) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

	2024/25 £000			**2025/26 £000**		
	Net Expenditure chargeable to the General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	**Net Expenditure chargeable to the General Fund**	**Adjustments between the funding and accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
Employees	476	46	522	**775**	**77**	**852**
Premises	1,140		1,140	**1,305**		**1,305**
General Waste Disposal	54,561		54,561	**57,206**		**57,206**
Other supplies and payments	1,429		1,429	**2,108**		**2,108**
Depreciation and Impairment (Note 12)	0	813	813	**0**	**490**	**490**
Operating Income	(48,287)		(48,287)	**(49,231)**		**(49,231)**
Net Cost of Services	9,319	859	10,178	**12,163**	**567**	**12,730**
Net Financing and Investment (Income)/Expenditure	(1,174)	288	(886)	**(26)**	**(667)**	**(693)**
Other Income	(1,177)		(1,177)	**(8,581)**		**(8,581)**
Levy income	(4,289)		(4,289)	**(4,447)**		**(4,447)**
Net Deficit/ (Surplus) on Provision of Services	2,679	1,147	3,826	**(891)**	**(100)**	**(991)**
Opening Usable Reserve Balance	37,148			**34,469**		
Surplus/ (Deficit) on General Fund in Year	(2,679)			**891**		
Usable Reserve Balance carried forward	34,469			**35,360**		

For a breakdown of Usable Reserves, please refer to the MiRS.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line adjustments between accounting basis and funding basis under regulations.

	Note	31 March 2025 £000	**31 March 2026 £000**
Property, Plant and Equipment	12	107,054	**102,547**
Defined Benefit Pension Asset		168	**25**
Long Term Assets		107,222	**102,572**
Short Term Investments	16	5,885	**5,550**
Short Term Debtors	14	7,394	**7,459**
Prepayments		85	**49**
Cash and Cash Equivalents	15	24,138	**25,460**
Current Assets		37,502	**38,518**
Short Term Borrowing	13	1,000	**0**
Short Term Creditors	17	4,726	**5,101**
Receipts in Advance		970	**1,480**
Deferred Income		3,100	**2,675**
Current Liabilities		9,796	**9,256**
Long Term Liabilities		0	**0**
Net Assets		134,928	**131,834**
Usable Reserves	19	34,469	**35,360**
Unusable Reserves	20	100,459	**96,474**
Total Reserves		134,928	**131,834**

The notes on pages 14 to 55 form part of the financial statements.

S Kalsi - Treasurer 26 June 2026

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting year. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of AWDC charges or the Residual Levy received from the constituent councils. All activities are based on recovery of costs from the constituent councils. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Note	2024/25 £000	**2025/26 £000**
Net Surplus/ (Deficit) on the provision of services		(3,826)	**991**
Adjustments to net surplus or deficit on the provision of services for non-cash movements	21	426	**1,331**
Net cash flows from Operating Activities		(3,400)	**2,332**
Net cash outflow from Investing Activities	22	0	**0**
Net cash outflow from Financing Activities	23	0	**(1,000)**
(Decrease)/ Increase in cash and cash equivalents		(3,400)	**1,322**
Represented by			
Cash and cash equivalents at the beginning of the reporting year		27,541	**24,138**
(Decrease)/ Increase in cash and cash equivalents		(3,400)	**1,322**
Cash and cash equivalent at the end of the reporting year	15	24,138	**25,460**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 as amended. These Regulations require that the accounts be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), supported by International Financial Reporting Standards and any relevant statutory guidance issued by Government.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year.

ii. Going Concern

The Authority's Statement of Accounts has been prepared on a Going Concern basis, meaning it assumes the Authority will continue its operations for the foreseeable future and meet its financial obligations as they become due for at least the next 12 months or longer from the date of signing these accounts. The majority of the Authority's income comes from levies charged to the four constituent councils, which will continue to support the ongoing provision of services.

WRWA is a Joint Statutory Waste Disposal Authority responsible for managing the disposal of waste collected by its constituent councils. This statutory provision mandates the establishment and ongoing operation of the Authority. The Authority performs essential functions for the local community and its constituent councils. In the event of financial difficulties, central government would ultimately intervene, as it holds effective control over the Authority's overall operations by providing the statutory framework within which it operates.

The Authority has undertaken cash flow modelling through to March 2028 which demonstrates the Authority's ability to work within its cash management framework, with a minimum headroom of more than £19m as at 31 March 2027 and 31 March 2028. The forecast remains prudent (with minimal slippage of expenditure) and assumes a base level of £0.6m electricity triad income (amounts in excess of this are committed to be transferred to reserves) and the Extended Producer Responsibility Grant continuing but reducing by £0.5m each year. Cash held does not include long term investments that are liquid if needed. The Authority has no borrowing or borrowing requirement as at 26 June 2026.

The Authority therefore concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Authority will be a going concern, twelve months from signing these financial statements.

iii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on cash balances and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where cash is received in advance of being due, this is recorded as a Receipt in Advance.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iv. Cash and Cash Equivalents

Cash is represented by deposits with current retail banker (NatWest) and investments via Wandsworth Council repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in a specified period, no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts. If any overdraft is used, it is repayable on demand and used only for the purposes of cash management.

v. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to understand the Authority's financial performance.

vi. Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the

current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vii. Charges to Revenue for Non-Current Assets

Revenue is debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Authority is not required to charge constituent councils to fund depreciation, revaluation, and impairment losses. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation, and impairment losses are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision - MRP), by way of an adjusting transaction with the Capital Adjustment Account in the MiRS for the difference between the two. Following a review of MRP policy and the establishment of an earmarked reserve to redeem debt MRP was nil in 2024/25 and 2025/26. The Authority has no borrowing as at 31 March 2026 and the Loan Repayment Reserve has been transferred to the Stabilisation Reserve (see Note 8). The need for MRP and/or a Repayment Loan Reserve therefore is not needed at this time however will be monitored against any future requirement to borrow.

viii. Employee Benefits

<u>Benefits Payable During Employment</u>

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, and paid sick leave, bonuses and non-monetary benefits (e.g. health checks) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual would be made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year; however, this is immaterial for the Authority and not recognised in the accounts.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the CIES when the Authority is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are members of the Local Government Pension Scheme, administered by the London Pension Fund Authority (LPFA). The scheme provides defined benefits to members (retirement lump sums and pensions), earned whilst employees worked for the Authority.

The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 6.00% in 2025/26 compared to 5.75% in 2024/25 (based on the net present value of the notional cash flow, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve – this is consistent with the approach used at the previous accounting date).

The assets of the pension fund are valued at market value in the Balance Sheet. Further detail is outlined in Note 30.

The change in the net pension's liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Other Comprehensive Income (if incurred in year);
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES;

- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the CIES;
- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part Other Comprehensive Income;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve; and
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

ix. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting year – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting year – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

x. Financial Instruments

<u>Financial Liabilities</u>

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount

of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from a Financial Instruments Adjustment Account in the MiRS.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. Financial assets measured are generally classified into two types:

- Amortised cost - assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The asset is held within a business model with the objective of collecting contractual cash flows and not for trading.
- Fair value through profit or loss (FVPL) - assets that do not meet the amortised cost definition of cash flows that are solely payments of principal and interest and are held within a business model with the objective of collecting contractual cash flows and not for trading.

The Authority's business model is to hold investments to collect contractual cash flow. Financial assets are therefore classified as amortised cost; except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective

rate of interest for the instrument. For most of the financial assets held by the authority, this means the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of an expectation that future cash flows might not take place because the borrower could default on their obligations under the contract, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price; and
- other instruments with fixed and determinable payments – discounted cash flow analysis.

For Pooled Investment Funds which includes the Authority's Better World Cautious Fund with the CCLA, the Government introduced a regulation to mitigate the effects of changes in fair value on the Authority for a period of 7 years from 1 April 2018 to 31 March 2025. From 1st April 2025 transitionary arrangements have been put in place by Government for legacy investments existing at 1 April 2025 with the override continuing to apply for these investments until 1 April 2029. As such in the 2025/26 Accounts, changes in fair value are transferred from the CIES to an account established solely for this purpose on the Balance Sheet. This account is called the Pooled Investment Funds Adjustment Account. Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Pooled Investment Funds Adjustment Account. No divestment has been made in 2025/26.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Accounting Policies for Expected Credit Losses and the Impairment of Financial Assets

The Authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant fair value through profit and loss, either on a 12-month or lifetime basis as appropriate. The expected credit loss model would also apply to lease receivables and other assets if appropriate. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

xi. Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for local government bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease.

IFRS 16 (Leases) for local authority (including waste authorities) implementation was deferred until 1 April 2024. Under IFRS 16 authorities are required to recognise assets on their Balance Sheet where any contract gives rise to a 'right of use asset'. Previously, a distinction has existed between operating and finance leases for lessees. Finance leases were accounted for as acquisitions (asset on the Balance Sheet) and operating leases were expensed in year therefore were not required to be reported on lessee balance sheets. IFRS 16 largely removes this distinction unless it is a short term (12 months or less) or low value contract. For lessors, the reporting requirements are largely unchanged as there is still a distinction between operating and finance leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. The Authority determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Authority is reasonably certain to exercise.

The Authority as Lessee

At the commencement date of the lease, being when the asset is made available for use, the Authority recognises a right of use asset and a lease liability.

Lease liabilities are measured at the present value of future lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments include fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred, less any lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent remeasurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset would be carried at a revalued amount.

As permitted by the Code, the authority excludes leases that are low-value items and/or with a term shorter than 12 months.

The Authority subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Authority as Lessor

The Authority assesses each of its lessor arrangements and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Authority's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Authority's net investment outstanding in respect of the leases.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment which it owns, the asset is retained in the Balance Sheet. Rental income is credited to the Other Income outside IFRS 15 (Revenue from Contracts with Customers) line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Application of IFRS 16 in 2025/26

IFRS 16 (Leases) as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2024. IFRS 16 replaced IAS 17 (Leases), International Financial Reporting Interpretations Committee (IFRIC) 4 (Determining whether an Arrangement contains a Lease), and other interpretations. The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2024. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited. This approach continues in 2025/26.

The Authority as Lessee

The Authority did not act as a lessee for any operating or finance leases as at 31 March 2026. Therefore, no adjustments were required for the accounting standard as at 1 April 2026 (the same as 1 April 2025).

The Authority as Lessor

Leases of owned assets where the Authority was lessor were unaffected by initial application of IFRS 16. No adjustments were required for the accounting standard as at 1 April 2026 (the same as 1 April 2025).

xii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

The Authority recognises building assets across the following components:

- structure
- roof
- external
- heating and associated system
- electrical

Initial Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Revaluations

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Land, buildings and fixed plant and equipment used for the Authority's services or for administrative purposes are stated in the Balance Sheet at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Fair values are determined as follows:

- Land and non-specialised assets – market value for existing use;
- Specialised assets – depreciated replacement cost.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

The Authority has two waste sites (Cringle Dock and Smuggler's Way). These waste sites consist of several individual building assets. A total fair value of the waste site is determined as the sum of the fair value of all individual building assets located on the site. Each individual building on the waste site is assessed as specialised or non-specialised in nature.

The fair value of the waste site is recognised across the following asset components on the following basis, as determined by the Authority's external valuation specialist:

Component	**Fair Value Allocation**	**Financial Statement Classification**
Structure	40%	Building
Roof	15%	Building
External	31%	Building
Heating & Associated Systems	7%	Fixed Plant & Equipment
Electrical	7%	Fixed Plant & Equipment

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

<u>Indexation</u>

The Code has introduced changes to asset revaluation in 2025/26. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued on at least a five year basis. The Authority has engaged their valuer, of Wilks Head & Eve LLP (WHE), to perform a desktop revaluation as at 31 March 2026.

Therefore, the effective date of revaluation of land, buildings and fixed plant and equipment owned by the Authority is 31 March 2026. The last full physical inspection revaluation of the Authority's assets performed as at 31 March 2022.

Valuations received continue to be scrutinised by Officers of WRWA before inclusion in the financial statements.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land), assets that are not yet available for use (i.e. assets under construction) and assets which have been reclassified from assets under construction within the year.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Depreciation is calculated on buildings and fixed plant and equipment on a straight-line basis over the useful life of the asset as estimated by the valuer.

Remaining useful economic lives are as follows:

Building structure	60 years
External works	60 years
Roof	35 years
Fixed plant (heating etc)	20 years
Electrical equipment	35 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back.

Where some or all the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xiv. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged

in that year against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against the levy for the expenditure.

xv. Government Grant Income

Whether paid on account, by instalments or in arrears, Government grants are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are credited to the CIES (under IFRS 15) when the authority is reasonably assured that the grant will be received and conditions attached to the grant have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

xvi. VAT

VAT payable is included as an expense in the CIES, and the capital accounts only to the extent that it is not recoverable from His Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income accounts. VAT due from HMRC and payable to HMRC at the year-end is accrued in the accounts and included in debtors or creditors.

xvii. Rounding

It is not the Authority's policy to adjust for immaterial cross-casting difference between the main statements and disclosure notes.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code introduces changes in Accounting Policies which will need to be adopted fully by the Authority in the 2026/27 financial statements. The Authority is required to disclose information relating to the expected impact of the accounting changes on the financial statements because of adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Authority.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (Financial Instruments Disclosures).

These amendments clarify the classification requirements for certain financial assets and liabilities and introduce additional disclosure requirements relating to financial instruments. The Authority has reviewed its existing financial instruments disclosures and does not

currently anticipate a material impact from the adoption of these amendments. There is no expected future divestment from the authority's capital bearing investment at this time.

There is limited application expected from the below final three changes as they are expected to not affect the Authority or are presentational.

- Amendments to FRS 102 (the Financial Reporting Standard applicable in the UK) – Amendments to Heritage Assets.
- Annual Improvements to IFRS Accounting Standards – Volume 11.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

In 2002 the Authority entered a long-term Waste Management Services Agreement (WMSA) with Cory Environmental Limited. This agreement has been restated where required to meet the needs of the Authority, most significantly in 2008 when Cory commenced construction of the EfW facility at Belvedere. The Authority's arrangements with Cory are complex, and accounting for them involves several Critical Accounting Judgements, as well as accounting estimates that are disclosed as Key Sources of Estimation Uncertainty. The principal aspects of these arrangements are disclosed below.

Services provided by Cory

The WMSA with Cory runs until 2032. The WMSA requires the Authority to direct its constituent councils to deliver all Authority waste they are responsible for to Cory at agreed locations. Any waste that is not recycled is made available to Cory for incineration in the EfW facility. There is no minimum tonnage that must be supplied and no minimum payment.

The Authority pays a price per tonne for waste delivered to Cory (the "gate fee"), which is indexed each year. The gate fee was determined based on a financial model that took account of Cory's financing costs for the construction of the EfW facility, and the Authority has contractual protections to enable it to share in any refinancing gain if Cory refinances its debt (discussed further below).

The calculation of the gate fee for each period includes an energy revenue risk share mechanism, based on the average price (for electricity or other outputs) achieved during the financial year by Cory (when the plant generates electricity income above a floor, the Authority benefits a share of that which hence lowers the price per tonne to the Authority and vice versa). This variation is closely related to the underlying services provided by Cory and so is not separated and separately accounted for.

The cost of services provided is accrued based upon the volume of activity and the applicable gate fee for the period. No account is taken of the Residual Value Agreement (discussed further below).

The cost of services is presented as a single net figure, including the refinancing benefit arising from the 2017 refinancing by Cory and without any grossing up for other elements of the Authority's arrangements with Cory for the reasons discussed below.

Residual Value Agreement

The design life of the EfW extends past the end of the main WMSA in 2032. The Authority has a Residual Value Agreement (RVA) with Cory, which reflects that payments to 2032 will have financed the construction of an asset with life beyond that date. The Authority will have the option between 2032 and 2046 to:

- Subject to agreement of commercial terms, to continue to deliver waste to Cory, and receive a reduced gate fee; and/or
- Receive a royalty on waste from other sources processed at the plant.

The Authority's ability to benefit under the RVA is dependent upon the continued operation of the EfW facility past 2032, and the volume of waste processed at the facility. These may be affected by legislative and/or policy changes.

The potential estimated annual value of this entitlement (which is indexed and so will vary over time) is difficult to estimate but could be as much as £11m in the first year of the RVA.

A critical accounting judgement is whether any amounts should be recognised in respect of this in advance of 2032 (which would reduce the expense recognised pre-2032, and increase the net expense recognised post-2032). The Authority is of the view that whilst conversations have begun on terms and conditions of the RVA there is a significant level of uncertainty as to whether this value will accrue and has decided not to reflect this within the accounts.

In particular, no intangible asset has been recognised in respect of this, on the basis that:

- The "cost" paid as part of the gate fee to 2032 is not separately identifiable; and
- There is no active market to determine the fair value of the asset.

It should be noted that during 2020/21 the Authority was approached by Cory regarding whether it wished to review the arrangements under the Residual Value Agreement which might amend the situation stated above in future. Following discussions with the constituent councils no further action was taken on this review.

Authority sites

The Authority owns the Smugglers Way and Cringle Dock sites. These sites, including buildings and plant thereon, are leased to Cory until 2032 for an annual payment of £1.

Under the terms of the WMSA, Cory was required to carry out various capital works on the site, including the construction of the Civic Amenity Facility and Municipal Recycling Facility. The Authority paid separately for the construction of these assets, with payments accounted for as capital expenditure.

The Authority considers these arrangements represent operating leases, as the Authority retains substantially all the risks and rewards incidental to ownership of the assets. The economic value of the lease to Cory is not separately identifiable within the WMSA and lease agreement, and so it is not possible to show separately lease income and gross cost paid to Cory.

The assets are shown within Property, Plant and Equipment, and are revalued on a freehold basis using the methodology as detailed in note xii above.

EfW site leases

Cory owns the site of the EfW facility. This has been leased to the Authority on a peppercorn lease until the earlier of 2058 or the end of the Residual Value period. This is then leased back to Cory for a peppercorn until 2032, and thereafter for the amount of any royalties due under the Residual Value Agreement.

The Authority has considered the substance of this arrangement and has concluded that this does not represent a lease and is instead in substance a protective provision to ensure payments of any amounts due under the Residual Value Agreement.

Force Majeure provisions

The WMSA includes provisions to address various potential termination scenarios, including the possibility of Force Majeure events leading to termination of the contract. In the event of specified Force Majeure events occurring (and not being remedied by Cory), the Authority would be obligated to pay Cory an amount intended to cover inter alia the repayment of relevant elements of the Senior Debt. In return, the EfW facility would transfer to the Authority. Depending upon the situation arising, this could result in a valuable asset transferring to the Authority for under value, or the Authority acquiring an asset requiring significant expenditure to enable on-going operations. The principal element of any payment would be in respect of relevant elements of Cory's Senior Debt; the Authority assessed the risk of payment as less than 1 in 1,600 in a year.

This arrangement involves the Authority taking on insurance risk and therefore is considered under the requirements of IFRS 4. The Authority considers that there is no separately identifiable consideration for this arrangement that should be presented as income. The Authority has assessed the minimum level of provision required and has not recognised a provision as the possibility of cash outflows is currently considered remote.

Refinancing

The WMSA includes provisions to ensure that the Authority shares in any refinancing gains from Cory refinancing its borrowings.

- In 2017, the main contractor undertook a qualifying refinancing, with the result being treated as a combined arrangement with the Authority and resulting in a net benefit recognised over time via a change to the contract price and therefore reflected each year dependent upon the volume of activity.
- In 2025/26 no refinancing income was received from Cory (£75k in 2024/25).
- In 2018, the Authority received £3.5m from the main contractor and a further £1.75m in 2022 which were in effect payments to facilitate their refinancing, these payments have no impact on future potential or contingent liabilities and thus future costs. However, as these payments have arisen due to the existence of the WMSA, this income be recognised over the remaining life of the contract and therefore is held as deferred income and gradually released into revenue. An amount of £425,000 has been recognised as revenue in the 2025/26 accounts which is the same as that recognised in 2024/25.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. There is a high degree of uncertainty about the government's implementation of measures in the Environment Act 2021. However, the Authority has determined that this uncertainty is not sufficient to undermine predictions about future levels of AWDC charges and the Residual Levy due to the use of the EfW plant.

The items in the Authority's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the event that wear and tear on the assets is more intensive than assumed, then the assets will have to be depreciated over a shorter period of time, resulting in higher repairs and maintenance costs to extend the life of the asset or a shorter repayment period (before future or potential PWLB loans fall due)	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £12,900 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £74,000. However, the assumptions interact in complex ways. A +1 year adjustment to the mortality age rating assumption would result in an increase in the pension liability of £286,000. A detailed sensitivity analysis for changes in assumptions is included in note 29.

Arrears	The Authority recovers the significant majority of its costs from the constituent councils under statute. Late payment by the constituent councils will incur additional cash flow charges or result in a reduction in interest earned on cash flow movements.	If collection rates were to deteriorate, a higher penalty rate would have to be imposed on constituent councils to ensure cash flow losses are not incurred.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

The Authority received £3.5m cash receipt as a result of Cory executing a debt refinancing of the Belvedere EfW plant in October 2018 which has been classified as deferred income in the accounts and recognised gradually in revenue over the lifetime of the WMSA, that being for the period until October 2032. The amount included within revenue in 2025/26 is £250,000 which is the same as that recognised in 2024/25. Similarly, the Authority received a £1.75m cash receipt as a result of Cory's refinancing following closure of the Riverside Energy Park financing at Belvedere in December 2022 which has been classified as deferred income in the accounts and recognised in revenue over the remaining lifetime of the WMSA. £175,000 has been recognised within revenue in 2025/26 which is the same as that recognised in 2024/25.

The Authority also benefits from a share of the Triad income generated by the contractor meeting specific energy supply targets set by the National Grid during the year. The Authority accounted for a net receipt of £1m in 2025/26 (£1.8m in 2024/25) in relation to this.

£1m confidential contract income was received in 2025/26 which directly offsets confidential contract expenditure paid by the authority to the same value also in 2025/26.

The Authority's final £1m of borrowing from the PWLB was repaid in September 2025.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Treasurer on 26 June 2026. Events taking place after this date are reflected in the final completed financial statements and notes as appropriate. Where events taking place before this date provided information about conditions existing at 31 March 2026 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is

not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

2025/26	**General Fund Balance £000**	**Movement in Unusable Reserves £000**
Reversal of items debited or credited to the CIES:		
Depreciation/ Amortisation	**(490)**	**490**
Changes in fair value of pooled investments	**(335)**	**335**
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 30)	**(102)**	**102**
Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 30)	**27**	**(27)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
Loan repayment charged against the General Fund	**1,000**	**(1,000)**
Total Adjustments	**100**	**(100)**

2024/25	General Fund Balance £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the CIES:		
Depreciation/ Amortisation	(510)	510
Revaluation gains and losses and Impairment losses on property, plant and equipment	(303)	303
Changes in fair value of pooled investments	(336)	336
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 30)	(14)	14
Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 30)	16	(16)
Total Adjustments	(1,147)	1,147

8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

The Authority created a Pension Liability Reserve in 2012/13 of £1.8m. The Actuary for the Pension fund (administered by the LPFA) has reported on the triennial valuation that as at 31 March 2025, the Authority's element of the LPFA fund was fully funded. This valuation, although it is a forward look, is still only valid as at that point in time and the fund will be subject to market pressures which could mean that the funding level drops due to investments not performing as well as could be expected. In light of this it is proposed to retain the Pension Liability Reserve at this time to provide against future increases in charges from the LPFA requiring increases in the Levy. The next triennial valuation will be calculated as at 31 March 2028.

The overall net outturn surplus for 2025/26 resulted in the increase on usable reserves of £0.891m which is discussed further in the Narrative Report. The surplus is split between the Stabilisation Reserve which was set aside to offset potential changes in rates and the Levy as a result of circumstances outside the Authority's control, and the new Triad Income Reserve, the latter reserve being allocated a £0.358m share of the surplus based on the amount received over £0.6m as committed to in February 2026 to commence from 1st April 2027 (i.e. therefore a year early). The Loan Repayment Reserve was not drawn down on repayment of the loan in September 2025 and transferred to the Stabilisation Reserve.

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	Balance 31 Mar 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance 31 Mar 2025	**Transfers Out 2025/26**	**Transfers In 2025/26**	**Transfers Between Reserves In 2025/26**	**Balance 31 Mar 2026**
	£000	£000	£000	£000	**£000**	**£000**	**£000**	**£000**
General Fund:								
General Fund Balance	4,479	2,679	(2,679)	4,479	**(891)**	**891**	**0**	**4,479**
Pension Liability Reserve	1,800	0	0	1,800	**0**	**0**	**0**	**1,800**
Capital Reserve	10,000	0	0	10,000	**0**	**0**	**0**	**10,000**
Stabilisation Reserve	19,619		(2,679)	16,940	**0**	**533**	**1,000**	**18,473**
Triad Income Reserve	0	0	0	0	**0**	**358**	**0**	**358**
Loan Repayment Reserve	1,000	0	0	1,000	**0**	**0**	**(1,000)**	**0**
Recycling Initiatives Reserve	250	0	0	250	**0**	**0**	**0**	**250**
Total	37,148	2,679	(5,358)	34,469	**(891)**	**1,782**	**0**	**35,360**

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE CHARGED TO PROVISION OF SERVICES

	2024/25	**2025/26**
	£000	**£000**
Interest payable and similar charges	37	**16**
Net interest on the net defined benefit liability (asset)	(48)	**(2)**
Interest receivable and similar income	(1,211)	**(1,042)**
Movements in fair value of financial instruments	336	**335**
Total	(886)	**(693)**

10. OTHER INCOME

Amounts included in the CIES for other income include those detailed in Note 5 as listed below:

- £0.4m from Cory.
- £1m of other (confidential) contract income.

And

- £0.3m income from Westminster Council for the use of the Authority's Household Waste and Recycling Centres

Nothing is held on the Balance Sheet for contracts with service recipients, nor was there in 2024/25.

	Re-presented* 2024/25	**2025/26**
	£000	**£000**
Other income	702	**1,711**

*Minor Government Grant income received in 2024/25 has been re-presented in Notes 10 and 11 as material Government Grant Income is received in 2025/26.

11. GRANT INCOME

Grant income received by the authority and credited to services is detailed below:

	2024/25	**2025/26**
	£000	**£000**
Extended Producer Responsibility Grant	0	**6,502**
Other Government Grant income	8	**10**
	8	**6,512**

12. PROPERTY, PLANT AND EQUIPMENT

A valuation was carried out by the Authority's Valuer, P C Smith, MRICS IRRV (Hons), RICS Registered Valuer of Wilks Head & Eve LLP. The Authority engaged Wilks Head & Eve LLP to perform a desktop revaluation exercise of all land, buildings and fixed plant and equipment as at 31 March 2026 and 31 March 2025.

2025/26

	Land and Buildings	Fixed Plant and Equipment	Total
	£000	£000	£000
Cost or valuation at 1 April 2025	**103,878**	**3,176**	**107,054**
Revaluation increases/ (decreases) recognised in Revaluation Reserve	**(4,310)**	**(197)**	**(4,507)**
At 31 March 2026	**99,568**	**2,979**	**102,547**
Accumulated Depreciation and Impairment at 1 April 2025	**0**	**0**	**0**
Depreciation (charge)/ credit	**(365)**	**(125)**	**(490)**
Depreciation written out to the Revaluation Reserve	**365**	**125**	**490**
At 31 March 2026	**0**	**0**	**0**
Net Book Value			
at 31 March 2026	**99,568**	**2,979**	**102,547**
at 31 March 2025	**103,878**	**3,176**	**107,054**

2024/25

	Land and Buildings	Fixed Plant and Equipment	Total
	£000	£000	£000
Cost or valuation at 1 April 2024	104,564	3,304	107,868
Revaluation increases/ (decreases) recognised in Revaluation Reserve	(417)	(94)	(511)
Revaluation increases/(decreases) to surplus/deficit on provision of services	(269)	(34)	(303)
At 31 March 2025	103,878	3,176	107,054
Accumulated Depreciation and Impairment at 1 April 2024	0	0	0
Depreciation (charge)/ credit	(380)	(130)	(510)
Depreciation written out to the Revaluation Reserve	380	130	510
At 31 March 2025	0	0	0
Net Book Value			
at 31 March 2025	103,878	3,176	107,054
at 31 March 2024	104,565	3,303	107,868

Fixed Plant and Equipment

No capital expenditure was incurred during 2025/26 and 2024/25.

13. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2025	**31 March 2026**	31 March 2025	**31 March 2026**
	£000	**£000**	£000	**£000**
Financial Assets				
Fair value through profit and loss	0	**0**	5,885	**5,550**
Amortised cost	0	**0**	7,394	**7,459**
Total Financial Assets	0	**0**	13,279	**13,009**
Financial Liabilities				
Amortised cost	0	**0**	5,726	**5,101**
Total Financial Liabilities	0	**0**	5,726	**5,101**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the interest rate of 3.69% for loans from the PWLB (final loan repaid in September 2025);
- no early repayment or impairment is recognised;
- where an instrument will mature within 12 months, the carrying amount is assumed to approximate to fair value; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	Carrying amount	Fair value	**Carrying amount**	**Fair value**
	31 March 2025		**31 March 2026**	
Financial Liabilities	£000	£000	**£000**	**£000**
Financial Liabilities held at amortised cost – short term borrowing*	1,000	1,001	**0**	**0**
Total	1,000	1,001	**0**	**0**

*The fair value of outstanding short term debts as at 31 March 2025 was higher than the book value due to the changes in market factors since the original borrowing was made. The Authority's outstanding loan from PWLB was repaid in September 2025 therefore is now Nil.

	Carrying amount	Fair value	**Carrying amount**	**Fair value**
	31 March 2025		**31 March 2026**	
Financial Assets	£000	£000	**£000**	**£000**
Financial Assets held at fair value through Profit and loss – Better World Cautious Fund	5,885	5,885	**5,550**	**5,550**
Financial Assets held at amortised cost	7,394	7,394	**7,459**	**7,459**
Total	13,279	13,279	**13,009**	**13,009**

Fair Values of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets measured at fair value Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	As at 31 March 2025 £000	**As at 31 March 2026 £000**
Fair Value Through Profit or Loss Better World Cautious Fund	Level 1	Unadjusted quoted prices in statement received	5,885	**5,550**
Total			5,885	**5,550**

14. SHORT TERM DEBTORS

Short term debtors and other receivables at 31 March 2025 and 31 March 2026 can be analysed as follows:

ITEM	31 March 2025 £000	**31 March 2026 £000**
Accrued Income	5,663	**5,683**
Other Receivables	1,731	**1,776**
Total	7,394	**7,459**

* Other receivables is VAT due from HMRC for February and March annually.

15. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2025 £000	**31 March 2026 £000**
Cash at bank	138	**258**
Cash held by Wandsworth Council	24,000	**25,202**
Total	24,138	**25,460**

16. SHORT TERM INVESTMENTS

The balance of Short-Term Investments is made up of the following:

	31 March 2025 £000	**31 March 2026 £000**
Better World Cautious Fund	5,885	**5,550**
Total	5,885	**5,550**

17. SHORT TERM CREDITORS

Creditor payments 31 March 2025 and 31 March 2026 can be analysed as follows:

ITEM	31 March 2025 £000	**31 March 2026 £000**
Accruals	4,726	**5,101**
Total	4,726	**5,101**

18. PROVISIONS

There are no provisions recognised at 31 March 2026 (31 March 2025 was also nil).

19. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the MiRS.

20. UNUSABLE RESERVES

	31 March 2025 £000	**31 March 2026 £000**
Revaluation Reserve	89,200	**85,183**
Pensions Reserve	167	**24**
Capital Adjustment Account	11,710	**12,220**
Pooled Investment Funds Adjustment Account	(618)	**(953)**
Total Unusable Reserves	100,459	**96,474**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2024/25 £000	**2025/26 £000**
Balance at 1 April	81,216	**89,200**
Revaluation increases/ (decreases) recognised in Revaluation Reserve	(1)	**(4,017)**
Reclassification *	7,985	**0**
Balance at 31 March	89,200	**85,183**

* During the preparation of the 2024/25 financial statements, management identified amounts relating to historical downward revaluation movements in excess of the amount of accumulated gains in the revaluation reserve for that particular asset that had been charged to the revaluation reserve and not the capital adjustment account as required under the CIPFA Code of Practice. These historical balances have been reclassified in year. The difference relates only to the split of unusable reserves and does not affect total reserves or usable reserves, or the financial position previously presented to users of the financial statements.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25 £000	**2025/26 £000**
Balance at 1 April	1,068	**167**
Remeasurements of the net defined benefit liability	(903)	**(68)**
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(14)	**(102)**
Employer's pensions contributions and direct payments to pensioners payable in the year	16	**27**
Balance at 31 March	167	**24**

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement and credited with amounts set aside by the authority to finance these

costs. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

	2024/25 £000	**2025/26 £000**
Balance at 1 April	20,508	**11,710**
Repayment of PWLB Loan	0	**1,000**
Depreciation, revaluation and impairment losses	(813)	**(490)**
Reclassification*	(7,985)	**0**
Balance at 31 March	11,710	**12,220**

* 2024/25 Rational for reclassification is explained under the Revaluation Reserve heading.

Pooled Investments Adjustment Account

The Pooled Investments Adjustment Account reflects the balance between fair value and investment originally made for funds held in the CCLA Better World Cautious Fund. As noted, there was a seven year exemption from 31 March 2018 to 1 April 2025 and transitionary arrangements have been put in place by Government for legacy investments existing at 1 April 2025 with the override continuing to apply for these investments until 1 April 2029, which allows for the accounting treatment in this way.

21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £000	**2025/26 £000**
Interest received	1,211	**1,042**
Interest paid	(37)	**(16)**
Total	1,174	**1,026**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2024/25 £000	**2025/26 £000**
Depreciation and Impairment of Property, Plant and Equipment	813	**490**
Downward valuations of financial instruments	336	**335**
Increase/(Decrease) in receipts in advance	(1,528)	**509**
(Decrease) in deferred income	(425)	**(425)**
Increase in creditors	640	**375**
(Increase)/Decrease in debtors	635	**(64)**
(Increase) in prepayments	(47)	**36**
Movement in pension liability	2	**75**
	426	**1,331**

22. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25 £000	**2025/26 £000**
Purchase of short-term and long-term investments	0	**0**
Net cash flows from investing activities	0	**0**

23. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000	**2025/26 £000**
Repayments of short and long-term borrowing	0	**(1,000)**
Net cash flows from financing activities	0	**(1,000)**

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

There are no liabilities arising from the financing activities during the year 2025/26:

	1 April 2025	**Financing cash flows**	**Non-cash changes**	**31 March 2026**
Borrowing	**1,000**	**(1,000)**	**0**	**0**
Total liabilities from financing activities	**1,000**	**(1,000)**	**0**	**0**

	1 April 2024	Financing cash flows	Non-cash changes	31 March 2025
Borrowing	1,000	0	0	1,000
Total liabilities from financing activities	1,000	0	0	1,000

25. OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Title	Year	Salary, Fees and Allowances £000	Bonuses~ £000	Expenses Allowances £000	Pension Contribution £000	Total £000
Managing Director – A. Walster*	**2025/26**	**136**	**0**	**0**	**6**	**142**
Strategic Director – Projects and Procurement – R. Espinosa**	2024/25	110	14	0	5	119
	2025/26	**128**	**14**	**0**	**6**	**148**
Interim Clerk***	2024/25	3	0	0	0	3
	2025/26	**19**	**0**	**0**	**1**	**20**
Treasurer	2024/25	13	0	0	1	14
	2025/26	**14**	**0**	**0**	**1**	**15**
Outgoing Interim Clerk***	2024/25	6	0	0	0	6
Outgoing Clerk***	2024/25	7	0	0	0	7

*The new Managing Director started in July 2025.
**The Interim General Manager post ended in December 2025 and replaced with the Strategic Director – Projects & Procurement post in January 2026.
***Clerk change of staff during 2024/25.
~Bonuses relate to Performance Related Pay awards of which the scheme ended on 31 March 2026. The award for R. Espinosa for 2024/25 includes back payment for 2023/24, and 2024/25 award. The 2025/26 payment includes back payment for transition into new role (including ending of the PRP scheme).

The number of employees whose remuneration was more than £50,000 is shown in the following table:

Remuneration band	2024/25 Number of Employees	**2025/26 Number of Employees**
£55,000 - £59,999	1	**0**
£60,000 - £64,999	0	**1**
£65,000 - £69,999	1	**0**
£110,000 - £114,999	1	**0**
£140,000 - £144,999	0	**1**
£145,000 - £149,999	0	**1**

The Authority's other employees receive below £50,000 (and/ or do not report to the Managing Director or Clerk) (excluding employer's pension contributions).

There are no allowances paid to Members by the Authority and there were no exit packages in either 2024/25 or 2025/26.

26. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's auditors:

	2024/25 £000	**2025/26 £000**
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	65	**83**
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the prior year	0	**24**
Total	**65**	**107**

Any 2025/26 additional fees have not yet been agreed with the Public Sector Audit Appointments Limited (PSAA) body and are therefore not included in this table.

27. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely.

Central Government: Central government has effective control over the general operations of the Authority in that it is responsible for providing the statutory framework within which the Authority operates.

Members: Each of the four constituent boroughs of the Authority appoints two of their Members to the Authority. Apart from this dual role, no Member of the Authority has reported that he/she or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2025/26.

Officers: Finance and admin support services have been provided by Wandsworth Council and Lambeth Council in 2025/26 as detailed below. The Interim Clerk is a Senior Officer at North London Waste Authority, and the Treasurer is a Senior Officer at the London Borough of Hammersmith and Fulham (as detailed on Note 25). No other officer or member of their family or household, whether working wholly for the Authority or in an advisory role has indicated that they or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2025/26.

The Authority's operations are financed by charges to constituent councils for the disposal costs of waste, Apportionment of Waste Disposal Costs (AWDC) charges and levies upon those

councils. The cost of the support services from Wandsworth and Lambeth are also set out below and are included in the CIES.

	Hammersmith and Fulham	Kensington and Chelsea	Lambeth	Wandsworth
	£000	£000	£000	£000
Income				
Levies	**869**	**970**	**1,165**	**1,143**
Net AWDC	**9,260**	**10,239**	**15,672**	**14,060**
Total 2025/26	**10,129**	**11,209**	**16,837**	**15,503**
Expenditure				
Financial Services	**0**	**0**	**0**	**72**
Other Services (administrative support etc.)	**0**	**0**	**41**	**0**
Total 2025/26	**0**	**0**	**41**	**72**

At 31 March 2025 and 31 March 2026 the following other Authority balances related to the constituent councils:

Debtors and Accrued Income	31 March 2025 £000	**31 March 2026 £000**
Hammersmith and Fulham	733	**776**
Kensington and Chelsea	803	**895**
Lambeth	1,223	**1,333**
Wandsworth	1,087	**1,189**

The Authority invests cash via Wandsworth Council with a balance of £25.2m held with Wandsworth as at 31 March 2026 (£24.0m as at 31 March 2025). Net interest payments on cash flow balances of £0.950m were received by the Authority from Wandsworth Council for the year 2025/26 (£1.199m in 2024/25).

Other member and officer declarations included £93k of related party transactions.

28. CAPITAL EXPENDITURE AND CAPITAL FINANCING

There was no capital expenditure incurred in the year as shown in the table below. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25	**2025/26**
	£000	**£000**
Opening Capital Financing Requirement	6,079	**6,079**
Capital investment	0	**0**
Capital Expenditure	0	**0**
Closing Capital Financing Requirement	6,079	**6,079**

29. LEASES

Authority as Lessor

Operating Leases

The Authority has leased out land at Institute Wharf, Smugglers Way to Chartwell Properties Ltd on a 15-year lease with effect from 2015 for a rental value of £158,559 per annum. The future minimum lease payments receivable under non-cancellable leases in future years are:

	Minimum Lease Payments	
	31 March 2025	**31 March 2026**
	£000	**£000**
Not later than one year	159	**159**
Later than one year and not later than five years	634	**558**
Later than five years	83	**0**
Total	876	**717**

30. DEFINED BENEFIT PENSION SCHEMES

1. Pension Fund**.** As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

2. Local Government Pension Scheme. All permanent staff are eligible for inclusion in the statutory Local Government Pensions Scheme (LGPS) which is administered by the London Pensions Fund Authority (LPFA) under the Local Government Pension Scheme Regulations. Employee costs shown in the accounts include the contributions paid to the scheme in respect of the employees concerned in accordance with Regulations governing the Scheme. An independent firm of actuaries, Barnett Waddingham, was instructed to undertake IAS 19 calculations on behalf of the Authority as at 31 March 2026.

3. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the Levy is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the MiRS. The following transactions have been made in the CIES and the General Fund Balance via the MiRS during the year:

	Year to 31 March 2025 £000	**Year to 31 March 2026 £000**
Comprehensive Income and Expenditure Statement		
Service cost	62	**104**
Financing and Investment Income and Expenditure		
Net Interest and Administration Expense	(48)	**(2)**
Total Post-employment Benefits charged to the Surplus of Deficit on the Provision of Services	14	**102**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	156	**141**
Actuarial gains and losses arising on changes in financial assumptions	(734)	**(260)**
Actuarial gains and losses arising on changes in demographic assumptions	(18)	**102**
Other actuarial gains and losses	0	**164**
Experience gain/(loss) on defined benefit obligation	(16)	**400**
Changes in effect of asset ceiling	1,514	**(479)**
Total Post-employment Benefits charged to the CIES	902	**68**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(14)	**102**
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	16	**27**

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In September 2025, Government published draft amendments to the Pensions Scheme Bill which proposed to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Pensions Scheme Bill 2026 received Royal Assent on 29 April 2026 and included provision for retrospective changes. The LGPS Scheme Advisory Board has requested from Government clarity on the impact of the Virgin Media case, however it is still not expected that the ruling will give rise to any additional liabilities.

In 2024/25 and 2025/26 the authority adopted an asset ceiling in reporting its net surplus required by IAS 19 which only allows an asset to be recognised to the extent that the employer can gain economic benefits from the surplus. Economic benefit can be gained in two ways – either via a refund, or via a reduction in future contributions. The limit to the net asset is known as the asset ceiling. Under International Financial Reporting Issues Committee 14 (IFRIC 14), scheduled bodies such as waste authorities cannot use the option of getting a

refund due to participation in the LGPS and the fact that the refund must be unconditional. The asset ceiling adjustment is calculated by the Authority's actuary. The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions. The potential economic benefit from the reduction in future contributions has been calculated to be £0.025m. Since this is less than the unadjusted net asset of £1.778m, the initial impact of the asset ceiling is £1.753m.

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	2024/25 £000	**2025/26** **£000**
Present value of the defined benefit obligation	6,863	**7,097**
Fair value of scheme assets	(9,142)	**(8,875)**
Impact of asset ceiling	2,111	**1,753**
Net liability arising from defined benefit obligation	(168)	**(25)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2024/25 £000	**2025/26** **£000**
Opening fair value of scheme assets	9,213	**9,142**
Interest income	438	**512**
Remeasurement gain/(loss):		
The return on assets, excluding the amount included in the net interest expense	(156)	**(141)**
Other actuarial gains/(losses)	0	**(164)**
Contributions from employer	16	**27**
Contributions from employees into the scheme	31	**56**
Benefits paid plus unfunded net of transfers in	(397)	**(549)**
Administration expenses	(3)	**(8)**
Closing fair value of scheme assets	9,142	**8,875**

Local Government Pension Scheme Assets Comprised:

	2024/25		**2025/26**	
	£000	%	**£000**	**%**
Equities	5,392	59	**4,748**	**54**
Target Return Portfolio	1,660	18	**1,870**	**21**
Infrastructure	1,043	12	**1,043**	**12**
Property	833	9	**915**	**10**
Cash	214	2	**299**	**3**
Total	9,142	100	**8,875**	**100**

45% of total assets do not have a quoted market price in an active market and therefore there is a higher degree of estimation uncertainty over their valuation at 31 March 2026 (41% as at 31 March 2025).

Reconciliation of Present Value of the Scheme Liabilities

	2024/25 £000	**2025/26 £000**
Opening balance 1 April	7,576	**6,863**
Current service cost	62	**104**
Interest cost	359	**381**
Contributions from scheme participants	31	**56**
Remeasurement (gains) and losses:		
- Actuarial gains arising from changes in demographic assumptions	(18)	**102**
- Actuarial losses/(gains) arising from changes in financial assumptions	(734)	**(260)**
Experience (gain)/loss on defined benefit obligation	(16)	**400**
Liabilities assumed on entity combinations		
Benefits paid	(397)	**(549)**
Closing balance at 31 March	6,863	**7,097**

4. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Barnett Waddingham based upon the latest triennial valuation, as at 31 March 2025.

The significant assumptions used by the actuary have been:

	2024/25	**2025/26**
Longevity at 65 for current pensioners:		
-Men	21.2	**22.0**
-Women	21.9	**24.0**
Longevity at 65 for future pensioners:		
-Men	22.4	**23.0**
-Women	25.8	**26.9**
Rate of increase in salaries	3.95	**3.85**
Rate of increase in pensions	2.95	**2.85**
Rate for discounting scheme liabilities	5.75	**6.00**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life

expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis follow the accounting policies for the scheme (on an actuarial basis using the projected unit credit method). The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	£000	**£000**	**£000**
Longevity (sensitivity)	+1 Year	None	-1 Year
- Present Value of Total Obligation	7,175	7,097	7,035
- Projected Service Cost	96	93	89
Rate of increase in salaries (sensitivity)	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	7,099	7,097	7,095
- Projected Service Cost	93	93	93
Rate of increase in pensions (sensitivity)	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	7,383	7,097	6,823
- Projected Service Cost	96	93	89
Rate for discounting scheme liabilities (sensitivity)	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	7,023	7,097	7,173
- Projected Service Cost	90	93	96

5. Projected Pension Expense

These projections in the table below are based on the assumptions as at 31 March 2026. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2026.

	Year to 31 March 2026 £000
Service Cost	**93**
Net Interest on the defined liability/ (asset)	**(3)**
Administration Expenses	**8**
Total loss/ (profit)	**98**
Employer Contributions	**39**

31. CONTINGENT LIABILITY

The Authority's contract with Cory includes provisions in the event of early termination where in some circumstances the Authority may become liable for the repayment of the contractor's senior debt. The amount payable would depend upon the nature of the termination and timing. This would be offset either in part or in full by the transfer of the contractor's assets.

32. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks in respect of financial instruments:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority may not have the funds available to meet its commitments to make payment.
- Refinancing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund its services. The procedures for risk management in relation to key financial instruments are set out through the legal framework detailed within the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code and the CIPFA Treasury Management Code (both of which were updated in December 2022). Overall, the Authority is required to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators which limit the Authority's overall borrowing, its maximum and minimum exposures to fixed and variable interest rates and its maximum and minimum exposure to the maturity structure of its debt.

In order to comply with the requirement that the Authority is required to set a balanced budget (Local Government Finance Act 1992) the above is required to be reported at the same time as the levy setting meeting. The annual treasury management strategy outlines the detailed approach to managing risk in relation to financial instrument exposure. Actual performance is compared to the strategy and reported annually to Members.

In accordance with Standing Orders, the Treasurer is responsible for all of the Authority's banking, borrowing and investment activities. Under the Authority's existing arrangements, Wandsworth Council administers part of the treasury management function on behalf of WRWA, there is a sum invested within the CCLA Better World Cautious Fund. The remainder of funds are invested with the current retail banker (NatWest) in a Special Interest Bearing Account (SIBA). WRWA receives reports and monitors the treasury management performance of the Wandsworth Council on a monthly basis.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit risk with banks and financial institutions are managed under the Treasury Management arrangements operated by the Wandsworth Council.

Credit Risk in relation to payments due from Council Customers (Debtors)

Credit risks can arise from the Authority's exposure to customers. As the great majority of income due to WRWA is derived from its four constituent boroughs, risks are low. Payments for services are either required in advance or due at the time the service is provided. As at 31 March 2026 £5.7m is due to the Authority from its customers (same as 31 March 2025). Of

this sum, constituent councils were liable to pay a net £4.2m all of which was accrued income to the Authority, and payable from April 2026 (£3.8m in 2024/25). VAT due from the HMRC for February and March 2026 totalled £1.8m whilst VAT due for February and March 2025 amounted to £1.7m. These sums were received in April and May 2026 and 2025 respectively. There was no provision for bad debts as at 31 March 2025 and 31 March 2026 as all outstanding debtors are expected to be paid.

Credit risk arising from deposits with Banks and Financial Institutions

This is managed through the Treasury Management Arrangements which adopt the same as those operated by Wandsworth Council.

Liquidity Risk

The Authority manages liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has ready access to the PWLB. The PWLB provides access to longer-term funds and acts as lender of last resort to authorities. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. As at 31 March 2026, all of the Authority's has no outstanding debt having repaid one final loan to the PWLB in September 2025.

Through the Local Government Finance Act 1992, the Authority is required to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that the Authority will be unable to raise finance to meet its commitments.

Refinancing and Maturity Risk

The key risk is that the Authority will be bound to replenish a significant proportion of its financial instruments, in the form of PWLB loans, at a time of unfavourable interest rates. The risk relates to maturing financial liabilities as all PWLB loans are maturity loans. The Authority approved Treasury Management and Investment Strategies address the main risks, and the Treasurer addresses the operational risks within approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or rescheduling existing debt; and
- monitoring the daily cash flow.

The maturity structure for borrowing is set out below and is within the Authority's Prudential Code limits for 2024/25 and 2025/26 as set out in its Treasury Management Strategy:

Renewal Period	Market Loans Outstanding as at 31 March 2025 £000	% of Total borrowing	**Market Loans Outstanding as at 31 March 2026 £000**	**% of Total borrowing**
Under One Year	1,000	100	**0**	**0**
Between One and Two Years	0	0	**0**	**0**
Total	1,000	100	**0**	**0**

All trade and other payables are due to be paid in less than one year

Market Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Local interest rates reduced in 2025/26 as expected as the Bank Rate fell however at a slower pace than forecast. Movements in interest rates have a complex impact on the Authority. For instance, a future rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the provision of services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has the following strategies to manage interest rate risk:

- All the Authority's borrowings are at fixed rates for the period of the loan.
- Spreading the maturity of loans so that a large proportion of loans do not mature in the same year.
- Ensure the average maturity period for all new loans is at least 4 years.

In view of the fact that the Authority has no borrowings, no financial impact on the Authority's financial performance for 2025/26 is reported in the key financial statements.

WESTERN RIVERSIDE WASTE AUTHORITY

DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26

1. EXECUTIVE SUMMARY

This Annual Governance Statement (AGS) sets out how Western Riverside Waste Authority (WRWA) has maintained sound governance arrangements during 2025/26 and assesses their effectiveness. It is a statutory document required under the Accounts and Audit Regulations 2015 and is prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework and the 2025 Addendum.

The statement is informed by a comprehensive annual governance review, which considers both the effectiveness of governance arrangements during the year and the key risks and challenges facing the Authority going forward. The review draws on a range of assurance sources, including internal audit work, risk and performance management, external audit findings, and assurances provided by senior officers.

2. SCOPE OF RESPONSIBILITY

WRWA is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for; and
- Resources are used economically, efficiently, and effectively.

WRWA has a duty to:

- Make arrangements to secure continuous improvement in the way in which its functions are exercised;
- Put in place proper arrangements for the governance of its affairs; and
- Implement and maintain effective processes of internal control, including appropriate arrangements to manage risks.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to and engages with the Boroughs it serves. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The authority's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should they materialise, and to manage them efficiently, effectively, and economically.

Following the May 2026 local elections, only two out of the eight previous Members of the Authority remained as representatives to the Authority. However new appointments were formally agreed at WRWA's AGM meeting on 25 June 2026. This maintained that each of the four constituent councils had two appointed Members from differing political groups. The Authority recognises the importance of maintaining robust challenge and effective scrutiny within this context and continues to support governance and scrutiny arrangements to ensure effective Member challenge and oversight and to support a diversity of perspectives in decision-making.

The Authority's governance framework is embodied within a number of specific policies, codes of practice, and procedures which bring together the key systems, values, and behaviours through which the Authority directs and controls its activities. They also set out how the Authority's governance arrangements operate in practice and provides a framework for ensuring effective governance across all aspects of the organisation.

The Authority's governance procedures are aligned with the principles set out in CIPFA/SOLACE's Delivering Good Governance in Local Government framework (amended in 2025) and reflects how those principles are applied in practice across the Authority. There are seven core principles of good governance as set out in the framework which are:

- Principle 1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2 Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle 4 Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 Managing risks and performance through robust internal control and strong public financial management.
- Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Set out below is how the authority has met the seven principles of the framework:

- **Behaving with integrity.** The relevant policies and procedures are reviewed on a rolling basis (over five years) or when required. Progress on policy updates is shared with the Authority as part of the regular reporting pattern. Those policies when combined with proper procedures and audits, are effective in terms of reports of possible frauds or financial regularities. The Authority's complaints system is effective with numbers of complaints and reasons for complaints monitored by officers. In 2025/26, the Authority only received 7 complaints (11 in 2024/25). 4 concerning bad odour, 1 regarding traffic, and 2 regarding the booking system. All were responded to within the required fifteen-day timescale.

- **Ensuring openness.** The Authority works in partnership with its constituent councils and maintains an effective internet site to provide feedback for all stakeholders. All meetings of the Authority are open to the press and public, and minutes of the meetings are published on the Authority's website. Further engagement is underway with constituent councils in relation to the new Joint Municipal Waste Management Strategy (as outlined below), especially cognisant to current borough waste priorities.

  A fatality occurred at the MRF facility at Smuggler's Way on 23rd April 2023. This was reported informally to Authority members immediately at the time and formally reported at the Authority meeting in June 2023.The Authority is awaiting the Health and Safety Executive investigation and the Coroner's Inquest. Cory manages the Smuggler's Way site, and the implications of the incident will be a matter for Cory and not the Authority.

- **Defining sustainable outcomes.** The Authority's strategic approach was established within the framework of the Riverside Waste Partnership (Joint Municipal Waste Management Strategy - JMWMS) with its four constituent councils, the London Boroughs of Hammersmith and Fulham, Lambeth and Wandsworth and the Royal Borough of Kensington and Chelsea. This Strategy was supplemented in 2013 with the adoption of a joint waste policy document and in 2016 the Authority, jointly with the other five statutory joint waste disposal authorities, endorsed a number of points it believes are critical to developing a 'Circular Economy' and agreed a position paper on recycling. These documents, together with the Authority's Annual Report are the key documents that contain the current vision, purpose and intended outcomes for citizens and service users and are published on the Authority website. A new JMWMS was adopted by the Authority and its constituent councils during the fourth quarter of 2024/25. This incorporates the latest changes from the Environment Act 2021 which includes simpler recycling and extended producer responsibility. The JMWMS also seeks to assist the Authority in responding to the Government's decision to include EfW plants in the UK's Emission Trading Scheme (ETS) from 2028 and their emerging plans. These new measures are likely to change the waste type, waste quantity, and cost of waste management in the future.

  The Authority's vision is to continue to promote the transition of waste higher up the waste hierarchy to promote best value both environmentally and economically. Performance is reviewed annually within an Annual Report.

- **Achieving intended outcomes.** The Authority has an effective performance management culture and system with regular review of performance at officer and Member level. In-year monitoring reports and year-end reviews are presented to the Authority to monitor progress and action plans for seeking continuous improvement are in place and progress reviewed. Authority officers provide appropriate advice at the points of consideration and report to Members on progress and the outcome of decisions taken. Monitoring of legal compliance is undertaken by the Clerk to the Authority (as the Authority's Monitoring Officer), supported by the Managing Director and the Treasurer (as the s.73 officer), with legal advice available via the Authority's legal advisers. Members are informed of relevant legal advice as it is received. All reports that have actual or potential financial implications include a Treasurer's comment.

- **Developing capacity.** Any elected Member joining the Authority for the first time is offered a detailed induction to the Authority by officers. Officer training needs are judged to be adequately identified at annual review meetings with line managers and catered for as required with individual training plans. Members from the constituent councils comply with their own authority codes. The WRWA officer Codes of Conduct are robust and set out clear and specific rules in relation to the giving and receiving of gifts, hospitality and related party transactions and are made available to officers.

- **Managing risks.** The Authority's Constitution and Standing Orders set out how the Authority operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent, and accountable to local people. The membership of the Authority comprises eight elected Members, with each of the four constituent councils appointing two Members, making decisions, and providing a high level of scrutiny for the Authority. The Authority has a Risk Management Strategy that is embedded within the management processes, and a specific risk assessment is undertaken as part of the annual review of the Authority's internal control procedures which moved to twice a year from 2024/25.

- **Transparency and accountability.** Due to the nature and size of the Authority these functions were previously undertaken at the Authority level. From 2025/26 an Audit Committee was established which convenes at quarterly intervals, with the inaugural meeting occurring on 19 November 2025.

4. OUR ASSESSMENT OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of effectiveness is informed by the work of the senior officers who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies. An internal audit also occurs once a year with the last scheduled review commencing in April 2026.

WRWA commissioned a review of the organisation in 2023/24 by Inner Circle Consulting, which concluded that it needed a refreshed vision, clearer governance, new strategic leadership, and improved stakeholder management. In relation to governance, it concluded both that a new Managing Director role was required, and that the organisation lacked capacity to respond to national policy changes and upcoming contract negotiations. The

Authority has accepted all the conclusions and recommendations from the review, and the new Managing Director started in post in July 2025, tasked with implementing the review recommendations, including recruiting additional senior capacity. An implementation update was presented to the Authority meeting in October 2025.

After review of commentary received over the last 12 months, it is deemed that Governance arrangements support the planned outcomes for WRWA, that the authority meets its responsibilities for Value for Money, and Governance is fit for purpose overall.

Governance framework. The Authority's governance framework is embodied within a number of specific policies, codes of practice and procedures that are subject to regular review. The review of the Authority's existing governance arrangements against the updated 2025 CIPFA and SOLACE guidance continued to highlight that many of the specific requirements of the amended guidance do not apply to the Authority as they relate to the statutory framework for local authorities and other specific types of bodies and that given the compact size and single service nature of a joint waste disposal authority there still remains no need to adopt a specific Code of Governance as the current arrangements are generally fit for purpose. The authority has however taken note of the amended guidance and updated this AGS where needed for example with the inclusion of a forward look on governance.

The Code. The Code remains current and reflects the Authority's operating environment. While the Code continues to provide an appropriate governance framework, an update will be reviewed as necessary to ensure full alignment with the Authority's evolving governance arrangements, relevant statutory guidance, and best practice. This will be taken forward during 2026/27.

Financial management. The Authority's financial management arrangements are based on a framework of a procurement code of practice and a scheme of delegations to officers that encompasses the accountability, segregation of duties, management and supervision, and administrative procedures. In particular the system includes:

- Comprehensive budgeting systems
- An annual budget approved by the Authority, formally revised in the year of account as part of the annual budget process
- A medium term financial planning process (3 year forecast)
- Mid-year and Outturn reported to the Authority
- Quarterly budget monitoring reported to Members at internal briefings (including review of reserves)
- Budget review meetings with constituent council's Senior Finance Officers
- Risk Management Strategy that is embedded within the management processes
- Measurement against the CIPFA financial management code.

Review Mechanisms. There is an annual review of the procedures and controls in place which if any amendments are required can be addressed at: The Leadership Team meetings, via the Standing Order No. 38 authorisation process or at an Authority or Audit meeting. Staff homeworking is now part of formal ongoing arrangements following adoption during the Covid 19 pandemic, and as a result there are ongoing manageable risks around data security, information governance and IT Business Continuity which continue to be mitigated.

Internal Audit. An Internal Audit of the authority as a whole is undertaken each year and reviews procedures and controls generally under the following headings: contractor performance; employees; financial management; governance; income collection, and accounting. The last annual review concluded that there is a sound system of control in operation. Robust review mechanisms are in place that enable Members to take reasonable assurance that the Authority's governance arrangements, including internal control, are effective, operated vigorously and contribute to the achievement of the Authority's overarching objectives. For 2025/26 the Internal Audit commenced in April 2026, and all fieldwork has been completed as of June 2026. WRWA are awaiting the final report at the time of writing this draft AGS. For the 2024/25 Internal Audit review, this achieved an overall 'substantial assurance' with no priority 1 (major) or priority 2 (important) recommendations given and only two P3 recommendations. All recommendations from prior years have been actioned.

Clerk to the Authority (as Monitoring Officer). There are no issues in this statement report that need to be specifically commented upon.

The senior officers (Leadership Team) are of a view that the governance arrangements, including the risk management arrangements of the Authority, are satisfactory and meet the relevant requirements of the CIPFA and SOLACE guidance on "Delivering Good Governance."

5. FORWARD LOOK ON GOVERNANCE

Looking ahead, the Authority recognises that its governance arrangements will need to continue to respond to a changing environment, including financial pressures, workforce and organisational capacity challenges, the continued development of the risk management framework, cyber and information security risks, and changes in the wider legislative and regulatory environment (including ETS).

During 2026/27 the Authority will continue to review and strengthen its governance arrangements where needed in response to these risks and challenges. Progress will be monitored through the Leadership Team, the Audit Committee, Authority Meeting, and other internal meetings as appropriate.

6. CONCLUSION

Governance arrangements, including internal control, across the Authority are generally sound. The Authority's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation.

7. CERTIFICATE

At this time no significant governance issues were identified from internal audit, management reporting, or other assurance processes. Therefore, no action plan is required, and we are satisfied that governance arrangements are sound and will be considered again in the next annual review. This will be reviewed on receipt of the pending Internal Audit review of 2025/26 as noted above.

Signed:

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Clerk Chair

On behalf of Western Riverside Waste Authority

Note – This is the draft AGS which will be presented to Audit Committee, and the Authority Meeting in Autumn 2026.

INDEPENDENT AUDITOR'S REPORT 2025/26

To follow.