

West London Waste Authority

STATEMENT OF ACCOUNTS

For the year ended 31 March 2025

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NARRATIVE REPORT

Introduction

West London Waste Authority (WLWA) is a statutory joint waste disposal authority established on 1 January 1986 to undertake the waste disposal functions set out in the Waste Regulation and Disposal (Authorities) Order 1985 made under the Local Government Act 1985, Section 10.

WLWA undertakes the waste disposal function for its six constituent boroughs in west London and its administrative area covers a population of approximately 1.7 million and an area of 38,000 hectares.

The six boroughs are responsible for the collection of waste in their areas and the Authority's statutory responsibility is to arrange for the provision of:

- facilities for the receipt, recycling and disposal of waste which is collected by the six constituent boroughs.
- transport and disposal of waste which the constituent boroughs receive at their household reuse and recycling centres;
- household reuse and recycling centres; and
- the storage and disposal of abandoned vehicles which are removed by the constituent boroughs.

The Authority is governed by six Councillors, one from each of the six constituent boroughs: the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The members of the Authority usually meet five times each year. They also convene an Audit Committee twice a year to consider matters of risk, control and governance. Additionally, there are regular partnership meetings between officers of the Authority and officers of the constituent boroughs.

At the end of the year WLWA employed 41 staff (previous year: 41) in two locations, the main administrative office in West Drayton and a household reuse and recycling centre in Brent. WLWA is headed by the Chief Executive and four part-time chief officers – the Clerk, Treasurer, Chief Technical Adviser and Director of Environment. Having close working relationships with the constituent boroughs has enabled the Authority to receive support in specialised areas from borough staff as follows:

- London Borough of Ealing – treasury, payroll, internal audit
- London Borough of Harrow – legal, insurance, procurement and committee services
- London Borough of Hounslow – dynamic procurement system (DPS)

These arrangements have not only provided relevant expertise but have also helped deliver value for money in back-office functions.

Following the procurement and construction of an energy from waste plant in 2016/17, more recently the Authority's focus has been on how waste is disposed of – increasing reuse, recycling, composting and recovery of energy and materials. The Authority has taken on the role of coordinating waste minimisation and supporting a longer-term push for a circular economy, with the aim of prevention of waste arising and encouraging reuse. This work requires close co-operation with the constituent boroughs, achieved through an agreed long term Joint Waste Management Strategy. A key objective of this strategy is to improve the recycling rate which is reflected in a target of 65% agreed by boroughs. To further support this strategy, the Authority's Projects team has developed into a Circular Economy and Net Zero team to increase our capability to meet the legislative challenges ahead. They are working

with the constituent boroughs to develop plans on creating efficiencies throughout the whole waste system.

Working in partnership with constituent boroughs, the Authority has procured cost effective and long-term contracts that ensure most of the constituent boroughs' waste that cannot be recycled or composted is used to produce energy. These long-term arrangements provide for 400,000 tonnes of waste per year to be treated at energy from waste recovery centres, and through the anaerobic digestion contract (50,000 tonnes of food waste recycling per annum, which offers significant savings in comparison to disposal of residual waste).

The arrangements deliver one of the key objectives of the Joint Waste Management Strategy and mean that only a very small percentage of waste goes to landfill. They also guarantee an outlet for the majority of west London's waste for the next 20 years and dampen the effect of pricing inflation over that period.

Activity

The Authority believes in a carbon neutral West London and our mission - in pursuit of that vision - is to create the new accepted model for how waste and resources are managed; we are going to redefine how people perceive and understand waste. The Authority has developed programmes of work to reduce waste in West London and prepare for legislative changes ahead with the view to drive financial savings and reduce carbon among West London.

During the financial year, the Authority continued to successfully collaborate with constituent boroughs to manage waste more holistically across west London through sharing of information and resources. Examples of this include improving existing reports and creating further reports on our self-service hub for boroughs, which enables them to have access to management information reports and data visualisation to enable trend analysis and discussions around areas of concern.

Another key development in 2024/25 was the commencement of a project to procure a contractor to run all six borough HRRCs with the aim to generate long term savings by reducing waste and creating economies of scale.

In 2020/21 the Authority provided £3.0 million funding to its constituent boroughs to increase access to food waste recycling services to over 100,000 households. The food waste funding has come to an end as at March 2025, but there is still work to be done with the boroughs to ensure all households have access to a food collection service by March 2026 in line with legislation.

In 2022/23, the Authority invested £1.2 million in the boroughs' household reuse and recycling centres and support in improving diversion from residual waste. This was to enable boroughs to reduce residual waste and thus provide cost benefits overall. The Authority monitored performance in the two years following, including the current financial year, and provided assistance where needed to improve diversion from residual waste.

The Authority maintains a strategic risk register which is reported to the Audit Committee. The key risks identified are around the Emissions Trading Scheme and other legislation changes that could increase costs if investment in the whole waste system is not made, and residual waste does not decrease.

The Authority routinely reviews business risks and has concluded that the current level of reserves at £168 million offers a reasonable level of cover to ensure adequate resilience in an environment that is rapidly changing. Recent and emerging legislation will result in challenges and risks that we will need to manage and things that we will need to do, which won't be optional.

Net Zero, Climate Emergency, Consistency, Extended Producer Responsibility, Deposit Return Scheme and the Emissions Trading Scheme are some examples of where we already have or will soon see new legislative requirements. The scale of the change required will be significant and reserves will enable the Authority and constituent boroughs to manage the risks.

The principal statutory responsibility for the Authority remains unchanged and is to receive, treat, transport and dispose of waste collected by boroughs from their households. A breakdown of the boroughs' collected waste is provided in the table below. The table below shows a slight increase of 1.49% in the volume of borough collected waste being received by the Authority to 615,000 tonnes for the year. Whilst there has been a slight increase, this indicates that the strategic direction of the Authority to treat waste as a valuable resource is having an impact. During the year, 96% of waste was recycled, reused, composted or converted to energy. The table below provides a breakdown of the waste tonnages.

	2024-25	2023-24
	Tonnes	Tonnes
Recycling and reuse	90,000	91,000
Composting	84,000	85,000
Energy recovery	417,000	416,000
Landfill	24,000	14,000
Total waste	615,000	606,000

The Authority supports the constituent boroughs in providing household reuse and recycling centres for residents to deposit their waste. Some of these centres also take in trade waste and other borough collected waste such as street cleansing and fly tipping. The Authority is responsible for arranging the transport and composting or disposal of all the waste received at these sites except for the waste that the boroughs recycle. The above total includes the waste collected and disposed from these sites.

There are six household reuse and recycling centres. The boroughs operate five of these (either directly themselves or through contractors) for which the Authority arranges transport and disposal through contracts with the private sector. The remaining site is operated by the Authority as agent of one of the boroughs.

For the year, within the above totals, residual waste sent for disposal from these centres totalled 105,000 tonnes. Of this, householders deposited 34,000 tonnes; 34,000 tonnes was trade waste and 37,000 tonnes was borough collected waste. A breakdown follows.

	2024-25	2023-24
	Tonnes	Tonnes
Household residual waste	34,000	33,000
Household recycle and re-used waste	15,000	15,000
Household composted waste	10,000	10,000
Trade residual waste	34,000	30,000
Borough residual street cleansing waste	37,000	33,000
Total Household Re-use and Recycling Centre waste	105,000	121,000

Financial Performance

WLWA is primarily financed by an annual levy on the constituent boroughs. Other income is generated from sources such as charges paid by businesses for the disposal of non-household waste. For the levy, boroughs' tonnages are the basis for the majority of the apportionment with some fixed costs allocated according to Council Tax Base (i.e. the number of Band D equivalent properties). Authority expenditure is primarily related to waste treatment and transport contracts with the private sector.

During the year, the Authority raised an annual levy on the constituent boroughs of £73.7 million (£67.6 million in the previous financial year). During the year there has been an increase to the net cost of services to £42.6 million from the previous year's £10.3 million surplus (restated). Net financing costs were £9.4 million compared to the prior year £11.2 million (restated). The overall result shows a surplus on provision of services of £21.6 million, a decrease of £45.1 million from the surplus of £66.8 million in the previous year (restated). This year-on-year decrease is due to less property valuations gains in the surplus on provision of service in 2024/25 £4.1 million compared to £49.2 million (restated) in 2023/24.

The Authority is entitled to a share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties. In 2023/24 (restated) the Authority received £12.9 million which was included within Miscellaneous Income. This financial year WLWA received £3.0 million, again shown under Miscellaneous Income, largely driven by high electricity prices. Two thirds of this income is disbursed to boroughs.

Another large component within Miscellaneous Income is £4.6 million, which is in relation to a service for the disposal of dry mixed recyclable waste for the London Boroughs of Brent and Ealing. This contract is a related party transaction and outside of the PPP scheme mentioned previously.

The Authority continues to aim to deliver ambitious business plan objectives and at the same time to break even and maintain reserves as a buffer against unexpected budget pressures – so reducing the risk of having to request additional in-year funding from boroughs. The Authority has continued to achieve this target.

The Authority's properties comprise of an energy from waste centre, three transfer stations and a head office building which have a combined balance sheet value of £292.5 million and have been funded by loans from constituent boroughs and the Public Works Loans Board with combined total balance of £78.4 million, in addition to a capital liability of £40.8 million to Suez from the PPP contract for the construction of the energy recovery centre.

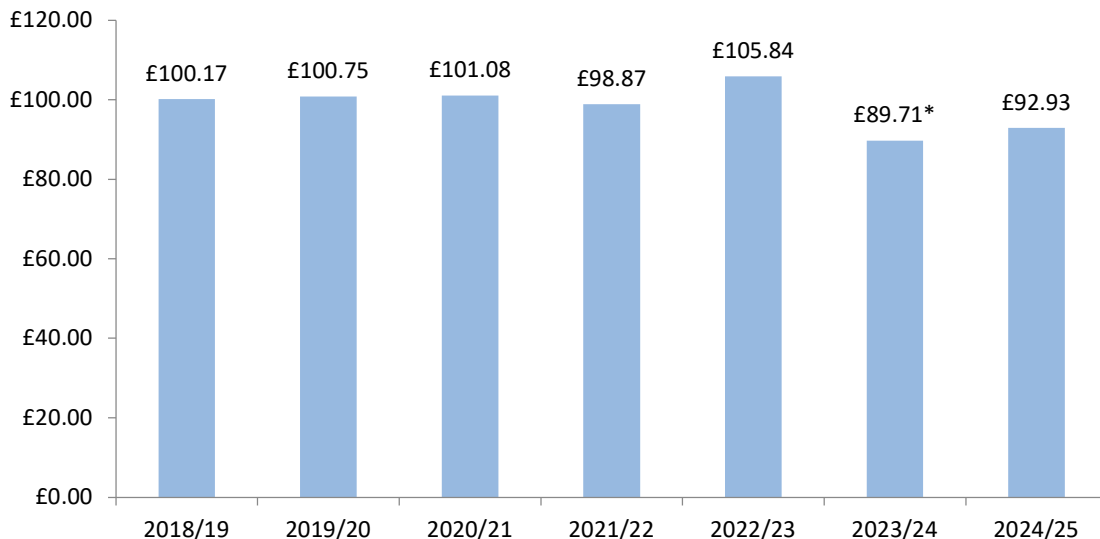
After the release of the draft accounts, it was identified that the accounting for both the PPP liability and subsequent asset value, dating from the inception of the contract in 2016/17, contained inaccuracies that necessitated reassessment. Accordingly, external consultants were engaged to assist with reconstructing the accounting framework from the start of the contract. It is important to highlight that the original accounting for the PPP contract relied on professional judgment and would have been subject to review and approval by the Authority's previous auditors. Additional details regarding the adjustments made for the restatement of the 2023/24 statement of accounts are provided in Note 34.

The 2024/25 statement of accounts contain the transition to IFRS 16 - Leases accounting standard. The Authority is required to recognise long-term leases as financial commitments necessitating borrowing, thereby reflecting the full impact of lease obligations rather than only annual payments. While this adjustment does not alter cash outflows, it significantly enhances transparency in financial reporting.

Looking ahead into the longer term, the Authority has a healthy reserves position to manage any risks in relation to continuing and indeed extending its service offering to constituent boroughs. The Authority's long term financial plans and finance strategy incorporate sensitivity analysis to reflect the impact of key variables affecting the finances i.e. tonnage growth and inflation. The plans show a strong financial outlook including effective mitigation of risks, reflected in a low forecast of growth in costs and therefore levies. The plans also show a balanced position throughout the medium term, despite a background of inflation and waste growth. The Authority has commenced collaboration with constituent boroughs to develop a new joint municipal waste management strategy for approval next year that will set out how the Authority and the boroughs will respond to the challenging legislative changes ahead.

To put the numbers into context and provide a better perspective of financial performance, it helps to look at results over time. To this effect, the key measure is the Authority's cost per tonne. This looks at how effectively the Authority has managed costs and is a key measure of efficiency and performance. The total cost of delivering services (Net Cost of Services plus financing less property revaluation movements) is divided by the total tonnes of waste (all materials) disposed by the Authority, to provide an overall cost per tonne figure. The share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous Income totalling £3.0 million has been excluded. The provision of the share of this income to be disbursed to the Boroughs, totalling £2.0 million which has been included in Other Supplies and Payments has also been excluded from this measure. This measure reflects the real operating efficiency of the Authority.

Total WLWA cost per tonne



*2023/24 costs have been restated. Further information on the restatements to 2023/24 values can be found in Note 33.

The key feature illustrated by this chart is that the Authority's operating cost per tonne is 7.2% less than it was in 2018/19, with a 3.6% increase on the previous year (which excludes any valuation gains/losses recognised in the Comprehensive Income and Expenditure Statement). The chart reflects the operational efficiencies the Authority makes whilst delivering on their services. The increase in costs compared to the prior year is in line with inflationary increases that have impacted the Authority.

Through considering a longer timeframe, the level of reserves available to manage risk provides better perspective about the Authority's financial health. The chart below considers the Authority's usable reserves to manage risk. The Authority has built a stable level of reserves as the basis of a financial buffer to better manage unexpected risks.



**2023/24 reserves have been restated. Further information on the restatements to 2023/24 values can be found in Note 33.*

Financial performance is reported to the Authority on a regular basis and matters of financial control are considered by the Audit Committee. The financial outturn and performance for the year shows that the Authority has achieved a position of financial stability, with operating performance delivering surpluses and a strong balance sheet reflected in net assets and positive reserves. The Authority's long term capital investment also effectively manages the longer-term risks of increasing landfill costs and tonnages, and the Authority is well placed to continue delivering good value for money services to boroughs for the foreseeable future and to respond to the significant legislative changes that will affect the waste industry in the next few years.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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. For WLWA, that officer is the Treasurer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

The Treasurer's Responsibilities:

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC 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.

The Treasurer is also responsible for the maintenance and integrity of the financial information included on the Authority's website.

Statement of the Treasurer

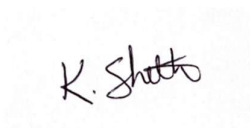
I certify that the Statement of Accounts presents a true and fair view of the Authority's income and expenditure for the year ended 31 March 2025 and the Authority's financial position as at 31 March 2025.



Ian O'Donnell
Treasurer
5th May 2026

Authority

I can confirm that these Accounts were considered and approved by the Authority.



Signed on behalf of West London Waste Authority
Councillor Krupa Sheth (Chair)
5th May 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices:

	Note	2024-25 £'000	Restated* 2023-24 £'000
Gross expenditure			
Employees		2,907	3,017
Premises		3,433	3,059
Waste transport and disposal		46,815	45,530
Other supplies and payments	29	4,871	10,883
Depreciation	13	5,540	4,629
Total		63,566	67,118
Gross income			
Trade waste		(2,776)	(2,706)
Agency	24	(384)	(373)
Waste transport and disposal	7	(8,939)	(53,966)
Miscellaneous income	29	(8,880)	(20,426)
Total		(20,979)	(77,471)
Net cost of services		42,588	(10,353)
(Gains) / Losses on the disposal of non-current assets		37	0
Net financing and investment income and expenditure	12	9,416	11,224
Levies on constituent councils	23	(73,705)	(67,634)
Deficit/(Surplus) on provision of services		(21,663)	(66,762)
(Gain) / loss from revaluation of property	13	(29,001)	(6,081)
Actuarial loss / (gain) on pension liability	27	(35)	1,596
Other comprehensive income and expenditure		(29,036)	(4,485)
Total comprehensive income and expenditure		(50,699)	(71,247)

*See Note 33 for details of the restatements.

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) and other 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.

Note	General Fund Balance £'000	Earmarked reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Restated Balance at 1 April 2024	(23,515)	(14,227)	(37,742)	(66,083)	(103,824)
Total comprehensive (income)/expenditure	(21,663)	0	(21,663)	(29,036)	(50,699)
Adjustments between accounting basis and funding basis under regulations	9,638	0	9,638	(9,638)	0
Net (Increase)/Decrease before Transfer to Earmarked Reserves	(12,025)	0	(12,025)	(38,674)	(50,699)
Transfers to/from Earmarked Reserves	1,011	(1,011)	0	0	0
(Increase)/Decrease in year	(11,014)	(1,011)	(12,025)	(38,674)	(50,699)
Less: Disbursement of excess reserves	5,400	0	5,400	0	5,400
Balance at 31 March 2025	(29,129)	(15,238)	(44,367)	(104,757)	(149,123)
Note	Restated* General Fund Balance £'000	Restated* Earmarked reserves £'000	Restated* Total Usable Reserves £'000	Restated* Unusable Reserves £'000	Restated* Total Authority Reserves £'000
Restated* Balance at 1 April 2023	(21,366)	(9,917)	(31,283)	(4,595)	(35,878)
Total comprehensive (income)/expenditure	(66,762)	0	(66,762)	(4,485)	(71,247)
Adjustments between accounting basis and funding basis under regulations	57,002	0	57,002	(57,002)	0
Net (Increase)/Decrease before Transfer to Earmarked Reserves	(9,760)	0	(9,760)	(61,487)	(71,247)
Transfers to/from Earmarked Reserves	4,311	(4,311)	0	0	0
(Increase)/Decrease in year	(5,448)	(4,311)	(9,759)	(61,487)	(71,247)
Less: Disbursement of excess reserves	3,300	0	3,300	0	3,300
Restated* Balance at 31 March 2024	(23,514)	(14,228)	(37,742)	(66,082)	(103,824)

*See Note 33 for details of the restatements.

BALANCE SHEET

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The unaudited accounts were issued on 25th June 2025 and the audited accounts are authorised for issue on 5th May 2026.

		31 March 2025 £'000	Restated* 31 March 2024 £'000	Restated* 1 April 2023 £'000
Property, plant and equipment	13	292,619	289,005	236,550
Capital work in progress	14	83	83	83
Long Term Assets		292,702	289,088	236,633
Cash and cash equivalents	16	49,826	41,641	33,202
Short term debtors	17	17,615	23,288	26,989
Pension fund asset	27	0	0	1,309
Current Assets		67,441	64,929	61,500
Total Assets		360,143	354,017	298,133
Short term creditors	18	(12,278)	(17,037)	(20,471)
Short term borrowing	19	(2,770)	(2,622)	(2,483)
Short term PPP liability	26	(1,108)	(1,179)	(1,477)
Short term Deferred revenue	25	(4,800)	(4,800)	(4,800)
Current Liabilities		(20,956)	(25,638)	(29,231)
Long term borrowing	19	(75,710)	(78,480)	(81,103)
Long term PPP liability	26	(39,725)	(66,633)	(67,813)
Long term Deferred revenue	25	(74,502)	(79,302)	(84,108)
Pension fund liability	27	(125)	(139)	0
Long Term Liabilities		(190,063)	(224,554)	(233,024)
Net Assets		149,124	103,825	35,878
Usable reserves before disbursement		(49,768)	(41,042)	(34,544)
<i>Less disbursement of excess reserves</i>		5,400	3,300	3,261
Net usable reserves		(44,368)	(37,742)	(31,283)
Unusable reserves	20	(104,756)	(66,083)	(4,595)
Total Reserves		(149,124)	(103,825)	(35,878)

*See Note 33 for details of the restatements.

CASH FLOW STATEMENT

The Cash Flow 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. 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 from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for reserves 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	Restated* 2023-24 £'000
Net surplus/(deficit) on the provision of services		21,663	66,762
Adjustment to surplus or deficit on the provision of services for non cash movements	30	(2,428)	(49,218)
Net cash generated from operating activities		19,235	17,544
Net cash used in investment activities	30	(1,892)	(1,842)
Net cash from financing activities	30	(9,159)	(7,260)
Net movement in cash and cash equivalents		8,184	8,439
Cash and cash equivalents at beginning of reporting period		41,642	33,202
Cash and cash equivalents at end of the reporting period		49,826	41,641

*See Note 33 for details of the restatements.

NOTES TO THE CORE FINANCIAL STATEMENTS

The notes to the core financial statements (notes to the accounts) are provided to give additional information about items included in the core statements. The notes expand on some of the information and provide further explanation of a number of matters prescribed by accounting standards.

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Authority for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is used as a whole for decision making purposes in a single service Authority with no directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Restated* 2023-24			2024-25		
Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement	Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net Expenditure in Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
46,649	57,002	(10,353)	52,263	9,675	42,588
(56,409)	0	(56,409)	(64,288)	(37)	(64,251)
(9,760)	57,002	(66,762)	(12,025)	9,638	(21,663)
(31,283)			(37,742)		
		Opening General Fund Balance			
(9,760)		Surplus or (deficit)	(12,025)		
3,300		Less: Disbursement of excess Reserves	5,400		
(37,742)		Closing General Fund Balance	(44,367)		

*See Note 33 for details of the restatements.

2. Accounting Policies

General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom that is recognised by Statute as representing proper accounting practices. They are also in line with the Accounts and Audit Regulations (2015).

Borrowing costs

Borrowing costs that can be directly attributed to the construction or manufacture of an asset for which a substantial period is required to bring the asset to its intended usable condition are capitalised as part of the costs of the relevant asset. All the other borrowing costs are expensed as incurred. Borrowing costs are the interest and other costs incurred by the Authority in connection with borrowing funds.

Capital Adjustment Account

This account sets out amounts set aside from revenue resources, or capital receipts, to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

Capital Work in Progress

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Cash and Cash Equivalents

Cash is represented by cash in hand and the Authority deposits funds which are managed under a service level with the London Borough of Ealing. Some deposit funds are made on a fixed term of three to twelve months and generate high interest rates for the Authority. The Authority is able to draw on funds from London Borough of Ealing within three working days.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Debtors and Creditors

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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 investments 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 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.

Depreciation

Depreciation is provided for on 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) and assets that are not yet available for use (ie assets under construction). Property, plant and equipment additions during the financial year are depreciated from the 1 April in the subsequent financial year.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset
- right of use assets that are leased – straight-line allocation over the expected useful life of the asset as estimated by the valuer.

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.

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.

Depreciation is charged to write off the cost of assets, other than land and assets under construction, using the straight-line method, over their estimated useful lives, as follows:

Type of Asset	Years
Leased Land Assets	Depreciated over the period of the lease
Buildings	35-50
Fixed Plant	8-12
Vehicles and equipment	7-8

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. There must be a contract whether actual or implied.

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 Comprehensive Income and Expenditure Statement (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.

Financial assets are held for day-to-day operations so are settled in the short term (i.e. generally within a few weeks). This means the time value of money is unchanged from the initial value i.e. nil amortisation. There is no gain or loss to recognise through the amortisation process.

Financial liabilities that are held for day-to-day operations (i.e. trade creditors) are also settled in the short term and their value will remain unchanged from the initial value. There is no gain or loss to recognise through the amortisation process.

Financial liabilities held over a longer term (borrowing/loans/PPP) where the time value is relevant are subsequently measured using the effective interest method. In WLWA's case the actual interest rate of the borrowing is the effective interest rate. There is no gain or loss to recognise through the amortisation process.

The transaction costs in relation to loan debts are immaterial and consequently charged immediately to surplus and deficit on provision of services.

Impairment and credit losses for trade receivables are required for assets classified under the amortised cost basis. The Authority has assessed impairment and credit losses for trade receivables. Reviewing current debt the Authority has forecast bad debt going forwards and adjusted for credit losses.

The Authority's financial assets comprise of bank balances, investments and trade receivables. The Authority's financial liabilities comprise of borrowings, PPP liability and trade payables

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 six constituent boroughs, which will continue to support the ongoing provision of services.

The West London Waste Authority (WLWA) is a Statutory Waste Disposal Authority (WDA) 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 WLWA Board and Management are responsible for ensuring that operations comply with legal requirements and proper standards, safeguarding public funds and ensuring accurate accounting. Additionally, the Authority is required to continuously improve how it exercises its functions, regarding economy, efficiency, and effectiveness.

The WLWA's Statement of Accounts has been prepared on a going concern basis due to the following key factors:

- The balance sheet remains strong, with net assets totalling £149 million as of 31 March 2025 (31 March 2024 £104 million restated), with total usable reserves of £44 million (31 March 2024 £38 million restated).
- Additionally, the authority maintains cash flow projections and manages its cash, investments, and borrowing in accordance with the approved Treasury Management Strategy. As of 31 March 2026, the authority had short term borrowing commitments of £3 million (31 March 2025 £3 million) and holds £66 million (31 March 2025 £50 million) in cash and cash equivalents.

The Authority's cash flow projections demonstrate the Authority has no liquidity problems for the 12 months from the audit report date and no requirement for any borrowing for cash management purposes. The financial plans are prudent. They show that the Authority will maintain healthy reserve and cash positions over the longer term, that borrowing will be repaid and that the key driving factors of waste volumes and inflation are effectively managed over the longer term. These are reflected over the longer term through projected balanced budgets and levies to boroughs rising at significantly less than inflation in context of growing waste volumes.

There are no significant concerns about the stability of its cash flow that would raise material uncertainties about the authority's ability to continue operating as a going concern.

Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Impairments

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.

Leases

The Authority as Lessee

From 1 April 2024, the Authority has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Authority acquired substantially all the risks and rewards of ownership of the leased item (finance leases). IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, 1 April 2024 if later). The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise

- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

Subsequent measurement

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

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- the Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

The PPP lease payments are indexed annually. This results in an annual remeasurement of the right-of-use liability for the PPP asset with the corresponding entry being to the carrying value of the right-of-use asset.

Low value and short lease exemption

As permitted by the Code, the leases are excluded:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- for lease terms shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against the Revenue Reserve, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore

appropriated to the capital adjustment account from the Revenue Reserve balance in the Movement in Reserves Statement.

The Authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable is apportioned between:

- a) A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- b) Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Revenue Reserve balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Revenue Reserve

balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the Revenue Reserve balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the Revenue Reserve in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to Other Operating Expenditure in the

Comprehensive Income and Expenditure Statement. 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.

Minimum Revenue Provision (MRP)

Under Part IV of the Local Government and Housing Act 1989 the Authority is required to set aside a minimum revenue provision (MRP) as part of the means to finance capital expenditure. The Authority's policy is based on 4% of the capital financing requirement.

Charges to revenue for non-current assets services, are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Authority is not directly required to raise levies to fund depreciation, revaluation and impairments or amortisation, however the Authority is required to make an annual contribution from levies towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Short term employee benefits (to be settled within 12 months other than termination benefits) are recognised when the employee renders the service and are measured at the undiscounted amount of benefits expected to be paid in exchange for that service.

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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. 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 Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension.

Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme: The liabilities of the London Pensions Fund Authority (LPFA) 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 5.75% (based on the indicative rate of return on high quality corporate bond – Merrill Lynch AA rated corporate bond).

The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the triennial valuation date (31 March 2022). The WLWA is committed to provide for service benefits up to the valuation date.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Employee Benefits (IAS19). Details are provided to the Authority by the LPFA's Actuary (currently Barnett Waddingham). The Notes to the Core Financial Statements provide details of how the Authority has met these requirements.

The Authority has in place a risk sharing arrangement with third party organisation Suez, in respect of employer pension contributions. The obligation arising from this arrangement has been valued consistently with the Authority's pension obligations, as the Authority believes that it retains the vast majority of defined benefit risks relating to the Suez membership. Suez remain responsible for the ongoing standard contributions payable in respect of future benefit accrual within the Fund. All other risks are retained by the Authority.

Post Balance Sheet Events

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

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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.

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

No events have been identified to the date of signing these accounts.

Public Private Partnership Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the contractor. The Authority's contract with SITA (subsidiary of SUEZ) falls within the scope of a service concession.

As the Authority is deemed to control the services that are provided under its PPP schemes, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) is balanced by the recognition of a liability for amounts due to the contractor to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority and measured at current value.

From 1 April 2024, the financial liability has been recognised in accordance with the finance lease principles under International Financial Reporting Standard (IFRS) 16. For PFI schemes, the transition to IFRS16 involves the abolition of contingent rent. Contingent rent will now be treated as an addition to the PFI liability with the debit side being an increase in the value of the PFI asset. The additional liability is then written down over the remaining life.

The PPP lease payments are indexed annually. This results in an annual remeasurement of the right-of-use liability for the PPP asset with the corresponding entry being to the carrying value of the right-of-use asset.

The amounts payable to the PPP contractor each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – interest and other financing charges on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP contractor.
- Life cycle costs – reflecting the consumption of components and the cost of their replacement.

The profile of write-downs is calculated using the same principles as for a finance lease.

Deferred revenue liability

Within the Authority's PPP contract with SITA there is an agreement for the operator (SITA) to raise revenue from the project asset. The Authority has accounted for this arrangement in line with International Public Sector Accounting Standard 32 – Service Concession Arrangements: Grantor. As this agreement does not generate a long term obligation to transfer economic benefit, it is recognised as a long term credit balance on the Authority's balance sheet. This reflects the Authority's obligation to allow the operator to raise revenue from the asset constructed under the PPP contract. On commencement of the PPP contract the Authority recognised a long term liability equal to the unearned revenue arising from the exchange of the asset between with Authority and SITA.

The liability is released to the Authority's Statement of Comprehensive Income and Expenditure over the duration of the PPP contract. The release of the deferred liability is capital in nature and does not increase the resources of the Authority so this revenue is adjusted to the Capital Adjustment Account via the Movement in reserves

Property, Plant and Equipment

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. The Authority capitalises borrowing costs incurred while assets are under construction. All property, plant and equipment are used in operations and measured at current value. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The expenses incurred for construction of the fixed asset are normally not capitalised (other than major projects spanning multiple years) but are charged to the Comprehensive Income and Expenditure Statement in the year to which they relate.

Land and buildings are normally re-valued every five years applying Fair Value assumptions using independent professional valuations to reflect the current value to the Authority in their existing use. Where appropriate a re-valuation will be carried out within a five-year period. In between full or quinquennial valuations a review is undertaken to determine whether annual indexation should be applied to ensure the carrying value continues to reflect the current value. Non-property assets will be carried at historical cost as a proxy for current value.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains, or gains are credited to the surplus or deficit on the provision of services to reversal of a loss previously charged against that asset to the provision of services.

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)

- 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 in the Comprehensive Income and Expenditure Statement

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Authority and the cost of the item can be determined reliably. Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as rates, repairs and maintenance is charged to the Comprehensive Income and Expenditure Statement in the period which it is incurred.

Provisions

Provisions are made where an event has taken place that gives the Authority a present 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 Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account 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 to the relevant service.

Where some or all of 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 for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Revenue Recognition

In accordance with the Waste Regulations and Disposal (Authorities) Order 1985 and the IFRS 15 (Revenue from Contracts) the Authority apportions costs in a manner agreed with boroughs then raises and notifies boroughs of an annual levy which is a statutory requirement for the boroughs to pay. This is charged in 12 equal instalments over the year. Revenue is recognised on the date of each instalment. The levies are then adjusted on a quarterly basis to reflect the actual service (i.e. tonnages of waste disposed) with boroughs receiving an additional charge or rebate. The adjustment is recognised in the revenue and any unsettled balance at year end reflected in creditors or debtors. Trade, agency and other income are recognised at the point of service delivery and sale.

Within Miscellaneous Income, the Authority has recognised £3.0 million of income which is from the Public Private Partnership (PPP). The Authority is entitled to a share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, and from the increase in electricity prices. The additional income is due to be paid to the Authority in financial year 2025-26.

In relation to a trial at London Borough of Ealing and London Borough of Brent for the disposal of dry mixed recyclable waste, the Authority does not act as an Agent in accordance with IFRS 15 as:

- We are contracting the vendor to dispose of waste for London Borough of Ealing
- We can determine the price
- We are exposed to credit risk should the service recipient not pay
- The remuneration is not based on a percentage commission-based arrangement

We would bear the risk if the vendor is unable to carry on the service

Borough Service Costs

Administrative costs charged to the Authority by constituent boroughs are based on the time spent in respect of services rendered (e.g. financial, legal and technical). There are service level agreements in place where appropriate.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

The net assets/(liabilities) 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 reserve is 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 Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

3. Accounting standards that have been issued but not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been introduced in the 2025/26 Code of Practice of Local Authority Accounting in the United Kingdom; they are not expected to have any significant impact on the 2024/25 accounts.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

The changes to IAS21 and IFRS 17 are not expected to have any impact on the Authority's statement of accounts as it does not engage in transactions which are captured by these changes. From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment.

4. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in the financial statements, the Authority has had to make certain judgements about complex transactions or those involving certainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future funding levels and long term contracts;
- Whether contracts need to be accounted for as service concessions or with embedded leases;
- The calculation of debtor and creditor accruals;
- The recognition of assets and calculation of depreciation; and
- The recognition of the contractual promise to third party, Suez in respect of pensions contributions within the pension's valuation, rather than as a separate financial instrument.

Determination of the fair value of the opening PPP contract liability:

In determining the fair value at which to measure a PPE item the Code requires the Authority to measure the asset using one of the following bases:

- depreciated replacement cost if it is specialised asset and no active market exists for the asset, or
- its existing use value if there is an active market for the asset.

The methodology employed to ascertain the opening fair value of the SERC asset is contingent upon its classification as either a specialised or non-specialised asset, as this determination influences the appropriate valuation approach. This assessment depends on the characteristics of the asset and how it operates. For the SERC facility the relevant characteristics are:

- It is a purpose-built waste infrastructure asset designed to meet specific operational requirements; and
- It operates within a commercially financeable sector, generates third-party revenues, and a market exists in which comparable facilities are developed and financed on a commercial basis.

While the asset has a dedicated purposes it does not exhibit the characteristics typically associated with a “specialised” asset in the RICS sense. Accordingly, the asset is considered to have mixed characteristics, rather than falling clearly within a single category.

Therefore, for the purposes of initial recognition of the asset, management have chosen to assess fair value by reference to the economics of the transaction agreed between the parties. This comprised of £231 million of construction and design costs plus £31 million of rolled up funding costs, totalling £262 million reflecting the total economic cost of constructing the asset.

Determining the percentage allocation of the opening liability of £262m between lease liability and deferred income:

At initial recognition the opening balance is the difference between the fair value of the asset recognised and the corresponding lease liability, this split being pro-rata to the proportion of the revenues that the operator expects to receive from Band 1 unitary payments and third-party revenues. It is therefore the proportion of the cost of PPP asset that the operator expects to fund from third party revenues.

The Authority contributed £60.0 million capital along with £4.7 million commissioning payment which was an addition to the capital contribution element. This payment reduced the operator’s project funding requirement prior to the completion of the project PPE and is necessary to ensure that the asset functions as intended. It is therefore economically like the £60.0 million contribution and so should therefore be applied to reduce the liability. This amount is also a payment directly from the Authority and therefore does not reduce the deferred revenue balance, which reflects the operator’s expected funding of the project assets from third party revenue.

Rational for treating annual deferred revenue as capital in nature:

The deferred revenue balance arises where funding support associated with the PPP asset is recognised on the balance sheet and released to the Income and Expenditure over the life of the asset, rather than being recognised immediately. The balance is not a form of borrowing, because it is the proportion of the asset that the operator expects to fund from third party revenues, and so the Authority has no obligation in respect of that proportion of the asset. The deferred revenue when released to the Comprehensive Income and Expenditure Statement does not increase the unusable resources of the Authority, so this revenue is adjusted to the Capital Adjustment Account via the Movement in Reserves.

Rational for only considering band 1 unitary payments in PPP and IFRS16 models:

The payment mechanism for the PPP contract is made up of three banded payments of which the contract stipulates that Band 1 tonnages is equal to the Guaranteed Minimum Tonnage (GMT). The Payment Mechanism further provides that the GMT is reduced where the Contractor does not accept waste delivered by the Authority, which operates in a similar way to an availability-style adjustment; however, as this mechanism applies only to the GMT, it does not apply to other Bands or higher tonnage.

On this basis, the Authority's unavoidable commitment under the contract is limited to the GMT per annum. Volumes above this arise only where the Authority elects to procure incremental waste treatment above the guaranteed minimum and therefore represent discretionary service volumes.

As Band 2 and Band 3 are variable and considered discretionary. These Band payments are treated as service costs expensed as incurred and are excluded from the committed payment profile used to determine the contract liability.

Valuation of Severnside Energy Recovery Centre

The Authority makes judgements and assumptions when valuing the land and building assets associated with the Severnside Energy Recovery Centre. In Q4 of 2016 the Authority entered a 35 year term service concession agreement with Suez, the operator of the facility.

The key valuation inputs/assumptions are detailed below:

- a) Gross Replacement Cost (GRC): Taking into account the age of the building, WLWA believe that the asset still fulfils its purpose with no operational constraints. Accordingly, the valuer (Vail Williams) has adopted the current build area as the hypothetical modern equivalent asset. To determine the GRC, the valuer has adopted the historic build cost and indexed this forward using relevant BCIS cost indices for each component, resulting in an overall inflation of 36%. The Historical Build Cost is inclusive of professional fees but exclusive of VAT due to being VAT exempt.
- b) Physical Depreciation & Obsolescence Adjustments: Depreciation for the remaining life has been reflected on a straight-line basis based on elemental remaining lives of 35-50 years. The valuer has not made any functional or economic obsolescence adjustments.
- c) Leasehold Considerations: WLWA currently lease the building and land under an agreement with third party provider Suez. The existing lease agreement expires in 2040/41. At expiry,

under the terms of the agreement, the land will revert to Suez ownership and the building will revert to WLWA ownership.

When valuing the building element of the asset, WLWA have assumed that on expiry of the existing lease agreement, they will enter a new lease on the land at a market rent. WLWA's intention is to continue providing the service potential of the building beyond the current lease expiry date and it is expected they will do so. The Authority will need to enter a specific underleases which are scheduled to be executed within the contractual timeframes. When valuing the building asset the valuer has adopted leasehold methodology to reflect the likely service potential of the asset while also reflecting that WLWA does not have full freehold ownership due to the land element. They have assumed a lease term equal to the remaining life of the building, resulting in a c.3.6% discount from the freehold building value.

To arrive at the leasehold land value, the valuer has capitalised to the remaining existing lease term, rather than the remaining life of the building. On expiry of the existing lease term, WLWA have assumed they would pay a market rent for the land, therefore any right of use value would be counteracted by the rent paid meaning there would be no additional value to WLWA beyond the existing unexpired terms. Should this assumption change, and it becomes clear that WLWA do not intend to carry the lease to the end of the remaining life of the building, this could have a significant impact on future fair value.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains a number of estimates that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account 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.

The items in the Authority's Balance Sheet at 31 March 2025 for which there may be a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of net pension liability depends on 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. Actuaries engaged by the London Pensions Fund Authority provide expert advice about the assumptions applied.	The actual results will only become apparent on crystallisation of the pension liability. However, the effects on the net pension's liability of changes in individual assumptions can be measured and are illustrated in Note 27.
Right of use asset and property valuation	Independent professional property valuations take place every 5 years by surveyors appointed by the Authority. The valuations are undertaken in accordance with RICS and CIPFA rules and require the use of a variety of	Actual results only become apparent on the disposal of property. However, the balance on the revaluation reserve in Note 20 provides an indication of

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>information and the judgement of surveyors in relation to market conditions, components and lifecycles.</p> <p>A full valuation was undertaken as at 31 March 2024 and valuations for buildings have been indexed using BICS indices to 31 March 2025.</p>	<p>the level of notional gain resulting from valuations.</p>
Fair value of long term borrowing	<p>Independent professional fair value valuations take place every year by an external independent valuer, Arlingclose.</p> <p>The fair value is an estimate of the price the Authority would pay to transfer the liability to another market participant on 31st March 2025. Future cash flows are discounted at the equivalent interest rate (known as the 'discount rate') the Authority would expect to obtain for the same product as at 31st March 2025.</p>	<p>The Authority's borrowing is held at amortised cost on the balance sheet as the Authority has no intention to transfer its borrowing liabilities to a third party. Therefore, there is no expected cost or gain associated with changes to the fair value of the borrowing during the year.</p> <p>The fair value of the borrowing is disclosed in Note 15.</p>
PPP Liability	<p>An updated accounting model has been created by PwC for the PPP accounting, which calculated prior year restatements (see Note 33) adjustments as well as adjustments for the transition to IFRS 16. The Authority has adopted this model for accounting for 2024/25 onwards.</p> <p>The model is updated annually for the changes in the following three indexation rates RPIx, DERV and Rail Fuel. This is as per the contractual agreement of the operator.</p> <p>Contingent rent is negative in 2023/24 arising due to inflation being greater than nil, resulting in an increase in service costs which is greater than the increase in guaranteed minimum tonnage payment, hence reducing that year's cash allocation to lease payments. The consequence of such a reduction is the calculation of negative contingent rents to ensure that the total allocations to liability repayment, interest and service costs for a year matches that year's cash guaranteed minimum tonnage payments.</p>	<p>A 1% decrease of each of the three indexation rates would increase the Authority's PPP liability £0.597 million as of 31 March 2025.</p> <p>A 1% increase of each of the three indexation rates would decrease the Authority's PPP liability £0.597 million as of 31 March 2025.</p>

6. Events after the Balance Sheet Date

The Statement of Accounts is authorised for issue by the Treasurer of the Authority on 5th May 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025 they have been taken into account.

There are no material subsequent events to disclose.

7. Material Items of Income and Expense

The majority of income is comprised of levies charged to the six constituent boroughs. Details of this is within the Related Parties Transaction note. The Authority is also entitled to a share of the income (above certain thresholds) earned by the Public Private Partnership (PPP) from third parties, which is included within Miscellaneous income totalling £3.0 million.

A material expense which makes up the majority of the Authority's expenses are the waste transport and disposal costs. These are outlined in the Comprehensive Income and Expenditure Statement. Within Other Supplies and Payments, £2.0 million relates to the payment of the above income to the six constituent boroughs. This will be paid to the boroughs within the financial year 2025/26.

Waste Transport and Disposal Income £8.9m for (2023-24 £54.0m restated) recognised in Comprehensive Income and Expenditure Statement, consists of £4.8m (2023-24 £4.8m restated) PPP deferred revenue credit and £4.1m (2023-24 £49.1m restated) of property, plant and equipment valuation gains credited to the Surplus/Deficit on the Provision of Services to reverse previous impairments or decreases in valuation charged to the Surplus/Deficit on the Provision of Services.

8. Segmental Income

The majority of income is comprised of levies charged to the six constituent boroughs. Details of this is within the Related Parties Transaction note. This is agreed at the start of the financial year and paid monthly by the boroughs to the Authority.

There are no other material segmental income to disclose.

9. Expenditure and Income Analysed by Nature

All material expenditure and income has been analysed within the Comprehensive Income and Expenditure Statement, Related Parties Transaction note, and Material Items of Income and Expense note.

10. Other Payables

Within Short Term Creditors, an accrual of £2.0 million has been made which has been charged to Other Supplies and Payments. This relates to the payment to the six constituent boroughs of the additional PPP income driven by an increase in electricity prices. This will be paid to the boroughs within the 2025/26 financial year.

11. Adjustments between Accounting Basis and Funding Basis under Regulation

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

	2024-25	Restated*
	£'000	2023-24
	£'000	£'000
Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:		
Depreciation* (Note 13)	5,540	4,629
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	21	(148)
Impairments and revaluation (gains)/losses**	(4,139)	(49,160)
Capital income from PPP deferred revenue**	(4,800)	(4,805)
Amounts of non-current assets written off on disposal or sale	37	
	(3,341)	(49,484)
Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:		
Statutory provision for the financing of capital investment charged to the general fund** (Note 20)	(6,296)	(7,425)
Direct revenue contributions to capital (Note 20)**	(17)	(96)
	(6,313)	(7,521)
Adjustments involving the accumulated absences reserves		
Accumulated Absences Account (Note 20)	16	3
Total adjustments	(9,638)	(57,002)

*See Note 33 for details of the restatements.

** Adjustments impact capital adjustment account (unusable reserve)

12. Financing and Investment Income and Expenditure

	2024-25	Restated*
	£'000	2023-24
		£'000
Interest payable and similar charges	4,902	5,054
Pensions interest and expected return on pensions assets	(4)	(135)
PPP financing interest	6,556	10,889
PPP contingent rents	0	(3,078)
Interest receivable and similar income	(2,041)	(1,505)
	9,416	11,244

Contingent rent is negative in 2023/24 arising due to inflation being greater than nil, resulting in an increase in service costs which is greater than the increase in guaranteed minimum tonnage payment, hence reducing that year's cash allocation to lease payments. The consequence of such a reduction is the calculation of negative contingent rents to ensure that the total allocations to liability repayment, interest and service costs for a year matches that year's cash guaranteed minimum tonnage payments.

*See Note 33 for details of the restatements.

13. Property, Plant and Equipment

Movements in 2024-25	PPP - RoU Assets	Office – RoU Asset	Land and Buildings	Fixed Plant and Vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000
Gross book value at 1 April 2024	281,131	1,030	6,650	657	289,468
Remeasurement of RoU assets upon adoption of IFRS16	(20,820)	0	0	0	(20,820)
Revised Gross book value at 1 April 2024	260,311	1,030	6,650	657	268,648
Additions	1,838	0	55	0	1,892
Annual adjustment to RoU assets for IFRS16 inflation remeasurement	(5,021)	0	0	0	(5,021)
Disposals	0	0	(37)	0	(37)
Revaluation increases/(decreases) recognised in Revaluation Reserve	25,220	17	0	0	25,237
Revaluation increase/(decrease) recognised in the provision of services	2,430	0	(6)	0	2,424
Gross book value at 31 March 2025	284,778	1,047	6,661	657	293,143
Accumulated depreciation at 1 April 2024	0	0	0	(463)	(463)
Depreciation charge for the year	(5,442)	(21)	(18)	(60)	(5,540)
Depreciation written out to Revaluation Reserve	3,744	21	0	0	3,765
Depreciation written out to the provision of services	1,698	0	18	0	1,716
Accumulated depreciation at 31 March 2025	0	0	0	(523)	(523)
Net book Value at 31 March 2025	284,778	1,047	6,661	133	292,619
Net book Value at 01 April 2024	281,131	1,030	6,650	193	289,005

Restated* Movements in 2023-24	PPP - RoU Assets	Office – RoU Asset	Land and Buildings	Fixed Plant and Vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000
Gross book value at 1 April 2023	235,421	1,030	4,502	574	241,528
Additions	1,747	0	13	82	1,842
Revaluation increases/(decreases) recognised in Revaluation Reserve	5,352	0	22	0	5,374
Revaluation increase/(decrease) recognised in provision of services	38,612	0	2,113	0	40,724
Gross book value at 31 March 2024	281,131	1,030	6,650	656	289,468
Accumulated depreciation at 1 April 2023	(4,469)	(21)	(68)	(420)	(4,979)
Depreciation charge for the year	(4,496)	(21)	(69)	(44)	(4,629)
Depreciation written out to Revaluation Reserve	529	41	137	0	708
Depreciation written out to the provision of services	8,436	0	0	0	8,436
Accumulated depreciation at 31 March 2024	0	0	0	(464)	(469)
Net book Value at 31 March 2024	281,131	1,030	6,650	193	289,005
Net book Value at 01 April 2023	230,952	1,009	4,434	155	236,550

*See Note 33 for details of the restatements.

Fixed plant and vehicles are carried on the balance sheet depreciated historical cost. Right of use assets and land and building assets are carried on the balance sheet at current value. A full valuation of these assets for the Authority was conducted as at 31 March 2024 by RICS qualified external valuers. The building valuations recognised as at 31 March 2025 have been indexed using BCIS indices compared to the 31 March 2024 values.

Within depreciation charge for the year, £0.37 million (2023-24 £0.37 million) in PPP – RoU Assets reflects the depreciation of leased land assets over the period of the lease.

The transition to IFRS16 results in a reduction of the lease liability due to negative contingent rents, which arise from the structure of guaranteed minimum tonnage payments.

The decrease in the remeasurement adjustment for 2024/25 is attributable to the same underlying factor. As inflation exceeds zero, service costs increase more than the guaranteed minimum tonnage payments, thereby reducing that year's cash allocation to lease payments and resulting in negative contingent rent. Consequently, when calculating the remeasurement for 2024/25, the impact of updated indexation continues to reduce the liability.

14. Capital Work in Progress

	2024-25	2023-24
	£'000	£'000
Opening balance	83	83
Expenditure in year	0	0
Recognised in long term assets	0	0
Closing balance	83	83

15. Financial Instruments

Accounting regulations require the "financial instruments" shown on the Balance Sheet to be further analysed into various defined categories:

	Long term		Current	
	2024-25	2023-24	2024-25	2023-24
	£'000	£'000	£'000	£'000
Financial Assets – Amortised Cost				
Cash and cash equivalents	0	0	49,826	41,641
Trade debtors and prepayments	0	0	16,972	21,385
Financial Liabilities – Amortised Cost				
Trade creditors	0	0	(12,278)	(17,037)
Long term borrowing	(75,711)	(78,480)	(2,770)	(2,622)

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 financial asset or liability's discount rate of return at 31 March 2025
- No early repayment or impairment
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

	2024-25		2023-24	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Long term borrowing (Note 19)	(78,480)	(67,375)	(81,102)	(71,076)

The fair value for the year was provided by an independent professional valuer, Arlingclose, who are regulated by the Financial Conduct Authority. The higher fair values reflect that these essentially fixed rate instruments have higher interest rates than similar loans available in the market at balance sheet date. The loans and long-term liabilities are valued at Level 2 (previous year: Level 2) as the valuation of the underlying debt is derived from observable inputs (i.e. estimated using market data) as they are not readily quoted or sold in active markets. The valuation is derived from future cash flows which are discounted at the equivalent interest rate the Authority would expect to obtain for the same product at 31 March 2024 (same methodology used in previous year). The discount rates range between 5.29% and 10.04% (previous year: 5.12% and 9.63% to reflect the particular features of each financial instrument and are set using market information including as the AA rated corporate bond yields, swap rates and margins. Due to higher inflation, policy makers have continued raising interest rates to control the impact and this in turn continues to drive the higher discount rate for financial year 2024/25.

Nature and Extent of Risks arising from Financial Instruments

Overall Procedures for Managing Risk:

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, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance.

In order to comply with the requirement that the Authority is required to set a balanced budget (Local Government Finance Act 1992) this is 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.

The Treasurer is responsible for all of the Authority's banking, borrowing and investment activities. Under a service level agreement, the London Borough of Ealing provides a low risk option for investing balances.

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.

- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Refinancing and Maturity 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 and stock market movements.

Credit Risk

Credit risk for the Authority arises from deposits with banks and credit exposures to debtors. Deposits are not made with banks unless they are rated independently and meet the Authority's credit criteria, which are restricted to the upper end of the independent credit rating criteria. The credit risk around debtors is set out in Note 17.

Liquidity Risk

The Authority manages its 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 it is needed.

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 Authority's approved Treasury strategy is set to avoid the risk of refinancing on unfavourable terms. The maturity analysis for borrowing is set out in Note 13. All trade and other payables are due to be paid in less than one year.

Market Risk

As at the 31 March 2025 the Authority holds no variable rate borrowings as they are all fixed rates. Therefore, there is no predicted impact for this on the Comprehensive Income and Expenditure Statement.

16. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following:

	2024-25	2023-24
	£'000	£'000
Bank balance (HSBC)	5,826	5,641
Deposit placed with the London Borough of Ealing	44,000	36,000
	49,826	41,641

17. Short Term Debtors

	2024-25	Restated* 2023-24
	£'000	£'000
Other Local Authorities	1,581	667
Central Government Bodies	3,347	2,855
Other Entities and Individuals	309	487
Prepayments	8,120	5,458
Accrued Income	4,258	13,821
Total	17,615	23,288

*See Note 33 for details of the restatements.

The Authority's prepayment balance includes £6.07m (2024: £4.05m restated) in respect of PPP lifecycle costs. These relates to future payments for capital works to be completed by the service concession operator (SUEZ). The prepayment will be released on confirmation the capital works have been delivered and are operational.

In determining the recoverability of Short Term Debtors, the Authority considers the age and credit quality of the receivable. Credit risk for the Authority is low as the majority of the receivables balance relates to HMRC and constituent boroughs. Credit losses for doubtful debts are recognised against trade receivables, based on estimated irrecoverable amounts determined by debt analysis and management judgement. As of 31 March 2025, the Authority had nil provision for doubtful debts (31 March 2024 nil provision for doubtful debts).

18. Short Term Creditors

	2024-25	2023-24
	£'000	£'000
Other Entities and Individuals	(10,666)	(8,163)
Other Local Authorities	(1,612)	(8,874)
Total	(12,278)	(17,037)

Trade creditors for waste transport and disposal are the main component of short-term creditors.

19. Borrowing

The Authority's capital expenditure for the project to build a residual waste to energy plant is financed by loan arrangements with four constituent Boroughs (Brent, Ealing, Harrow and Richmond). The interest charged was 7.604% and will be repaid over 25 years with interest being charged on the reducing balance basis. The purchase of two transfer station sites during the year was financed by a loan from the PWLB at a fixed interest rate of 2.24%.

2024-25	2023-24
£'000	£'000

Opening balance	(81,102)	(83,586)
Loans in year	0	0
Repayments	2,622	2,484
Closing balance	(78,480)	(81,102)

At 31 March 2025 £133,218 loan interest payable within 12 months was accrued and is included within short term creditors.

The table below shows short term and long-term borrowing by years of maturity.

	2024-25	2023-24
	£'000	£'000
Short term element	(2,770)	(2,622)
Between 2 and 4 years	(9,302)	(8,794)
Between 5 and 10 years	(24,245)	(18,465)
10 years or more	(42,163)	(51,221)
Long term element	(75,711)	(78,480)
Total liability	(78,480)	(81,102)

The table below shows the loans split by maturity including interest into short term and long-term elements.

	2024-25	2023-24
	£'000	£'000
Short term element	(7,508)	(7,513)
Between 2 and 4 years	(22,493)	(22,509)
Between 5 and 10 years	(44,804)	(37,393)
10 years or more	(54,900)	(66,858)
Long term element	(122,197)	(126,760)
Total liability	(129,705)	(134,273)

20. Unusable Reserves

Movements in the Authority's unusable reserves are detailed in the Movement in Reserves Statement.

	2024-25	Restated* 2023-24
	£'000	£'000
Revaluation reserve	(44,546)	(15,624)
Capital adjustment account	(60,388)	(50,634)
Pensions reserve	125	139
Accumulated absences account	52	36
Total Unusable Reserves	(104,757)	(66,083)

*See Note 33 for details of the restatements.

(i) Revaluation Reserve

The Revaluation Reserve contains 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:

- re-valued 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 freehold properties were valued in 2023/24 and 2024/25, and the gain recognised through the Comprehensive Income and Expenditure Statement, and via the revaluation reserve.

	2024-25	Restated* 2023-24
	£000	£000
Balance at 1 April	(15,624)	(9,543)
Upward revaluation of assets recognised in Revaluation Reserve	(29,001)	(9,473)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	3,392
Difference between fair value depreciation and historic cost depreciation	80	0
Balance at 31 March	(44,546)	(15,624)

*See Note 33 for details of the restatements.

(ii) 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 enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition.

Note 21 (ii) Capital Adjustment Account

	2024-25	Restated*
	£'000	2023-24
		£'000
Balance as at 1 April	(50,634)	6,224
<i>Reversal of items relating to capital income and expenditure debited or credited to the provision of services:</i>		
Depreciation	5,540	4,629
Capital income from PPP deferred revenue	(4,800)	(4,805)
Revaluation (gains) / losses on property, plant and equipment	(4,139)	(49,160)
Adjusting amounts written out of the Revaluation Reserve	(80)	(0)
Amounts of non-current assets written off on disposal or sale as	37	
Net written out amount of the cost of non-current assets consumed in the year	(3,442)	(49,331)
<i>Capital financing applied in year:</i>		
Statutory provision for financing of capital investment charged to the general fund	(6,296)	(7,425)
Direct revenue contributions to capital	(17)	(96)
Balance at 31 March	(60,383)	(50,634)

*See Note 33 for details of the restatements.

(iii) 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 Comprehensive Income and Expenditure Statement 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 employers' 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 between 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	2023-24
	£'000	£'000
Balance as at 1 April	139	(1,309)
Actuarial gains or losses on pension assets and liabilities	(35)	1,596
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	25	(13)
Employer's pensions contributions and direct payments to pensioners payable in the year	(4)	(135)
Balance at 31 March	125	139

(iv) Accumulated Absences Account

The Accumulated Absences Reserve reflects untaken leave balances outstanding as at the 31 March 2025. This reserve absorbs the differences that would otherwise arise in the General Fund from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

	2024-25	2023-24
	£'000	£'000
Balance as at 1 April	36	33
Amounts accrued at the end of the current year by which remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	16	3
Balance at 31 March	52	36

21. Officers' Remuneration

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

	Salary and Termination Benefits (£)		Pension Contributions (£)		Total (£)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
	Director	169,313	155,940	24,406	22,767	193,718
Clerk	21,464	11,711	3,134	1,710	24,597	13,421
Technical Advisor (till December 23)	0	8,783	0	0	0	8,783
Treasurer	21,464	11,711	3,134	1,710	24,597	13,421

The number of employees excluding Senior Officers whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	2024-25	2023-24
Remuneration Band including exit packages	No of employees	No of employees
£50,000 to £54,999	2	3
£55,000 to £59,999	2	1
£60,000 to £64,999	1	1
£65,000 to £69,999	1	1
£70,000 to £74,999	1	0
£80,000 to £84,999	1	2
£85,000 to £89,999	0	0
£90,000 to £94,999	0	1
£95,000 to £99,999	1	1
£105,000 to £109,000	1	1
£125,000 to £129,999	1	0
Members Allowances		

£4,600 allowance to members was paid for attending Authority meetings 24-25.

£1,500 allowance was paid to Audit committee member for meetings in 24-25.

22. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2024-25	2023-24
	£'000	£'000
Audit of the Authority	233	129
Total Fees	233	129

Public Sector Audit Appointments (PSAA) has reviewed the fee variation proposal submitted by KPMG LLP, for the West London Waste Authority's 2023/2024 audit and approved an increase of £99,886. The Authority has accrued this additional fee in the 2024/25 accounts.

23. Related Party Transactions

This disclosure has been prepared after considering the requirements of "related party transactions" in accordance with the Authority's interpretation and understanding of International Accounting Standard 24 (IAS 24) and its applicability to the public sector utilising current advice and guidance. Any disclosure under IAS 24 is designed to set out relationships with other parties that might materially affect the Authority. The Authority is composed of one Councillor from each of the six constituent boroughs, the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames and its operations are financed by an annual levy on the constituent boroughs and all the transactions are at arms' length. Borough loans have also been used to finance large capital investments. The Authority has sought and received declarations from Members, the advisors and senior officers of any "related party transaction" in which they or their related parties have been engaged in during 2024-25. No related party transactions were declared. At the end of the financial year the officer in the post of Clerk to the Authority was also the Clerk for Western Riverside Waste Authority and Head of Legal at North London Waste Authority. In addition the Chief Technical Advisors were also the Strategic Director of Housing and Environment at the London Borough of Ealing and Director of Public Realm at the London Borough of Brent. The Authority pays the individuals directly for the services they provide. The Authority also receives support services from Ealing, Hillingdon, Hounslow and Harrow, and the cost of these support services are set out below and are included in the Comprehensive Income and Expenditure Account:

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Pay as you Throw	11,208	11,979	8,309	11,509	9,458	6,657	59,120
Fixed Cost Levy	2,614	3,107	2,255	2,641	2,289	2,263	15,169
Total Levies	13,822	15,085	10,565	14,151	11,747	8,920	74,290
Agency and other income	2,019	3,061	1	0	13	30	5,124
Total 2024-25	15,841	18,146	10,565	14,151	11,760	8,950	79,413
Total 2023-24	14,934	16,860	9,607	12,766	10,853	8,317	73,337
Interest expense 2024-25	1,105	1,105	1,105	0	0	1,105	4,421
Interest expense 2023-24	1,137	1,137	1,137	0	0	1,137	4,550
Expenditure							
Waste Transport and Disposal Costs	294	21	0	182	23	93	613
Rent and Rates	178	0	0	691	0	0	869
Support Services	0	13	15	0	0	0	28
Other	38	6	0	0	0	29	73
Borough Disbursement	412	696	204	427	223	208	2,171
Total 2024-25	922	737	219	1,300	246	330	3,754
Total 2023-24	1,734	1,975	1,324	2,369	1,307	1,341	10,048

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond
	£'000	£'000	£'000	£'000	£'000	£'000
Debtors 2024-25	1,546	350	84	200	94	98
Debtors 2023-24	450	638	0	0	12	76
Creditors 2023-24	73	0	0	0	90	0
Creditors 2023-24	1	45	156	307	0	0
Borrowings 2024-25	14,366	14,366	14,366	0	0	14,366
Borrowings 2023-24	14,770	14,770	14,770	0	0	14,770
Cash/equivalents 2023-24	0	44,000	0	0	0	44,000
Cash/equivalents 202223	0	36,000	0	0	0	0

24. Agency Services

This can be found under the Related Parties Transaction note. This is a charge to a borough for managing their Household Recycling and Reuse Site.

25. Deferred Revenue Liability

West London Waste Authority (WLWA) previously entered into a Public-Private Partnership (PPP) contract with SITA, a subsidiary of SUEZ, resulting in the Severnside Energy Recovery Centre (SERC) and two transfer stations (Transport Avenue and Victoria Road) becoming operational in 2016/17. Under this contract, the construction of the SERC asset and two transfer stations was included.

As part of the financial arrangement, the Authority agreed to provide a capital contribution of £60.0 million to Suez (formerly SITA) to support the project's financing structure. The Authority also contributed £4.7 million as commissioning payment as an addition to the capital contribution element. The remaining balance of the £262.0 million recognised was contributed by Suez (formerly SITA).

As part of the PPP arrangement, the operator (Suez) was granted the right to generate revenue from the project asset. This right was valued at £120.0 million, representing 45% of the PPP asset recognition value. Since this agreement does not create a long-term obligation to transfer economic benefits, it is recorded as a long-term credit balance (deferred revenue), reflecting WLWA's obligation to permit the operator to raise revenue from the project asset.

The original liability balance of £120.0 million is released annually on a straight-line basis, at £4.8m per year, to the Authority's Statement of Comprehensive Income and Expenditure throughout the

term of the agreement, ending on 31 July 2041. This revenue arises from a capital project however this revenue does not increase the useable capital resources of the Authority, so this revenue is subsequently adjusted via the Movement in Reserves to the Capital Adjustment Account.

	2024-25	Restated*
	£'000	£'000
Opening balance	(84,102)	(88,908)
Additions in year	0	0
Released to CIES	4,800	4,805
Closing balance	(79,302)	(84,102)
Released within 12 months	4,800	4,800
Payable within 2 to 5 years	19,200	19,200
Payable within 6 to 10 years	24,000	24,000
Payable within 11 to 15 years	24,000	24,000

*See Note 33 for details of the restatements.

26. PPP Liability

In 2016/17, the Authority entered into a Public-Private Partnership (PPP) contract with the Suez consortium for the construction of an energy-from-waste facility. Upon completion, both an asset and a corresponding liability were recognized, valued at the fair value of the asset minus any capital contributions. The PPP contract remains in effect until 31 July 2041 and allows for the treatment of up to 300,000 tonnes of unrecycled waste annually from West London residents. Importantly, this initiative ensures that at least 96% of the waste will be diverted from landfill. Crucially, the approach will mean a minimum of 96% of waste will not go to landfill.

Upon early termination or expiry, West London Waste Authority is positioned similarly to if the main treatment facility had been built on an Authority site. The PPP contract grants WLWA a range of options, which it may choose to exercise at its discretion:

- WLWA may walk away on expiry of the contract without having to bear decommissioning risks and SUEZ must pay WLWA the Residual Life Rebate.
- WLWA may extend the contract for 5 years after which WLWA may walk away without having to bear decommissioning risks, but SUEZ then do not pay WLWA the Residual Life Rebate; or
- WLWA may exercise its right to take a lease of SERC (Conditional Lease) for 25 years post expiry to allow WLWA to secure the site and retender the operation of the facility. With this option, WLWA would have to pay rent and bear decommissioning risks at the end of the term and SUEZ do not pay WLWA the Residual Life Rebate.

	2024-25	Restated*
	£'000	2023-24
		£'000
Movements in the carrying value of PPP liability:		
Opening balance	(67,812)	(69,297)
Impact of implementing IFRS16 as at 1 April 2024	20,820	0
Revised opening balance	(46,992)	(69,297)
Remeasurement of liability arising from change of indexation	5,021	0
Payments during the year	7,697	4,555
Interest charge	(6,560)	(3,078)
Closing balance	(40,833)	(67,812)

*See Note 33 for details of the restatements.

The transition to IFRS16 results in a reduction of the lease liability due to negative contingent rents, which arise from the structure of guaranteed minimum tonnage payments.

The decrease in the remeasurement adjustment for 2024/25 is attributable to the same underlying factor. As inflation exceeds zero, service costs increase more than the guaranteed minimum tonnage payments, thereby reducing that year's cash allocation to lease payments and resulting in negative contingent rent. Consequently, when calculating the remeasurement for 2024/25, the impact of updated indexation continues to reduce the liability.

Note 26a. Total future payments committed in respect of PPP arrangement

£'000	Service cost	Lifecycle cost	Repayment of capital	Interest cost	Total
Payable within 1 year	9,634	4,075	1,108	6,382	21,198
Payable within 2 to 5 years	48,134	23,575	4,749	29,535	105,992
Payable within 6 to 10 years	47,989	22,853	11,024	24,126	105,992
Payable within 11 to 15 years	47,838	24,083	21,798	12,273	105,992
Payable within 16 to 20 years	3,066	1,443	2,155	170	6,834
Total	156,661	76,028	40,833	72,486	346,009

Note 26b. Analysis of amounts payable to SUEZ

	2024/25	2023/24
	£'000	£'000
Unitary payment payable to SUEZ	21,198	21,530
Consisting of:		
Interest charge	6,560	10,872
Contingent rent	0	(3,083)
Repayment of liability	1,137	1,485
Service element (charges to waste and transport disposal expenditure)	9,634	9,288
Lifecycle maintenance	3,867	2,968

Adoption of IFRS16 to PPP arrangement

Effective 1 April 2024, the Authority updated its accounting policies to comply with IFRS 16 Leases, as adopted by the Code of Accounting Practice. The change in accounting policy has resulted in assets representing the right to use the leased item over the lease term will be recognized for all leases, except for those involving low-value items or leases with a term of less than one year. Corresponding liabilities are also on the Balance Sheet to reflect the Authority's obligation to pay rent for the rights acquired, discounted to their present value.

IFRS 16 has been applied retrospectively, with the cumulative effect recognized as of 1 April 2024. This approach means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always been in effect, but the impact is recognized in the 2024/2025 financial year rather than by adjusting prior year figures.

Prior to 1 April 2024 the PFI liability was accounted for in accordance with the principles of IAS 17, the previous accounting standard for leases. Under IAS 17 movements in the minimum lease payments resulting from changes in the RPI were accounted for as a contingent rental. The structure of the indexation provisions of the payment mechanism resulted in the recognition of a negative contingent rental which was deducted from interest costs recognised in the CIES. From 1 April 2024 the principles of IFRS 16 have been applied to accounting for the PFI liability, which has been restated to account for the impact of cumulative indexation to that date. Under IFRS 16 movements in lease rentals resulting from changes in an index or rate are included in the minimum lease payments which means that the lease liability has to be reassessed each time the rate changes. Indexation is applied from 1 April each year so the Authority's lease liability will be reassessed on an annual basis.

Note 26c. Impact of change in PPP arrangement accounting policy on the allocation of unitary payment

	IFRS 16 (new basis) £'000	IAS 17 (old basis) £'000	Impact of change £'000
Unitary payment payable to SERC	21,198	21,198	0
Consisting of:			
Interest charge	6,560	10,665	(4,204)
Repayment of liability	1,137	1,228	9
Service element (charges to waste and transport disposal expenditure)	9,634	9,624	10
Lifecycle maintenance	3,867	3,863	4
Contingent rent	0	(4,181)	4,181

27. Defined Benefit Pension Scheme

The West London Waste Authority (WLWA) does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority. This enables all WLWA staff to participate in the London Pensions Fund Authority (LPFA) Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 1997.

The Scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the triennial valuation date. WLWA is committed to provide for service benefits up to the valuation date. Pension costs are a very minor proportion of total spending and the effects of the defined benefit scheme and its valuation on the timing, uncertainty and risk around cash flows is not material.

The Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Retirement Benefits (IAS 19 and IFRIC 14) in respect of retirement benefits. Details are provided to the Authority by the Actuary (currently Barnett Waddingham) via the LPFA. The notes to the Core Accounts provide details of how the Authority has met these requirements.

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 that need to be disclosed at the time that employees earn their future entitlement.

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that is required to be made is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of General Fund via the Movement in Reserves Statement. Changes in the net pension liability arising as a result of past events which are not concurrent with the assumptions made in the course of the last actuarial valuation, or as a result of revised actuarial assumptions are charged to the Pensions Reserve.

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. On 2 September 2025, Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. It was not previously clear whether the Virgin Media ruling would apply to the LGPS but, following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities

Asset ceiling assumptions

The asset ceiling is the present value of any economic benefit available to the WLWA in the form of refunds or reduced future contributions.

There is no prospect of WLWA having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.

WLWA is a scheduled body and assumed to participate indefinitely. Primary contributions are considered to be a minimum funding requirement (MFR). It is assumed that WLWA can benefit from their negative secondary contributions. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of their expected participation period and the surplus spreading period.

As the current contribution rate exceeds the current cost of accrual then the potential economic benefit from future contribution reductions is nil. The asset ceiling therefore applies in full, leaving a recognisable surplus of nil.

Suez arrangement

In 2013, WLWA entered into a contract with Suez to handle the municipal waste generated by residents in the authority's jurisdiction. This contract resulted in a number of eligible employees becoming TUPEed to Suez. At 31st March 2025, as in previous years, based on the information available to the authority from the LGPS actuary, WLWA has continued to account for these employees within the gross present value of defined benefit obligations and gross fair value of plan assets disclosed in the note below. This is because WLWA have retained the vast majority of risk in respect of these members, and therefore in substance this remains a defined benefit risk for WLWA.

Whilst these members are not employed by WLWA for the duration of the contract, the original contracted agreed with Suez included a contractual promise in respect of employer contributions for these employees. A contractual obligation arises for these employees in respect of contributions above the cap rate and below the collar rate, set out in the agreement between WLWA and Suez. In management's view, continuing to include the SUEZ share within the gross present value of defined benefit obligations and gross fair value of plan assets, and reflecting the contributions from SUEZ similar to employee contributions as a deduction of current service costs, best reflects the agreement between the authority and SUEZ.

At 31st March 2025 the participation for WLWA is in surplus, which as described above the Authority does not have a right to recognise under the requirements of the accounting standard. WLWA have also assumed that any surplus arising from the Suez membership would not be recognisable, and have therefore applied an asset ceiling in full to the combined participation.

Balance sheet disclosure

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Total Reserves via the Movement in Reserves Statement during the year:

	2024-25	2023-24
	£'000	£'000
Present value of funded obligation	(20,068)	(22,254)
Fair value of Scheme Assets (bid value)	25,055	24,993
Net Asset/(Liability) before asset ceiling	4,987	2,739
Present value of unfunded obligations	(125)	(139)
Impact of asset ceiling	(4,987)	(2,739)
Net Asset/(Liability) in Balance Sheet	(125)	(139)

Comprehensive Income and Expenditure Statement

	2024-25	2023-24
	£'000	£'000
Service costs	305	407
Net interest on defined liability	(4)	(135)
Administrative expenses	7	7
	308	279

Reconciliation of the present value of the scheme liabilities:

	2024-25	2023-24
	£'000	£'000
Opening balance as at 1 April	22,393	22,562
Current service cost	305	265
Interest cost	1,070	1,086
Change in financial assumptions	(2,479)	(280)
Change in demographic assumptions	(54)	(280)
Experience (gain)/loss on liabilities	(56)	73
Liabilities assumed/extinguished on settlements	0	0
Estimated benefits paid net of transfers in	(1,253)	(1,448)
Past service costs including curtailments	0	142
Contributions by scheme participants and other employers	282	288
Unfunded pension payments	(15)	(15)
Closing balance as at 31 March	20,193	22,393

Reconciliation of fair value of the scheme (plan) assets:

	2024-25	2023-24
	£'000	£'000
Opening balance as at 1 April	24,993	23,871
Interest on assets	1,208	1,221
Return on assets less interest	(440)	656
Other actuarial gains	0	0
Administration expenses	(7)	(7)

Employer contributions	287	427
Contributions by scheme participants and other employers	282	288
Benefits paid	(1,268)	(1,463)
Settlement prices received/(paid)	0	0
Closing balance as at 31 March	25,055	24,993

Assumptions as at	31 March 2025	31 March 2024	31 March 2023
	p.a.	p.a.	p.a.
Discount rate	5.75%	4.90%	4.80%
Pension increases	2.90%	2.90%	2.90%
Salary increases	3.90%	3.90%	3.90%

The LPFA's actuary undertakes sensitivity analysis by looking at the impact on the present value of the scheme by flexing the assumptions (e.g. increasing discount rate by 0.1%).

Life expectancy from age 65 (years)		31 March	31 March
		2025	2024
Retiring today	Males	21.5	21.5
	Females	23.4	23.3
Retiring in 20 years	Males	21.2	21.2
	Females	25.4	25.4

Sensitivity analysis on major assumptions	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	19,947	20,193	20,445
▪ Projected service cost	184	192	201
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	20,202	20,193	20,184
▪ Projected service cost	192	192	192
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
▪ Present value of total obligation	20,443	20,193	19,949
▪ Projected service cost	201	192	183
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
▪ Present value of total obligation	21,029	20,193	19,395
▪ Projected service cost	201	192	184

Re-measurements in other comprehensive income	2024-25	2023-24
	£'000	£'000
Return on plan assets in excess of interest	(440)	656
Other actuarial gains on assets	0	0
Change in financial assumptions	2,479	280
Change in demographic assumptions	54	280

Experience gain on defined benefit obligation	56	(73)
Changes in effect of asset ceiling	(2,114)	(2,739)
Total	35	(1,596)

Projected pension expense for next year		2025-26
		£'000
Service cost		192
Net interest on the defined liability		(1)
Administration expenses		8
Total		199

Employer contributions **286**

	2024-25	2023-24
Assets by Class	£'000	£'000
Equities	14,777	15,133
Target Return Portfolio	4,550	4,312
Infrastructure	2,858	2,871
Property	2,284	2,286
Cash	586	391
Total	25,055	24,993

Analysis of 2024-25 Assets	% Quoted	% Unquoted
Equities		
Basic materials	0.62%	
Consumer Discretionary	8.61%	
Consumer Staples	2.88%	
Energy	0.44%	
Financials	7.99%	
Health Care	3.98%	
Industrials	10.79%	
Real estate	0.42%	
Technology	15.54%	
Telecommunications	0.49%	
Utilities	0.71%	
Fixed Income & Fees	0.08%	
Trade Cash/Pending	0.72%	
Private Equity		5.73%
Fixed Income	3.79%	
Total Return		
Investment/Hedge funds and Unit trusts	0.02%	

Analysis of 2024-25 Assets	% Quoted	% Unquoted
Credit		14.35%
Infrastructure		11.41%
Real Estate		9.11%
 Cash		
Cash	2.29%	
LDI		
Currency Hedge (Forward Contracts)		0.04%
BlackRock DDG		
 Total	59.35%	40.65%

28. Contingent Assets and Liabilities

At 31 March 2025 there was no contingent assets or liabilities (31 March 2024: contingent asset: Nil, contingent liability: Nil)

29. Miscellaneous Income and Other Supplies and Payments

This year income from the Severnside Energy Recovery Centre (SERC) has been recognised within Miscellaneous Income and totals £3.0 million (2023-2024: £12.9 million). It principally relates to income resulting from high electricity prices and current levels of activity. The disbursement to the boroughs of £2.2 million (2023-24: £8.6 million) has been recognised within Other Supplies and Payments.

The remaining income within Miscellaneous Income is in relation to a trial for the disposal of dry mixed recyclable waste for the London Borough of Brent and London Borough of Ealing, this amounts to £5.0 million (2023-24: £5.2 million).

Over the longer term there may also be opportunities to secure income by increasing third party waste volumes processed at the SERC. This is the key facility for managing residual waste as part of the West London Residual Waste Services contract between the Authority and West London Energy Recovery Ltd (WLER). When this proposal come to fruition, there will be additional income received by the Authority, which will be partially be disbursed to the boroughs and a proportion retained to mitigate risks and invest in a wider strategic project across the six constituent boroughs.

30. Note to Cash Flow Statement

Operating activities

The cash flows for operating activities including the following items, in addition to operating costs:

	2024-25	Restated*
	£'000	2023-24
		£'000
Interest received	(2,041)	(1,505)
Interest paid	11,458	12,865

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

	2024-25	Restated*
	£'000	2023-24
		£'000
Depreciation and impairments	5,540	4,629
Property, Plant and Equipment valuation movements in the surplus deficient on the provision of services	(4,139)	(49,160)
Pensions IAS19 non-cash adjustments	21	(148)
(Increase)/decrease in short term debtors	5,673	3,701
(Decrease)/increase in short term creditors	(4,760)	(3,435)
Carrying amount of non-current assets sold or de-recognised	37	0
Other non-cash items charged to the net surplus or deficit on the provision of services	(4,800)	(4,805)
Total non-cash adjustments	(2,428)	(49,218)

	2024-25	Restated*
	£'000	2023-24
		£'000
<u>Investing activities</u>		
Purchase of property, plant and equipment	(1,892)	(1,842)
Proceeds from the sale of property, plant and equipment	0	0
Other investing activities	0	0
Net cash flows from investing activities	(1,892)	(1,842)

	2024-25	Restated*
	£'000	2023-24
		£'000
<u>Financing activities</u>		
Cash payments for the reduction of outstanding liabilities relating to leased assets	(1,137)	(1,477)
Repayments of short- and long-term borrowing	(2,622)	(2,483)
Disbursements to boroughs	(5,400)	(3,300)
Other financing activities	0	0
Net cash flows from financing activities	(9,159)	(7,260)

*See Note 33 for details of the restatements.

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. 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	2023-24
	£'000s	£'000s
Opening capital financing requirement	130,001	135,679
<u>Capital investment</u>		
Property, Plant and Equipment	1,892	1,842
<u>Sources of finance</u>		
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(17)	(96)
Statutory provision for financing of capital investment	(6,296)	(7,424)
Closing capital financing requirement	125,580	130,001
<u>Explanation of movements in year</u>		
Decrease in underlying need to borrow	(4,421)	(5,678)
Increase/(decrease) in capital financing requirement	(4,421)	(5,678)

32. Movements in earmarked reserves

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

PPP income reserve

The Authority is entitled to a share of the income (above certain thresholds) earned through the Public Private Partnership (PPP) with Suez from the Authority's Severnside Energy Recovery Centre. Two thirds of the excess income is redistributed to the Boroughs. The Authority retains one third of the excess income for the benefit of its six constituent boroughs with the view to invest to drive longer term savings, including waste reduction and circular economy activities.

£'000s	PPP income reserve	Total Earmarked Reserves
Balance as at 1 April 2023	(9,917)	(9,917)
Transfers in	(4,311)	(4,311)
Transfers out	0	0
Balance as at 31 March 2024	(14,227)	(14,227)
Transfers in	(1,011)	(1,011)
Transfers out	0	0
Balance as at 31 March 2025	(15,238)	(15,238)

33. Prior Period Adjustments

In preparing the financial statements for 2024/25, the Authority has discovered adjustments required in the prior year statements. These adjustments have been corrected in the 2024/25 accounts, giving rise to restated figures for the previous year 2023/24. The Authority has determined adjustments relating to earlier periods than 2023/24 which have resulted in adjustments to the balances brought forward at 01 April 2023, as well as related adjustments to the 2023/24 Comprehensive Income and Expenditure Statement and the Balance Sheet at 31 March 2024.

Firstly, there were adjustments required for the PPP contract accounting upon initiation, dating from 2016/17. These were related to the initial asset and liability recognition which were understated by **£78.8 million**. The Authority originally recognised the PPP asset and liability at the cost of construction of the Severnside Energy Recovery Centre (SERC) building and excluded other costs (such as the cost of enhancing existing assets and financing costs) attributable to bringing the PPP assets into use. Adjustments were also required to the division of the initial allocation of the total liability recognised under the contract between the long-term lease liability and deferred revenue liability.

This adjustment subsequently impacts:

- the revaluation accounting movements recognised, on the assets initial revaluation, as at 31 March 2017. Adjusting these entries created an impairment adjustment of **£72.1 million** recognised across the Revaluation Reserve and Capital Adjustment Account (both Unusable Reserves);
- the annual accounting entries required under IAS 17 concession accounting for the period 2016/17 to the beginning of the comparative period. These have been adjusted with various debit and credit entries to the short-term debtors and prepayments, lease liabilities and allocation of expenditure between operating and financing expenditure;
- The annual accounting entries required to release the long-term deferred revenue liability originally recognised under the PPP scheme over the duration of the PPP contract; and
- historical accounting entries posted regarding the capitalisation of interest on borough loans.

A second adjustment was identified regarding the annual release of the deferred revenue liability balance. Initially the Authority recognised this annual release as revenue in nature and has historically been credited to the General Fund (Useable Reserve). An assessment completed in year concluded that this annual release is not a proper credit to the General Fund for taxation purposes and should have been reversed out of the General

Fund to the Capital Adjustment Account (Unusable Reserve) through the Movement in Reserves Statement. An adjustment was required to reallocate the cumulative historical release of **£17.4 million** from the General Fund (Useable Reserve) to the Capital Adjustment Account (Unusable Reserve) at 1 April 2023.

A third adjustment was identified relating to Property, Plant and Equipment asset additions arising from capital works conducted by the PPP operator on the PPP assets since the inception of the contract with respect to lifecycle assets additions. This adjustment credited Short Term Debtors and Prepayment and debited Property, Plant and Equipment to capitalise lifecycle additions works on the PPP assets. The subsequent impact on the asset revaluation adjustments and depreciation charges have been considered and noted in the paragraph below regarding the fourth adjustment.

A fourth adjustment was required following a review of the Authority's fixed asset register which identified that previous revaluations of the Authority's Property, Plant and Equipment had not been accounted for in line with the requirements of the Code and the Authority's accounting policies. The majority of this adjustment is between the Revaluation Reserve and the Capital Adjustment account reflecting how previous asset valuation gains and valuation impairments have been recognised as Unusable Reserves This correction is notably driven by a change in annual depreciation charges from the outset of the contract following subsequent valuations of the asset.

The cumulative impact of the above on the Authority's balance sheet at 1 April 2023 is summarised within Table 1 below.

£000's	Balance as previously stated	Adjustment 1 (PPP contract recognition)	Adjustment 2 (PPP deferred revenue)	Adjustment 3 (PPP lifecycle asset additions)	Adjustment 4 (FAR revaluations correction)	Balance Restated	Total Impact
Property, Plant and Equipment	229,766	0	0	8,596	(1,812)	236,550	6,784
Short term debts and prepayments	25,991	9,594	0	(8,596)	0	26,989	998
Total other PPP liabilities	(49,654)	(19,634)	0	0	0	(69,288)	(19,634)
Total PPP deferred revenue liability	(50,758)	(38,149)	0	0	0	(88,908)	(38,149)
Total Net Assets	85,879	(48,190)	0	0	(1,812)	35,877	(50,002)
Total Usable Reserves	(40,457)	(8,185)	17,359	0	0	(31,283)	9,174
Revaluation Reserve (Unusable)	(52,732)	4,240	0	0	38,949	(9,543)	43,189
Capital Adjustment Account (Unusable)	8,585	52,135	(17,359)	0	(37,137)	6,224	(2,361)
Total Reserves	(85,879)	48,190	0	0	1,812	(35,877)	50,002

A fifth adjustment relating to a mis posting of accumulated depreciation upon revaluation of Property, Plant and Equipment assets between the Capital Adjustment Account (Unusable Reserve) and General Fund (Useable Reserve) in 2023/24 was also identified, amounting to **£20.8 million**. The has been corrected by debiting the 2023/24 Capital Adjustment Account (Unusable Reserve) and crediting the General Fund (Useable Reserve). In addition, adjustments have been made to the 2023/24 CIES, and the balance sheet at 31 March 2024 to reflect the impact of the issues giving rise to the restatement of the opening balances at 1 April 2023 (i.e. the impact of Adjustments 1 to 4 in 2023/24). The impact of these adjustments is set out in the tables below:

Table 2 - Effect on Authority's Balance Sheet as at 31 March 2024									
£000's	Balance as previously stated	Impact of adjustments prior to 2023/24 (Table 1 above)	Adjustment 1 (PPP contract recognition)	Adjustment 2 (PPP Deferred revenue)	Adjustment 3 (PPP lifecycle asset additions)	Adjustment 4 (FAR revaluations correction)	Adjustment 5 (Revaluation mis posting correction)	Balance Restated	Total Impact
Property, Plant and Equipment	288,984	6,784	0	0	1,747	(8,510)	0	289,005	21
Short term debts and prepayments	21,385	998	2,652	0	(1,747)	0	0	23,288	1,903
Total other PPP liabilities	(48,165)	(19,634)	(12)	0	0	0	0	(67,812)	(19,646)
Total PPP deferred revenue liability	(47,990)	(38,149)	2,038	0	0	0	0	(84,102)	(36,111)
Net Assets	157,659	(50,002)	4,677	0	0	(8,510)	0	103,824	(53,835)
Total Usable Reserves	(26,244)	9,174	(2,640)	2,768	0	0	(20,800)	(37,741)	(11,498)
Revaluation Reserve (Unusable)	(122,304)	43,189	0	0	0	63,491	0	(15,624)	106,680
Capital Adjustment Account (Unusable)	(9,286)	(2,361)	(2,038)	(2,768)	0	(54,981)	20,800	(50,634)	(41,348)
Total Reserves	(157,659)	50,002	(4,677)	0	0	8,510	0	(103,824)	53,835

All these adjustments reduce net assets at 31 March 2024 by **£53.8 million**. This is represented by an increase in usable reserves of **£11.5 million** and a decrease in unusable reserves of **£65.3 million** as at the 31 March 2024.

Table 3 below shows the impact of the prior period adjustments on the Authority's 2023/24 Comprehensive Income and Expenditure Statement:

Table 3 - Effect on Authority's Comprehensive Income and Expenditure Statement 2023/24						
£000's	Balance as previously stated	Adjustment 1 (PPP contract recognition)	Adjustment 2 (PPP Deferred revenue)	Adjustment 4 (FAR revaluations correction)	Balance Restated	Total Impact
Waste transport and disposal – expenditure	49,298	(3,768)	0	0	45,530	(3,768)
Waste transport and disposal - income	0	0	(4,805)	(49,160)	(53,966)	(53,966)
Depreciation	10,449	0	0	(5,820)	4,629	(5,820)
Net Cost of Services	53,202	(3,768)	(4,805)	(54,980)	(10,353)	(63,555)
Financing and investment income and expenditure	7,328	3,896	0	0	11,224	3,896
(Surplus)/Deficit on provision of services	(7,103)	128	(4,805)	(54,980)	(66,762)	(59,658)
(Surplus)/Deficit on revaluation of Property, Plant and Equipment	(69,572)	0	0	63,491	(6,081)	63,491
Other Comprehensive (Income) and Expenditure	(67,976)	0	0	63,491	(4,485)	63,491
Total Comprehensive (Income) and Expenditure	(75,079)	128	(4,805)	8,510	(71,247)	3,832

ANNUAL GOVERNANCE STATEMENT 2024-25

1. Scope of Responsibility

The West London Waste Authority (“The Authority”) is responsible for ensuring that it is operating in accordance with the Law and good standards of practice, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging its responsibilities, the Authority is responsible for putting in place proper arrangements for the Governance of its affairs, facilitating the efficient exercise of its functions, and ensuring effective management of risk.

The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Authority’s Code can be obtained from WLWA’s website (<http://westlondonwaste.gov.uk>). This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement.

2. The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes and procedures, culture and values by which the Authority is directed and controlled; and the activities through which it accounts to and engages with its stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate services and value for money.

The 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 Authority has implemented Assurance arrangements that hold accountable the delivery of its strategic operatives and sought assurance on such deliverables.

The system of internal control is designed to identify and prioritise the risks to the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

The key elements of the Governance Framework include:

- Production of business plans and long-term financial forecasts
- Performance monitoring information (Key Performance Indicators)
- Authority’s Organisational structure

- Statement of Accounts
- Schemes of Delegation for Officers
- Regular scrutiny of operations at Chief Officer's meetings
- Regular Meeting Governance Logs
- Audit Committee
- Regular progress meetings with Members
- Internal Audit
- Financial Regulations and Related Policies
- HR Policies providing a framework for the organisation culture
- Health & Safety Policy and annual action plans
- Public Authority meetings, except for confidential items
- Clear communication with stakeholders
- Collaborative development with constituent boroughs of the Authority's long-term Strategy
- Regular meetings with constituent borough Environment Directors and Finance Directors
- Consultation with constituent boroughs of Authority papers

4. Review of Effectiveness

The Authority is responsible for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. The review is informed by the work of the senior managers within the Authority who are responsible for the development and maintenance of the governance environment and implementing recommendations from internal and external audits. The work of the Audit Committee includes reviewing the progress of actions coming out of Internal Audit plans and ensuring appropriate systems of governance and internal control are in place. The Audit Committee considered reports from the internal auditors on:

- Project Governance (Advisory)
- Programme Delivery
- Finance System
- HR & Payroll (Follow Up)
- Cyber Security report

The internal audit reports provide assurance about specific activities and over a number of years all of the Authority's activities will be audited. Two of the five projects were assurance reports. Both of these received Reasonable Assurance. They identified no critical risk items/recommendations, one high risk and mostly medium and low risk recommendations all of which have been accepted, and implementation is underway. The high risk was due to the delay in the award of a new contract which is now fully implemented.

The Corporate Risk Register is systematically reviewed at all levels of the Authority and is presented at and reviewed at every Audit Committee meeting. Operational risk registers are prepared annually as part of the budget-setting process.

In response to recommendations from KPMG, and to further strengthen risk management effectiveness and adaptability, the Authority will now review operational risk registers quarterly. Updates will be incorporated as necessary to reflect major changes in the operating environment, emerging risks, or the identification of new opportunities. This proactive approach ensures that the risk registers remain dynamic and up-to-date, thereby facilitating timely and well-informed decision-making throughout the Authority.

The Authority's Chief Officers and Audit Committee have provided assurance regarding the review of the updated Governance Framework's effectiveness. It has been determined that the current arrangements are fit for purpose. The framework effectively addresses the weaknesses identified in the Value for Money report and establishes additional controls and procedures to proactively resolve concerns highlighted by the Authority.

Whilst not strictly within the scope of the 2024-25 Annual Governance Statement, in Summer 2025 the Authority proactively highlighted and addressed risks around the operations and health and safety at the Abbey Road site. These risks included that established risk management and reporting processes were not consistently applied in practice. In addition, divisional risk registers were not regularly updated, health and safety reporting did not always evidence full investigation or lessons learned, and KPI and performance reporting did not provide sufficient insight into staffing pressures or operational risks. As a result, key issues at the site were not escalated early enough, and SLT-level visibility on health and safety, staffing, and operational concerns was limited. It is likely that these weaknesses were present during the period of this Statement, and KPMG noted them in its 2024/25 Value for Money report.

In response, again in 2025-26, the Authority:

- refocused the senior leadership team onto operations, with weekly meetings covering key areas
- Recruited a Director of Operations
- Strengthened reporting and communication between SLT and operational teams, and between SLT and Chief Officers,
- clarified responsibilities and ensuring segregation of duties,
- updated the risk register to reflect risks impacting on core operations,
- linked Authority decision-making to the risk register, to ensure focus on mitigating risk,
- recruited an Assistant Director of Governance to ensure our governance framework is reviewed and robust. Their expertise in local authority governance supports enhanced controls and oversight across all areas.
- worked towards bring health and safety expertise in-house.

Most of the above are now part of the Authority's regular operations, demonstrating a clear commitment to sustained improvement and ensuring processes function properly.

The Value for Money report notes an ongoing weakness concerning the Authority's procurement arrangements first identified in the 2023/2024 audit. The Authority robustly addressed the issues identified and submitted supporting documentation to the auditors. As these improvements were implemented part way through 2024-2025, however, the auditors continue to note the weakness.

These improvements include:

- Ensuring all capital projects adhere to agreed procurement procedures,
- Procuring an e-procurement system which will enhance the governance and oversight of procurement activities.
- Introducing a purchase order module integrated with the finance system to improve segregation of duties,
- Establishing a formal evaluation process for procuring new contracts,
- Preparing monthly expenditure reports to highlight supplier spends.

During the audit for 2024/25, it was determined that the prior year PPP contract accounting dating back to 2016/17, although previously signed off by previous auditors, contained inaccuracies requiring reassessment. Consequently, external consultants were appointed to assist in reconstructing the accounting framework from the inception of the contract. It is key to note that the initial accounting for the PPP contract was based on professional judgement and as noted, would have undergone scrutiny and approval by the Authority's prior auditors.

As a result of the prior year accounting review, several adjustments relating to 2016/17 to 2023/24 were required to be made, meaning the 2023/24 accounts had to be restated, as demonstrated within the statement of accounts above. The auditors have recognised control deficiencies which have been highlighted in their report, but the Authority has begun addressing these either within existing or new processes and procedures.



Councillor Krupa Sheth
Chair to the Authority
5th May 2026



Hugh Peart
Clerk
5th May 2026

Independent Auditor's report to the Members of West London Waste Authority

REPORT ON THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of West London Waste Authority ("the Authority") for the year ended 31 March 2025 which comprise Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement and the related notes, including the Expenditure and Funding Analysis and the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of the Authority's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Treasurer ("the Section 151 Officer") has prepared the financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Authority's services or dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Section 151 Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Section 151 Officer's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Authority will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Treasurer and internal audit and inspection of policy documentation as to the Authority’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of financial pressures in order to be able to set a balanced budget for future periods
- Reading Authority meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards we performed procedures to address the risk of management override of controls in particular the risk that Authority management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to our assessment that there was limited opportunity for manipulation of revenue reported given the nature of the levy and operational funding provided to the Authority during the year.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected entries relating to cash, expenditure and revenue.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Section 151 Officer (as required by auditing standards), and discussed with the Section 151 Officer the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Authority is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Authority is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and environmental legislation, recognising the nature of the Authority's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Section 151 Officer and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Section 151 Officer is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, in this audit report we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements.

Section 151 Officer's and Authority's Members responsibilities

As explained more fully in the statement set out on page 8, the Section 151 Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Authority or dissolve the Authority without the transfer of its services to another public sector entity.

The Meeting of the Authority is responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Authority to secure economy, efficiency and effectiveness in its use of resources.

Except for the matters explained below, we have nothing to report in this respect.

Significant Weakness – Governance

During the financial year the Authority was required to implement a temporary closure at its Abbey Road site. Our review of the Authority's arrangements for governance at Abbey Road identified deficiencies in core governance controls at the site which included risk management, performance monitoring, health and safety monitoring and a strong reliance on temporary staffing.

These matters are evidence of weakness in the Authority's governance arrangements that supports the day-to-day operation of the business.

Recommendation

The Authority should take actions to strengthen its internal governance and oversight arrangements which includes risk management and performance reporting across the Authority and the investigation of health and safety incidents, annual health and safety reporting, comprehensive health and safety policy and monitoring of agency spend at the Abbey Road site.

Significant Weakness – Improving economy, efficiency and effectiveness

Our prior year audit identified a significant weakness regarding the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources within its procurement processes. Whilst the Authority has implemented changes during the financial year to its procurement processes, further time is required to ensure these changes have been consistently and effectively implemented.

Recommendation

The Authority should continue to monitor the effectiveness of the implementation of its new procurement processes

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Authority has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Authority had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Authority has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Authority had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Authority under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Whole of Government Accounts is complete.

Until we have completed this work, we are unable to certify that we have completed the audit of the West London Waste Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.



Jessica Hargreaves

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square, London, E14 5GL

07 May 2026