

West London Waste Authority **STATEMENT OF ACCOUNTS** **(Unaudited)**

For the year ended 31 March 2026

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NARRATIVE REPORT

Organisational overview and external environment

West London Waste Authority (WLWA) is a statutory joint waste disposal authority established on 1 January 1986 under the Waste Regulation and Disposal (Authorities) Order 1985, made under section 10 of the Local Government Act 1985.

WLWA delivers waste disposal functions for its six constituent boroughs in west London, serving a population of around 1.8 million across 38,000 hectares.

The six boroughs collect waste locally, while the Authority is responsible for:

- Managing the disposal of waste collected from households and at household waste sites.
- Transporting and recycling or disposal of waste;
- Storing and disposing of abandoned vehicles removed by the boroughs;
- Running three waste transfer stations; in South Ruislip, Brent and Brentford.

The Authority is made up of six councillors, one from each constituent borough: Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond upon Thames. It meets five times a year, supported by an Audit Committee that meets twice a year to oversee risk management, internal control and governance. Regular officer meetings with borough counterparts support effective partnership working.

At year end, WLWA employed 51 staff (2024-25: 41) across two sites: its main office in West Drayton and a household reuse and recycling centre in Brent. The increase reflects the organisational change programme delivered during 2025/26. WLWA is led by a Managing Director and four part-time chief officers: the Clerk, Treasurer and two Chief Technical Advisors.

Strong working relationships with the constituent boroughs also enable the Authority to access specialist support services that help deliver value-for-money back-office functions, including:

- 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)

In partnership with Suez and West London Energy Recovery Limited (WLERL), the Authority completed the Severnside Energy Recovery Centre (SERC), near Bristol, in 2016/17. The facility was developed to reduce reliance on landfill and processes around 300,000 tonnes of residual waste each year under the Authority's contract, generating electricity from the waste it treats. Recent rises in electricity prices have increased income from electricity sales, two-thirds of which is distributed to the six constituent boroughs.

Working with the boroughs, the Authority has secured cost-effective long-term contracts so that most waste that cannot be recycled or composted is used to generate energy. These arrangements provide treatment capacity for nearly 400,000 tonnes of waste each year.

Alongside residual waste disposal, WLWA manages recycling, composting, anaerobic digestion, reuse and other waste treatment services on behalf of the boroughs. These services are regularly procured and market tested to secure value for money and the best available environmental outcomes. Effective procurement is therefore central to delivering WLWA's circular economy and reuse ambitions.

WLWA also manages Brent's Household Reuse and Recycling Centre at Abbey Road under a long-term agreement.

Governance

West London Waste Authority operates within a robust governance framework that ensures our resources are managed legally, efficiently and effectively. This framework underpins the whole waste disposal operation as well as the strategic direction within the approved business plan.

A comprehensive review of the effectiveness of these arrangements is detailed in the Annual Governance Statement included within this Statement of Accounts.

Operational Model

Following significant transformation during the 2025-26 year the Authority has rebuilt its senior leadership team bringing in talent from our boroughs and across the public sector. This renewed team is already helping to shape a more positive culture and working environment, which in turn is improving communications and strengthening relationships with our Borough partners.

The authority improved its working relationships with the boroughs and successfully collaborated on a range projects that improved disposal arrangements across west London. This included sharing of information and resources.

The Authority's principal statutory duty remains to receive, treat, transport and dispose of household waste collected by the boroughs. The table below shows a 1.9% decrease in the volume of borough collected waste managed by the Authority, to 604,000 tonnes in the year. Despite this decrease, the Authority's strategy of treating waste as a valuable resource is continuing to have an effect: 97% of waste was recycled, reused, composted or converted to energy. The table below sets out the waste tonnages in more detail.

	2025/26	2024/25
	Tonnes	Tonnes
Recycling and reuse	87,000	90,000
Composting	82,000	86,000
Energy recovery	416,000	417,000
Alternative treatment to landfill	18,000	8,000
Physically landfilled	1,000	16,000
Total waste	604,000	617,000

The Authority supports the constituent boroughs in providing household reuse and recycling centres for residents. Some sites also accept trade waste and other borough collected waste, such as street cleansing and fly-tipping. The Authority arranges the transport and composting or disposal of all waste received at these sites, except material recycled directly by the boroughs. The total above includes waste collected and managed through these centres.

There are six household reuse and recycling centres. Five are operated by the boroughs, either directly or through contractors, with the Authority arranging transport and disposal through private sector contracts. The remaining site is operated by the Authority as agent for one of the boroughs.

Within the totals above, residual waste sent for disposal from these centres totalled 109,000 tonnes in the year. Of this, 32,000 tonnes came from householders, 27,000 tonnes from trade waste and 24,000 tonnes from borough-collected waste. The breakdown is shown below.

	2025/26	2024/25
	Tonnes	Tonnes
Household residual waste	32,000	32,000
Household recycle and re-used waste	19,000	18,000
Household composted waste	7,000	7,000
Trade residual waste	27,000	29,000
Borough residual street cleansing waste	24,000	32,000
Total Household Re-use and Recycling Centre waste	109,000	118,000

A Strategic Partnership Board was approved and established in 2025/26. The six Borough Chief Executives each nominated a representative, resulting in a board made up of senior officers, including Environmental Directors and Finance Leads. The Board's purpose is to drive a whole-system investment approach in response to new legislative requirements due by 2030.

During the year, the Board's first project focused on investing up to £6.0 million of Extended Producer Responsibility (EPR) funding awarded to the Authority to improve the processing of producer packaging across the shared waste system. A further approval of up to £0.3 million was made for consultancy support to develop communal collection proposals and business cases with WLWA and the boroughs, helping to maximise the return on the agreed £6 million investment.

The Authority's EPR funding investment builds on earlier investment in the six constituent boroughs' waste systems to deliver long-term operational efficiencies and financial savings. In 2020/21, the Authority provided £3.0 million to expand food waste recycling services to more than 100,000 households. Although that funding ended in March 2025, further work with the boroughs is still needed to ensure all households, including those in communal properties, have access to a food waste collection service, as required by legislation from March 2026.

In 2025/26, the Authority approved the allocation to spend £2.4 million (£0.4 million per borough) from the £8.0 million Household Reuse & Recycling Centres investment fund held in reserves. The funding will be used to improve HRRC infrastructure and achieve a common operating standard across sites. The Authority recognises that HRRCs are essential infrastructure for each borough and that continued investment is needed to address actions identified through recent site condition surveys.

Risks and Opportunities

Following significant organisational change in 2025/26 whereby the Chief Executive left the Authority and there was a partial closure of the operational site to borough and trade waste to improve the operations and health and safety, the Authority updated its corporate risk register to reflect the new operating environment. The updated register focuses on maintaining core services, strengthening joint working with borough partners and supporting delivery of the Business Plan. It was reviewed by external and internal auditors and the Authority's Independent Audit Committee Member, with their feedback incorporated into the final version.

The Authority's principal risks relate to health and safety, legislative change, staff retention, the ongoing review of the governance framework and contractual matters. These risks reflect both the pace of change across the organisation and the wider legislation changes and operating environment in which the Authority works.

The Authority reviews its business risks regularly and has concluded that usable reserves of £59.7 million provide a reasonable level of cover for both operational and strategic risks in a changing environment. This is particularly important as recent and emerging legislation will create further mandatory pressures and risks that the Authority will need to manage.

These include Net Zero, the Climate Emergency, Consistency, Extended Producer Responsibility, the Deposit Return Scheme and the Emissions Trading Scheme. The scale of change will be significant, and reserves will allow the Authority to support its constituent boroughs manage the associated risks.

To manage these pressures, the Authority continues to pursue the ambitions of its refreshed Business Plan detailed below under Strategy while aiming to achieve value for money and maintain sufficient reserves to absorb unexpected budget pressures. This approach supports financial resilience, reduces the likelihood of seeking additional in-year funding from boroughs and allows the Authority to respond to emerging opportunities as well as risks. The Authority has continued to meet this objective.

Financial Performance

WLWA is primarily financed by an annual levy on the constituent boroughs. The Authority charges the boroughs two types of levies. Pay as You Throw (PAYT) is all borough and trade waste, and this is reconciled quarterly, with any waste growth charged back to boroughs, and waste reduction credited. The Fixed Cost Levy (FCL) is all waste disposed of at HRRCs, and the operational costs of the Authority, including depreciation and financing. This is apportioned to boroughs by the council tax base, and any over or under spend is absorbed by the Authority.

Other income is generated from sources such as charges paid by businesses for the disposal of non-household waste. 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 £76.6 million (£73.3 million in the previous financial year). During the year there has been an increase to the net cost of services to £57.2 million from the previous year's £42.6 million. This net increase has been driven by increased inflationary cost pressures to disposal of waste, as well as reduced trade waste income from Abbey Road HRRC due to the closure of the site during the 2025-26 year.

Net financing costs were £8.8 million compared to the prior year £9.4 million. The Authority received grant income of £11.3 million during 2025-26 compared to nil in the prior year. The overall result shows a surplus on provision of services of £22.0 million, an increase of £0.3 million compared to a surplus on provision of services of £21.7 million in the previous year.

The Authority is entitled to a share of the income (above certain thresholds) generated by the energy from waste plant, principally electricity income. In 2024/25 the Authority received £3.0 million which was included within Miscellaneous Income. This financial year WLWA received £0.6 million, again shown under Miscellaneous Income. Two thirds of this income will be passed through to boroughs in accordance with the Authority's Finance Strategy.

Another large component within Miscellaneous Income is £5.0 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 contract which is in relation to the energy from waste plant.

As of 31 March 2026, the Authority's properties comprise of an energy from waste centre, three transfer stations and an office building which have a combined balance sheet value of £292.0 million and have been funded by loans from constituent boroughs and the Public Works Loans Board with combined total balance of £75.7 million, in addition to a capital liability of £36.9 million to Suez from the PPP contract for the construction of the energy recovery centre.

Financial performance is reported to the Authority regularly, and matters of financial control are reviewed by the Audit Committee. The year-end outturn shows that the Authority remains financially

stable, with a surplus on the provision of services, positive cash flow, net assets and positive reserves supporting a strong balance sheet. Its long-term capital investment also helps manage the risks of rising landfill costs and waste volumes, leaving the Authority well placed to continue providing good value services to boroughs and respond to significant legislative change in the years ahead.

Strategy

In March 2026, Members approved the Business Plan for 2026/27 onwards which built on the previous plan but was refreshed to set out how we will improve performance and build a more ambitious, collaborative partnership.

The Authority aims to halve residual waste per capita by 2035 and, with Boroughs, Government, producers and circular businesses, eliminate avoidable residual waste by 2042, when the current PPP contract ends. This will help us plan a future disposal solution for only a small amount of residual waste using the most sustainable technology available. The Plan outlines the direction of travel going forward as below.

Building a circular economy across West London

To achieve this, we will grow West London's circular economy by expanding local reuse, repair and reprocessing. This will keep materials in use for longer, build skills, create green jobs and deliver social value.

Taking a joined-up approach across the whole system

Reducing residual waste will require every part of the system to work together, including collections, HRRCs, street services and processing facilities. Improving each part will help materials reach the right destination and cut environmental and financial impacts.

Preparing for a changing legislative landscape

National waste policy changes, including ETS, EPR and DRS, will reshape how materials move through the system. By making services more flexible and efficient, we can capture more materials, cut residual waste and reduce financial pressure.

Targeting the materials that matter most

Working with Boroughs, we will invest in frontline services, skills and facilities focused on the materials with the greatest environmental and financial impact:

- food waste
- textiles, plastics and other high-carbon materials
- items suitable for repair or reuse

Improving how we collect and process these materials will help address West London-wide challenges such as waste growth, contamination, limited processing capacity and end-of-life transparency.

Using EPR funding to improve capture and processing

We will work with Pack UK, producers and Government to maximise EPR funding and improve the capture and treatment of recyclable materials. We will also press to extend EPR to mattresses and textiles and modernise its approach to e-waste.

Creating impact through innovation, partnership and advocacy

With Boroughs, we will co-develop and fund business cases through the Strategic Partnership Board to support new processing methods and other innovations across the waste system. We will also

strengthen national engagement to help shape future legislation and improve material capture across West London.

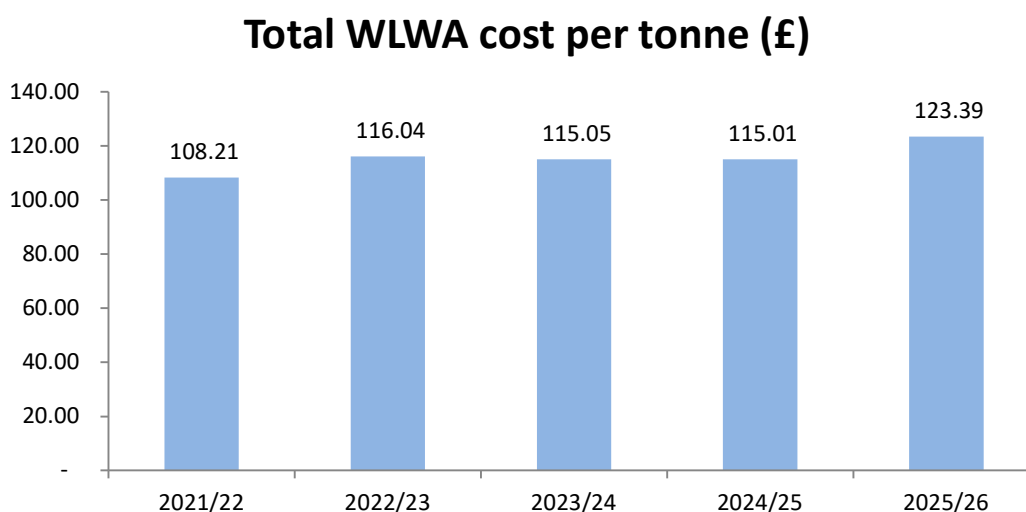
Supporting circular solutions and modernising HRRCs

To expand circular activity, we will invest in circular economy hubs that provide reuse services and support local circular businesses. We will also upgrade HRRCs to recover more high-quality materials and move more waste into reuse and repair.

Outlook

Looking ahead, the Authority has a strong reserves position to manage risk while maintaining and potentially expanding services for constituent boroughs. Its long-term financial plans and finance strategy include sensitivity analysis for key pressures such as tonnage growth and inflation, supporting a balanced medium-term position with low forecast growth in costs and levies. Alongside this, the Authority has started working with constituent boroughs on a joint municipal waste management strategy for approval in due course, setting out how the Authority and boroughs will respond to upcoming legislative changes.

The Authority uses cost per tonne as a key performance measure to understand and monitor the performance of the organisation. This is calculated by dividing the annual gross expenditure of the Authority (excluding payments made to Boroughs and property valuations movements) plus net financing costs by the total tonnes of waste managed.



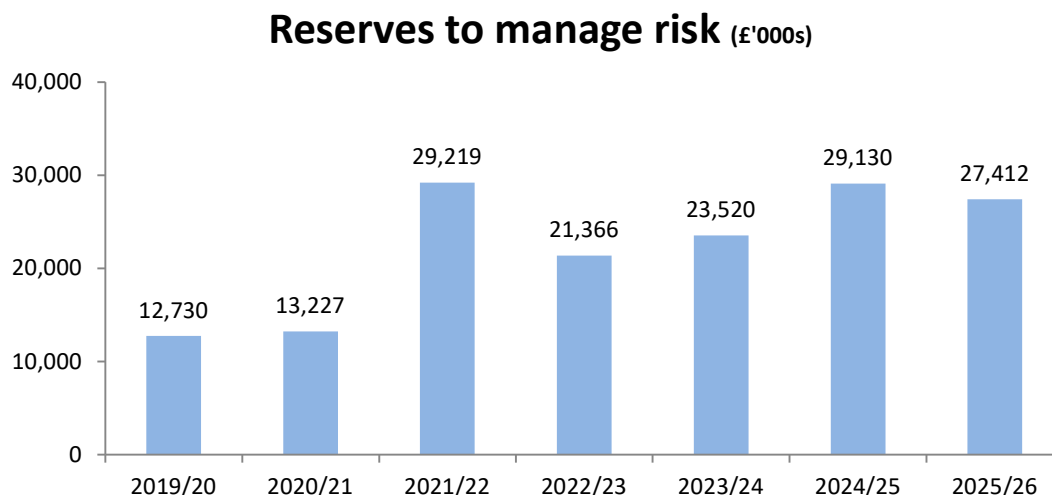
The key feature illustrated by this chart is that the Authority's operating cost per tonne have increased by 7% in 2025/26 compared to 2024/25. This increase in cost per tonne is reflective of three key factors (i) the inflationary cost pressures in year to transport and dispose of waste, (ii) the significant organisational change at the Authority resulting in additional running costs, and (iii) partial closure of the operational site during the year resulting in less waste collected, however costs to maintain the site were still incurred.

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.

The Authority's policy on reserves is to hold enough reserves to cover risks and ensure financial sustainability, with any surplus reserves being distributed to the constituent boroughs.

As part of the 2026/27 budget approval £11.3 million of reserves was identified to manage risks. In line with the Authority's budget, the Authority has recognised total earmarked reserves of £27.4 million as at 31 March 2026. These earmarked reserves include the Authority's retained share of PPP contract income reserve £1.5 million, EPR investment reserve £6 million and the HRRC improvement reserve £8 million. Details of all of earmarked reserves can be found in Note 32.

These reserves will be used to invest in the waste system through initiatives agreed by the Strategic Borough Partnership Board.



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 2026 and the Authority's financial position as at 31 March 2026.

Ian O'Donnell
Treasurer

Authority

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

Signed on behalf of West London Waste Authority
(Chair)

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	2025-26 £'000	2024-25 £'000
Gross expenditure			
Employees		3,922	2,907
Premises		3,808	3,433
Waste transport and disposal		49,913	46,815
Other supplies and payments	7	6,756	4,871
Depreciation	13	5,608	5,540
Total		70,007	63,566
Gross income			
Trade waste		(790)	(2,776)
Agency	24	(384)	(384)
Waste transport and disposal income	7	(4,800)	(8,939)
Miscellaneous income	7	(6,793)	(8,880)
Total		(12,767)	(20,979)
Net cost of services		57,241	42,588
(Gains) / losses on the disposal of non-current assets		(17)	37
Net financing and investment income and expenditure	12	8,760	9,416
Levies on constituent councils	23	(76,611)	(73,705)
Non-specific grant income	29	(11,338)	0
Deficit/(Surplus) on provision of services		(21,966)	(21,663)
(Gain) / loss from revaluation of property	13	(7,035)	(29,001)
Actuarial loss / (gain) on pension liability	27	(5)	(35)
Other comprehensive income and expenditure		(7,040)	(29,036)
Total comprehensive income and expenditure		(29,005)	(50,699)

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
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	11	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	32	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)
Balance at 1 April 2025		(29,129)	(15,238)	(44,367)	(104,757)	(149,123)
Total comprehensive (income)/expenditure		(21,966)	0	(21,966)	(7,040)	(29,005)
Adjustments between accounting basis and funding basis under regulations	11	3,766	0	3,766	(3,766)	0
Net (Increase)/Decrease before Transfer to Earmarked Reserves		(18,199)	0	(18,199)	(10,806)	(29,005)
Transfers to/from Earmarked Reserves	32	12,174	(12,174)			
(Increase)/Decrease in year		(6,025)	(12,174)	(18,199)	(10,806)	(29,005)
Less: Disbursement of excess reserves		2,850	0	2,850	0	2,850
Balance at 31 March 2026		(32,304)	(27,412)	(59,716)	(115,563)	(175,278)

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 26th June 2026 and the audited accounts are authorised for issue on XXX.

		31-Mar-26	31-Mar-25
		£'000	£'000
Property, plant and equipment	13	292,044	292,619
Capital work in progress	14	83	83
Long Term Assets		292,127	292,702
Cash and cash equivalents	16	66,177	49,826
Short term debtors	17	17,434	17,615
Current Assets		83,611	67,441
Total Assets		375,739	360,143
Short term creditors	18	(13,273)	(12,278)
Short term borrowing	19	(2,928)	(2,770)
Short term PPP liability	26	(962)	(1,108)
Short term Deferred revenue	25	(4,800)	(4,800)
Current Liabilities		(21,963)	(20,956)
Long term borrowing	19	(72,783)	(75,710)
Long term PPP liability	26	(35,986)	(39,725)
Long term Deferred revenue	25	(69,703)	(74,502)
Pension fund liability	27	(25)	(125)
Long Term Liabilities		(178,497)	(190,063)
Net Assets		175,279	149,124
Usable reserves		(59,717)	(44,368)
Unusable reserves	20	(115,562)	(104,756)
Total Reserves		(175,279)	(149,124)

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	2025-26 £'000	2024-25 £'000
Net surplus/(deficit) on the provision of services		21,966	21,663
Adjustment to surplus or deficit on the provision of services for non cash movements	30	2,564	(2,428)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	(17)	0
Net cash generated from operating activities		24,512	19,235
Net cash used in investment activities	30	(1,459)	(1,892)
Net cash from financing activities	30	(6,701)	(9,159)
Net movement in cash and cash equivalents		16,351	8,184
Cash and cash equivalents at beginning of reporting period		49,826	41,642
Cash and cash equivalents at end of the reporting period		66,177	49,826

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.

2024-25			2025-26		
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
52,263	9,675	42,588	60,990	3,749	57,241
(64,288)	(37)	(64,251)	(67,851)	17	(67,868)
(12,025)	9,638	(21,663)	(18,199)	3,766	(21,966)
(37,742)			(44,367)		
(12,025)			(18,199)		
5,400			2,850		
(44,367)			(59,716)		
		Opening Usable Reserves			
		(Surplus) or deficit			
		Less: Disbursement of excess Reserves			
		Closing Usable Reserves			

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 £184.4 million as of 31 March 2026, with total usable reserves of £59.7 million.
- 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 £2.9 million and holds £66.2 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 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.

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. 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 6.1% (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 2025). 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.

The financial liability has been recognised in accordance with the finance lease principles under IFRS16. Contingent rent is 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 based on assumptions using independent professional valuations to reflect the current value to the Authority in their existing use. For financial reporting periods where a full revaluation is not conducted an exercise to apply an annual indexation is conducted, to ensure the carrying value of the land and building assets reflects current value as at the balance sheet date. The previous full valuation date of land and building assets was 31 March 2024, and the valuation of these assets have been indexed to the current balance sheet date.

The valuation of Plant, Vehicle and Equipment assets have not been indexed because there is not a material difference between the current value and the depreciated historic cost value reported for these assets.

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

The following new standards and amendments to existing standards have been introduced in the 2026/27 Code of Practice of Local Authority Accounting in the United Kingdom. They are not expected to have any significant impact on the 2026/27 accounts.

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024.
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024.
- **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024.

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 2026 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 information and the judgement of surveyors in relation to market conditions, components and lifecycles. A full valuation was undertaken as at 31 March 2024 and valuations for land and buildings have been indexed using BICS indices to 31 March 2026.	Actual results only become apparent on the disposal of property. However, the balance on the revaluation reserve in Note 20 provides an indication of the level of notional gain resulting from valuations.
Fair value of long term borrowing	Independent professional fair value valuations take place every year by an external independent valuer, Arlingclose. The fair value is an estimate of the price the Authority would pay to transfer the liability to another market participant on 31st March 2026. 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 2026.	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. The fair value of the borrowing is disclosed in Note 15.
PPP Liability	An accounting model for the PPP liability is maintained. 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.	A 1% decrease of each of the three indexation rates would increase the Authority's PPP liability £0.642 million as of 31 March 2026. A 1% increase of each of the three indexation rates would decrease the

Item	Uncertainties	Effect if actual results differ from assumptions
		Authority's PPP liability £0.642 million as of 31 March 2026.

6. Events after the Balance Sheet Date

This unaudited Statement of Accounts was authorised for issue by the Treasurer of the Authority on 26th June 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 2026 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. In total levies were £76.6 million in 2025-26 (2024-25: £73.7 million). 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 through the Severnside Energy Recovery Centre (SERC), which is included within Miscellaneous income totalling £0.56 million (2024-25: £3.0 million). It principally relates to income resulting from high electricity prices and current levels of activity.

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.

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 £5.1 million (2024-25: £5.0 million).

A material expense which makes up the majority of the Authority's expenses are the waste transport and disposal costs.

Waste Transport and Disposal Income £4.8 million (2024-25: £8.9 million) recognised in Comprehensive Income and Expenditure Statement, consists of £4.8 million PPP deferred revenue credit (2024-25: £4.8 million PPP deferred revenue credit and £4.1m 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 £0.38 million (2024-25: £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 2026/27 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.

	2025-26 £'000	2024-25 £'000
Adjustments involving the Capital Adjustment Account		
<u>Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:</u>		
Depreciation (Note 13)	5,608	5,540
Impairments and revaluation (gains)/losses	673	(4,139)
Capital income from PPP deferred revenue	(4,800)	(4,800)
Amounts of non-current assets written off on disposal or sale	0	37
<u>Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:</u>		
Statutory provision for the financing of capital investment charged to the general fund (Note 20)	(5,023)	(6,296)
Direct revenue contributions to capital (Note 20)	(128)	(17)
Application of capital receipts	(17)	0
Adjustments involving the Pension Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	238	25
Employer's pensions contributions and direct payments to pensioners payable in the year	(333)	(4)
Adjustments involving the accumulated absences reserves		
Accumulated Absences Account (Note 20)	15	16
Total adjustments	(3,766)	(9,638)

12. Financing and Investment Income and Expenditure

	2025-26 £'000	2024-25 £'000
Interest payable and similar charges	4,757	4,902
Pensions interest and expected return on pensions assets	(5)	(4)
PPP financing interest	5,937	6,556
Interest receivable and similar income	(1,934)	(2,041)
	8,755	9,416

13. Property, Plant and Equipment

Movements in 2025-26	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 2025	284,778	1,047	6,661	657	293,143
Additions	1,331	0	25	121	1,476
Annual adjustment to RoU assets for IFRS16 inflation remeasurement	(2,804)	0	0	0	(2,804)
Disposals	0	0	(2)	(67)	(69)
Revaluation increases/(decreases) recognised in Revaluation Reserve	2,010	(10)	0	0	1,999
Revaluation increase/(decrease) recognised in the provision of services	(832)	0	7	0	(825)
Gross book value at 31 March 2026	284,482	1,036	6,689	710	292,917
Accumulated depreciation at 1 April 2025	0	0	0	(524)	(524)
Depreciation charge for the year	(5,524)	(21)	(18)	(46)	(5,608)
Disposal	0	0	2	67	69
Depreciation written out to Revaluation Reserve	5,015	21	0	0	5,036
Depreciation written out to the provision of services	136	0	16	0	152
Accumulated depreciation at 31 March 2026	(373)	0	0	(502)	(875)
Net book Value at 31 March 2026	284,109	1,036	6,689	208	292,042
Net book Value at 01 April 2025	284,778	1,047	6,661	133	292,619

Within depreciation charged for the year, £0.37 million (2024-25: £0.37 million) in PPP – RoU Assets reflects the depreciation of leased land assets over the period of the lease.

There is an annual remeasurement of the RoU liability in relation to the PPP Assets, due to the annual indexation of inflation rates captured within the accounting model. The credit in the remeasurement adjustment for 2025/26 is attributable to the impact of contingent rent within the PPP contract. 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 2025/26, the impact of updated indexation continues to reduce the liability and also reduce the RoU asset.

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

14. Capital Work in Progress

	2025-26	2024-25
	£'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		Short term	
	2025-26	2024-25	2025-26	2024-25
	£'000	£'000	£'000	£'000
Financial Assets – Amortised Cost				
Cash and cash equivalents	0	0	66,177	49,826
Trade debtors and prepayments	0	0	17,434	16,972
Total financial assets	0	0	83,611	66,798
Financial Liabilities – Amortised Cost				
Trade creditors	0	0	(13,873)	(12,278)
Borrowing	(72,783)	(75,711)	(2,928)	(2,770)
PPP Liability	(35,986)	(39,725)	(962)	(1,108)
Total financial liabilities	(108,769)	(115,436)	(17,763)	(16,156)

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 2026
- 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

	2025-26		2024-25	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Borrowing (Note 19)	(75,711)	(65,717)	(78,481)	(67,375)

The fair value for the year was determined 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 2026 (same methodology used in previous year). The discount rates range between 5.34% and 9.95% (previous year: 5.29% and 10.04% 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.

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

Market Risk

As at the 31 March 2026 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:

	2025-26	2024-25
	£'000	£'000
Bank balance (HSBC)	16,177	5,826
Deposit placed with the London Borough of Ealing	50,000	44,000
	66,177	49,826

17. Short Term Debtors

	2025-26	2024-25
	£'000	£'000
Other Local Authorities	1,538	1,581
Central Government Bodies	2,908	3,347
Other Entities and Individuals	430	309
Prepayments	10,509	8,120
Accrued Income	2,050	4,258
Total	17,434	17,615

The Authority's prepayment balance includes £8.95m (2024-25: £6.07m) 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 2026, the Authority had nil provision for doubtful debts (31 March 2025 nil provision for doubtful debts).

18. Short Term Creditors

	2025-26	2024-25
	£'000	£'000
Other Entities and Individuals	(11,702)	(10,666)
Other Local Authorities	(1,572)	(1,612)
Total	(13,273)	(12,278)

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%.

	2025-26	2024-25
	£'000	£'000
Opening balance	(78,480)	(81,102)
Loans in year	0	0
Repayments	2,770	2,622
Closing balance	(75,710)	(78,480)

The table below shows the maturity analysis of borrowing repayments including expected interest repayments over the remaining lifetime of the borrowing.

£'000s	Principal	Interest	Total
Less than 1 year	2,928	4,575	7,503
Between 2 and 4 years	9,846	12,630	22,475
Between 5 and 10 years	25,732	19,023	44,755
10 years or more	37,205	10,113	47,319
Total	75,711	46,342	122,052

20. Unusable Reserves

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

	2025-26	2024-25
	£'000	£'000
Revaluation reserve	(51,497)	(44,546)
Capital adjustment account	(64,157)	(60,388)
Pensions reserve	25	125
Accumulated absences account	67	52
Total Unusable Reserves	(115,562)	(104,757)

(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.

	2025-26	2024-25
	£'000	£'000
Balance at 1 April	(44,546)	(15,624)
Upward revaluation of assets recognised in Revaluation Reserve	(7,035)	(29,001)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	0
Difference between fair value depreciation and historic cost depreciation	83	80
Balance at 31 March	(51,498)	(44,546)

(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.

	2025-26	2024-25
	£'000	£'000
Balance as at 1 April	(60,383)	(50,634)
<i>Reversal of items relating to capital income and expenditure debited or credited to the provision of services:</i>		
Depreciation	5,608	5,540
Capital income from PPP deferred revenue	(4,800)	(4,800)
Revaluation (gains) / losses on property, plant and equipment	673	(4,139)
Adjusting amounts written out of the Revaluation Reserve	(83)	(80)
Amounts of non-current assets written off on disposal or sale as	0	37
Net written out amount of the cost of non-current assets consumed in the year	1,399	(3,442)
<i>Capital financing applied in year:</i>		
Application of capital receipts	(17)	0
Statutory provision for financing of capital investment charged to the general fund	(5,023)	(6,296)
Direct revenue contributions to capital	(128)	(17)
Balance at 31 March	(64,152)	(60,383)

(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.

	2025-26	2024-25
	£'000	£'000
Balance as at 1 April	125	139
Actuarial gains or losses on pension assets and liabilities	(5)	(35)
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	238	25
Employer's pensions contributions and direct payments to pensioners payable in the year	(333)	(4)
Balance at 31 March	25	125

(iv) Accumulated Absences Account

The Accumulated Absences Reserve reflects untaken leave balances outstanding as at the 31 March 2026. 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.

	2025-26	2024-25
	£'000	£'000
Balance as at 1 April	52	36
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	15	16
Balance at 31 March	67	52

21. Officers' Remuneration

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

Position	Notes	Salary and Allowances		Employer Pension Contributions		Compensation Payments		Total	
		2025-26 £	2024-25 £	2025-26 £	2024-25 £	2025-26 £	2024-25 £	2025-26 £	2024-25 £
Chief Executive	To August 2025	61,013	169,313	9,222	24,406	87,024	0	157,260	193,718
Managing Director (Interim)	Projects Director to August 2025 From August 2025 Managing Director (Interim)	144,282	101,920	21,179	14,880	0	0	165,462	116,801
Clerk	*	94,664	21,464	12,069	3,134	0	0	106,733	24,597
Treasurer	To June 2025 and then from October 2025	17,051	21,464	499	3,134	0	0	17,550	24,597
Director of Finance and Corporate Resources	*	121,481	96,250	18,057	14,052	0	0	139,538	110,302
Director of Operations and Contracts	From February 2026	20,306	0	2,965	0	0	0	23,270	0
Director of Operations and Contracts	To November 2025	65,524	96,445	9,567	12,078	0	0	75,091	108,524
Director of Development and Transformation	From January 2026	23,914	0	3,492	0	0	0	27,406	0
Head of People and Culture	From June 2024	74,270	46,630	10,843	6,808	0	0	85,113	53,438
Assistant Director of Borough Partnership	From February 2026	12,728	0	1,858	0	0	0	14,586	0

*During 2025/26 the Authority experienced a period of significant organisational change. Throughout this period the Clerk provided additional support, with the Projects Director having stepped up into the Interim Managing Director role from August 2025 and the Director of Finance and Corporate Resources assuming additional responsibilities. These changes were made to support the effective management and implementation of the change programme.

Termination Benefits and Exit Packages

The Authority terminated contracts of 4 employees in 2025/26 who were either made redundant as part of the Authority's rationalisation of these services or had agreed departures. This incurred liabilities of £144,627 (2024-25: nil).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by band		Total cost of exit packages in each band	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26 £	2024-25 £
£0 - £20,000	1	0	0	0	1	0	9,655	0
£20,001 - £40,000	0	0	2	0	2	0	47,947	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	87,024	0
Total	1	0	3	0	4	0	144,627	0

Members Allowances and Other Payments

An allowance of £200 is paid to each Member per committee attended. In total £5,200 was paid to Members for attendance at committees (2024-25: £4,600).

An allowance of £750 is paid to an independent member of the Audit Committee (2024-25: £1,500).

The number of employees, excluding Senior Officers whose remuneration is disclosed above, who received remuneration of £50,000 or more during the year is shown in the table below. These figures excluding employer's pension contributions.

Remuneration Band £		No of Employees	
		2025-26	2024-25
50,000	to 54,999	4	2
55,000	to 59,999	3	3
60,000	to 64,999	2	1
65,000	to 69,999	0	1
70,000	to 74,999	2	0
75,000	to 79,999	1	1
80,000	to 84,999	1	0
		13	8

22. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2025-26 £'000	2024-25 £'000
External audit - annual fee	117	114
External audit - additional fee	150	119
Total Fees	267	233

The external audit fee is set annually by Public Sector Audit Appointments (PSAA). The external audit additional fee relates to additional audit costs resulting from the conclusion of the prior year audit. The Authority has accrued £150k as at 31 March 2026 for the additional audit fee that relates to 2024-25 external audit. PSAA have yet to make their determination on this additional audit fee.

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 2025-26. 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:

£'000s	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
Income							
Pay as you Throw	11,686	12,187	8,330	10,970	10,490	6,408	60,071
Fixed Cost Levy	2,934	3,362	2,454	2,849	2,542	2,435	16,577
Total Levies	14,620	15,550	10,784	13,819	13,032	8,843	76,648
Agency and other income	2,233	3,136	3	3	34	1	5,410
Total Income 2025-26	16,854	18,686	10,787	13,821	13,067	8,844	82,058
Total Income 2024-25	15,841	18,146	10,565	14,151	11,760	8,950	79,413
Interest expense 2025-26							
Interest expense 2024-25	1,105	1,105	1,105	0	0	1,105	4,298
Other Expenditure							
Waste Transfer and Disposal Costs	74	6	0	351	15	72	518
Rent and Rates	181	0	0	702	0	0	883
Support Services	0	5	29	0	0	0	34
HRRC Improvement funding	37	2	42	0	7	86	173
Borough Disbursement	619	758	461	1,051	31	456	3,376
Total Other Expenditure 2025-26	912	771	532	2,104	52	613	4,985
Total Other Expenditure 2024-25	922	737	219	1,300	246	330	3,754
Excess reserves disbursement 2025-26							
Excess reserves disbursement 2024-25	504	578	422	490	437	419	2,850
Debtors 2025-26							
Debtors 2024-25	930	1,106	803	940	815	806	5,400
Debtors 2025-26							
Debtors 2024-25	829	295	0	0	406	0	1,530
Creditors 2025-26							
Creditors 2024-25	1,546	350	84	200	94	98	2,372
Creditors 2025-26							
Creditors 2024-25	73	0	0	0	90	0	163
Loans 2025-26							
Loans 2024-25	14,366	14,366	14,366	0	0	14,366	57,463
Loans 2025-26							
Loans 2024-25	14,366	14,366	14,366	0	0	14,366	57,463
Investments 2025-26							
Investments 2024-25	0	50,000	0	0	0	0	50,000
Investments 2025-26							
Investments 2024-25	0	44,000	0	0	0	0	44,000

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.

	2025-26	2024-25
	£'000	£'000
Balance at 1 April	(79,302)	(84,102)
Additions in year	0	0
Released to CIES	4,800	4,800
Balance at 31 March	(74,502)	(79,302)
Maturity profile		
Released within 12 months	4,800	4,800
Released within 2 to 5 years	19,200	19,200
Released within 6 to 10 years	24,000	24,000
Released within 11 to 15 years	24,000	24,000
Released within 16 to 20 years	2,502	7,302
	74,502	79,302

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.

	2025-26	2024-25
	£'000	£'000
Movements in the carrying value of PPP liability:		
Opening balance	(40,833)	(67,812)
Impact of implementing IFRS16 as at 1 April 2024	0	20,820
Revised opening balance	(40,833)	(46,992)
Remeasurement of liability arising from change of indexation	2,804	5,021
Payments during the year	7,023	7,697
Interest charge	(5,942)	(6,560)
Closing balance	(36,948)	(40,833)

The transition to IFRS16 resulted 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 2025/26 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 2025/26, 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	9,941	4,489	962	5,776	21,168
Payable within 1 to 2 years	19,885	9,304	2,061	11,086	42,337
Payable within 2 to 5 years	29,754	15,119	2,987	15,645	63,505
Payable within 6 to 10 years	49,499	24,685	10,868	20,789	105,841
Payable within 11 to 15 years	42,632	20,648	20,069	8,149	91,498
Total	151,710	74,246	36,948	61,445	324,349

Note 26b. Analysis of amounts payable to SUEZ

	2025-26 £'000	2024-25 £'000
Unitary payment payable to SUEZ	21,168	21,198
Consisting of:		
Interest charge	5,942	6,560
Repayment of liability	1,081	1,137
Service cost	9,941	9,634
Lifecycle maintenance	4,205	3,867

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.

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.

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 2026, 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 2026 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:

	2025-26	2024-25
	£'000	£'000
Present value of funded obligation	(20,112)	(20,068)
Fair value of Scheme Assets (bid value)	25,269	25,055
Net Asset/(Liability) before asset ceiling	5,157	4,987
Impact of asset ceiling	(5,157)	(4,987)
Present value of unfunded obligations	(25)	(125)
Net Asset/(Liability) in Balance Sheet	(25)	(125)

Comprehensive Income and Expenditure Statement

The following transactions have been recognised in the Surplus or deficit on the provision of services:

	2025-26	2024-25
	£'000	£'000
Service costs	220	305
Net interest on defined liability	(5)	(4)
Administrative expenses	23	7
	238	308

The following movements relating to the remeasurement of the net pension asset/liability have been recognised in other comprehensive income:

	2025-26	2024-25
	£'000	£'000
Return on plan assets in excess of interest	(391)	(440)
Other actuarial gains on assets	(253)	0
Change in financial assumptions	925	2,479
Change in demographic assumptions	(310)	54
Experience gain on defined benefit obligation	(83)	56
Changes in effect of asset ceiling	117	(2,114)
Total	5	35

Reconciliation of the present value of the scheme liabilities:

	2025-26	2024-25
	£'000	£'000
Opening balance as at 1 April	(20,193)	(22,393)
Current service cost	(220)	(305)
Interest cost	(1,133)	(1,070)
Change in financial assumptions	925	2,479
Change in demographic assumptions	(310)	54
Experience (gain)/loss on liabilities	(83)	56
Liabilities assumed/extinguished on settlements	0	0
Estimated benefits paid net of transfers in	1,178	1,253
Past service costs including curtailments	0	0
Contributions by scheme participants and other employers	(306)	(282)
Unfunded pension payments	5	15
Closing balance as at 31 March	(20,137)	(20,193)

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

	2025-26	2024-25
	£'000	£'000
Opening balance as at 1 April	25,055	24,993
Interest on assets	1,425	1,208
Return on assets less interest	(391)	(440)
Other actuarial gains	(253)	0
Administration expenses	(23)	(7)
Employer contributions	333	287
Contributions by scheme participants and other employers	306	282
Benefits paid	(1,183)	(1,268)
Settlement prices received/(paid)	0	0
Closing balance as at 31 March	25,269	25,055

The key assumptions utilised by the actuary are set out below:

Assumptions as at	31-Mar-26	31-Mar-25	31-Mar-24
	p.a.	p.a.	p.a.
Discount rate	6.10%	5.75%	4.90%
Pension increases (CPI)	2.90%	2.90%	2.90%
RPI Inflation	3.30%	3.20%	3.25%
Salary increases	3.90%	3.90%	3.90%

Life expectancy from age 65 (years)		31-Mar-26	31-Mar-25
Retiring today	Males	21.8	21.5
	Females	24.5	23.4
Retiring in 20 years	Males	22.7	21.2
	Females	27.0	25.4

The 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%).

Sensitivity analysis on major assumptions	£'000	£'000	£'000
	0.10%	0.00%	-0.10%
<u>Adjustment to discount rate</u>			
▪ Present value of total obligation	19,886	20,137	20,394
▪ Projected service cost	167	176	186
<u>Adjustment to long term salary increase</u>			
▪ Present value of total obligation	20,145	20,137	20,129
▪ Projected service cost	176	176	176
<u>Adjustment to pension increases and deferred revaluation</u>			
▪ Present value of total obligation	20,401	20,137	19,913
▪ Projected service cost	187	176	166
<u>Adjustment to mortality age rating assumption</u>			
	+1 Year	None	-1 Year
▪ Present value of total obligation	20,939	20,137	19,369
▪ Projected service cost	185	176	168

	2026-27
	£'000
Projected pension expense for next year	
Service cost	176
Net interest on the defined liability	(7)
Administration expenses	23
Total	192

Asset by breakdown by class	31 March 2026		31 March 2025	
	£'000	%	£'000	%
Equities	13,518	53%	14,777	59%
Target Return Portfolio	5,325	21%	4,550	18%
Infrastructure	2,969	12%	2,858	11%
Property	2,605	10%	2,284	9%
Cash	852	3%	586	2%
Total	25,269	100%	25,055	100%

Analysis of 2025-26 Assets	% Quoted	% Unquoted
<u>Equities</u>		
Basic materials	1.29%	
Consumer Discretionary	7.01%	
Consumer Staples	2.10%	
Energy	0.58%	
Financials	6.60%	
Health Care	3.47%	
Industrials	9.21%	
Real estate	0.45%	
Technology	15.75%	
Telecommunications	0.40%	
Utilities	0.58%	
Total equities	47.44%	
Fixed Income & Fees	0.00%	
Trade Cash/Pending	0.55%	
Synthetic Equity	0.00%	
Private Equity		5.42%
Fixed Income	3.84%	
Investment/Hedge Funds And Unit Trusts	0.00%	
Credit		17.23%
Infrastructure		11.75%
Real Estate		10.31%
Environmental Opportunities		0.09%
Cash	3.24%	
Currency Hedge (Forward Contracts)		0.13%
Total	55.07%	44.93%

28. Contingent Assets and Liabilities

At 31 March 2026 there was no contingent assets or liabilities (31 March 2025: contingent asset: Nil, contingent liability: Nil)

29. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025-26:

Credited to non-specific grant income

	2025-26	2024-25
	£'000	£'000
Extended Producer Responsibility for packaging (pEPR) grant	(11,338)	0
	(11,338)	0

30. Note to Cash Flow Statement

Operating activities

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

	2025-26	2024-25
	£'000	£'000
Interest received	(1,934)	(2,041)
Interest paid	10,693	11,458

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

	2025-26	2024-25
	£'000	£'000
Depreciation and impairments	5,608	5,540
Property, Plant and Equipment valuation movements in the surplus deficient on the provision of services	673	(4,139)
Pensions IAS19 non-cash adjustments	(95)	21
(Increase)/decrease in short term debtors	181	5,673
(Decrease)/increase in short term creditors	996	(4,760)
Carrying amount of non-current assets sold or de-recognised	0	37
Other non-cash items charged to the net surplus or deficit on the provision of services	(4,800)	(4,800)
Total non-cash adjustments	2,564	(2,428)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2025-26	2024-25
	£'000	£'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17)	0
Capital Grants credited to surplus or deficit on the provision of services	0	0
	(17)	0

	2025-26	2024-25
	£'000	£'000
<u>Investing activities</u>		
Purchase of property, plant and equipment	(1,476)	(1,892)
Proceeds from the sale of property, plant and equipment	17	0
Other investing activities	0	0
Net cash flows from investing activities	(1,459)	(1,892)

	2025-26	2024-25
	£'000	£'000
<u>Financing activities</u>		
Cash payments for the reduction of outstanding liabilities relating to leased assets	(1,081)	(1,137)
Repayments of short- and long-term borrowing	(2,770)	(2,622)
Disbursements to boroughs	(2,850)	(5,400)
Other financing activities	0	0
Net cash flows from financing activities	(6,701)	(9,159)

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.

	2025-26	2024-25
	£'000s	£'000s
Opening capital financing requirement	125,580	130,001
<u>Capital investment</u>		
Property, Plant and Equipment	1,476	1,892
<u>Sources of finance</u>		
Capital receipts	(17)	0
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(128)	(17)
Statutory provision for financing of capital investment	(5,023)	(6,296)
Closing capital financing requirement	121,888	125,580
<u>Explanation of movements in year</u>		
Decrease in underlying need to borrow	(3,692)	(4,421)
Increase/(decrease) in capital financing requirement	(3,692)	(4,421)

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.

£'000s	Balance as at 31 March 2024	Transfers in	Transfers out	Balance as at 31 March 2025	Transfers in	Transfers out	Balance as at 31 March 2026
Fluctuation in ETS reserve	0	0	0	0	(5,000)	0	(5,000)
Insurance reserve	0	0	0	0	(1,000)	0	(1,000)
BREF installation reserve	0	0	0	0	(200)	0	(200)
Food waste bulking reserve	0	0	0	0	(200)	0	(200)
Inflation reserves	0	0	0	0	(2,425)	0	(2,425)
HRRC tonnage reserve	0	0	0	0	(847)	0	(847)
PPP contract reserve	0	0	0	0	(750)	0	(750)
Industrial action reserve	0	0	0	0	(642)	0	(642)
Trade waste income reserve	0	0	0	0	(243)	0	(243)
PPP retained income reserve	(13,464)	(1,099)	0	(14,563)	(188)	13,165	(1,586)
Funding of Boroughs for HRRC improvements reserve	(763)	0	88	(675)	0	289	(386)
ReActon hub reserve	0	0	0	0	(133)	0	(133)
HRRC improvement reserve	0	0	0	0	(8,000)	0	(8,000)
EPR investment reserve	0	0	0	0	(6,000)	0	(6,000)
Total earmarked reserves	(14,227)	(1,099)	88	(15,238)	(25,628)	13,454	(27,412)

Fluctuation in ETS reserve

Setup to reduce the impact of potential fluctuations of future ETS charges to the Authority in year one due to volatility in carbon credits.

Insurance reserve

Setup to reflect the wider market challenges in the waste sector for obtaining insurance at the Abbey Road Household Recycle Recovery Centre (HRRC).

BREF installation reserve

Setup to cover potential additional costs to installation of equipment in relation to BREF (Best available techniques reference) and Persistent Organic Pollutants (POPs) monitoring at Severnside Energy Recovery Centre.

Food waste bulking reserve

Setup to cover future costs of finding longer term alternative arrangements for food waste bulking.

Inflation reserve

The Authority's budget is based on assumptions of various indexation rates, including RPIx, particularly in relation to waste disposal contracts. This reserve is to setup to absorb future fluctuations in costs to the Authority arising from changes in inflation.

HRRC tonnage reserve

The Authority's budget is based on assumptions on the tonnes of waste disposed of at HRRCs. Higher than expected tonnage of waste collected at HRRCs would require additional disposal costs. This reserve is to setup to absorb future fluctuations in costs to the Authority arising from fluctuation in HRRC tonnage.

PPP contract reserve

This reserve is set up to reduce the impact of additional costs arising from the complex PPP contract as a result of terms that are unclear or ambiguous in relation to the day-to-day operation and running of services.

Industrial action reserve

There is a risk that future industrial action by both employees of the Authority and also within the wider waste disposal sector would create disruption to the flow of waste and its disposal. This reserve is setup to reduce the impact of such additional costs.

Trade waste income reserve

Due to increased competition where commercial traders could dispose of waste, there is a risk of reduced income from trade waste collected from the Abbey Road HRRC should traders decided to go elsewhere. This reserve is setup to reduce the impact of this potential reduction in future income.

PPP retained 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.

Funding of Boroughs for HRRC improvements reserve

This reserve is earmarked to fund improvements to each of the Boroughs HRRCs. Each Borough initially had a budget of £200,000.

ReActon hub reserve

This reserve has been earmarked to fund the establishment of the Acton circular economy hub during the first year of operations.

HRRC improvement reserve

This reserve is earmarked to fund improvements to each of the Boroughs HRRCs, including infrastructure, design and layout. Each Borough initially had a budget of £400,000, approved in March 2026 by Members.

EPR investment reserve

This reserve has been earmarked to spend EPR grant funding received on investing in whole system change in relation to the management of the disposal of household packaging waste. This money is to be spent in collaboration with the Authority's boroughs through the Strategic Borough Partnership Board established by the Authority.

ANNUAL GOVERNANCE STATEMENT 2025-26

1. Executive Summary

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 the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’. A copy of this Code can be obtained from WLWA’s website (<http://westlondonwaste.gov.uk>). The Authority welcomes the CIPFA / SOLACE May 2025 publication: “Delivering good governance in local government: framework addendum, covering the annual review of governance and the annual governance statement for application to annual governance statements for 2025/26 onwards”. This Annual Governance Statement is provided in accordance with this strengthened guidance.

This Annual Governance Statement was approved by the Authority’s Audit Committee on 23rd June 2026 and our opinion is that, following the extensive work undertaken throughout 2025/26 (as covered in section 4), the Authority’s governance arrangements and the operation of these arrangements are fit for purpose as we move into 2026/27. Significant successes during 2025/26 include fully addressing the Governance recommendations identified in previous audits and significantly strengthened joint-working arrangements with our Borough Partners through our newly established Strategic Partnership Board.

Notwithstanding these successes, we remain committed to continuous improvement and the Authority is taking further action throughout the coming year to further strengthen and embed improvements to our Governance arrangements as outlined in sections 3. and 5.

Amy Croft
Chair
West London Waste Audit Committee

Peter Tilston
Managing Director
West London Waste Authority

2. Our Assessment of Effectiveness

During 2025/26, the Authority has initiated an extensive review of its governance arrangements and has agreed a number of improvements. These have included robustly addressing the shortcomings identified in the 2023/24 and 2024/25 audits (see section 4). This work was led by the Tiger Team management group; established to bring focus to the priority work required to be undertaken in response to the challenges of the previous year. This response has represented a significant success, with the Abbey Road site reopening safely for both Borough and trade waste during 2025/26.

This was facilitated through a range of improvements led by the Tiger Team, including:

- important Governance improvements, such as the establishment of a new Management Information Pack providing stronger management oversight at a Chief Officer level
- a digital health and safety system that has transformed the authority's effectiveness in incident reporting
- a revised approach (and associated training) to risk management to ensure that future risks can be managed effectively by the Authority and avoid any repeat of challenges experienced in previous years.

The Authority has established a new Strategic Borough Partnership Board. The Board helps strengthen partnership working with our boroughs and provides leadership on deciding priorities for waste service improvements funded by the Authority. It met twice during 2025/26 and is already strengthening partnership working as well as supporting the delivery of the approved £2.4M funding for Household Reuse and Recycling Centres improvement.

Success measures show that governance across the organisation has improved significantly during the year. As a result, the Tiger Team was stood down in Q4 2025/26, with responsibility for ongoing management and governance now firmly embedded into business as usual through the refreshed Senior Leadership Team and Chief Officers Group. Other Governance improvements made during the year include updated Financial Regulations, Whistleblowing Policy, and Modern Slavery and Human Trafficking Policy. This is in addition to our ongoing Internal Audit Assurance process where, in 2025/26, the Audit Committee have received and responded to recommendations covering;

- Data management
- Budget monitoring
- Contract management
- Health and safety

Based on the work carried out by Internal Audit in the financial year 2025/26 and the results of that work as reported to the Audit Committee throughout the year, and in accordance with the GIAS and Public Sector Application, the internal audit service concludes that West London Waste Authority's governance, risk management, and internal control arrangements are effective and support the delivery of statutory duties and strategic priorities.

We recognise that the publication of our accountability statements for the 2024/25 financial year were delayed beyond the 27 February 2026 deadline. The delay was due to the extensive work required by our external auditor and third-party advisers to quantify the impact of prior year adjustments for historic accounting in relation to the starting liability associated with our Waste PPP contract. This work has been completed successfully and the audited accounts have since been signed and published following the receipt of the final audit report. An update on this will be provided in our Annual Governance Statement for 2026/27.

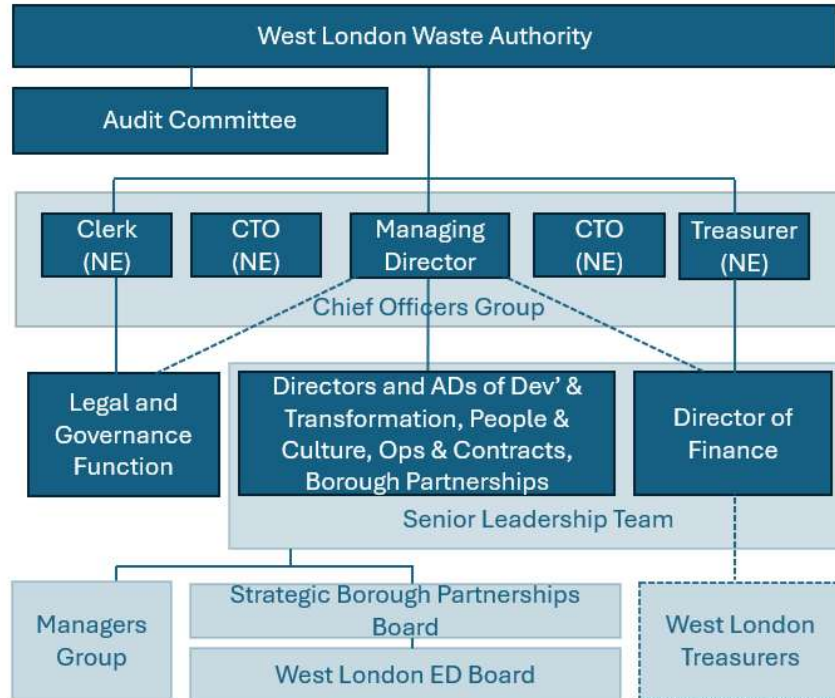
3. Where our Governance Needs to Improve

During 2025/26, the Authority has undertaken an extensive review of its governance, supported by increased capacity from our Clerk (who holds delegated responsibility for ensuring the effective Governance of the Authority) and from appointment to a newly created post of Assistant Director of Governance in December 2025. The review itself has, alongside reviewing documented policies and procedures, included engagement with all senior management of the organisation and Chief Officers.

Improvements adopted following this review include:

- strengthening clarity and understanding of decision-making structures, and enhancing planning efficiency through greater visibility of decision-making cycles, and more efficient consideration of items
- mitigating possible risks resulting from the significant level of responsibility held by the Managing Director (recognising all other Chief Officer posts are non-executive)
- maximising opportunities for further integration of WLWA decision-making with Borough partners – enhancing political engagement and further enabling collaboration and joint-working
- maximising Senior Leadership Team capacity to allow enhanced input into strategic matters
- enhanced managerial scrutiny and oversight through improved reporting and data management.

In addition to the above the Authority introduced the following structure from 1 April 2026:



To support the successful roll-out of the structure, the roles of the identified groups have been formalised and Terms of Reference agreed. In addition, a supporting escalation matrix aligned with the structure has been established as part of the risk management framework to ensure issues and opportunities are considered promptly and at the appropriate level, and a scheme of delegation – extending beyond the Chief Officers to all decision makers - has been established from 1 April 2026.

4. How we have improved our Governance in 2025/26

Our External Audit review during 2024/25 identified areas for improvement in our governance arrangements. The Authority has embraced these opportunities to strengthen our governance, and the following table provides a summary of the work it has undertaken to address them.

Issue	Action	Status
<p>Authority Oversight</p> <p>During 2025, the Authority became aware of concerns in respect of the operations at its Abbey Road site. The Authority temporarily closed the site for Borough and trade waste to ensure the safety of workers and residents. This decision followed an external investigation into the management, culture, employee relations and health and safety of the facility.</p> <p>Whilst the specific matters investigated have been resolved, there is a need to ensure senior leadership have earlier warning in relation to any future issues to enable preventative action.</p>	<p>Initially, bi-weekly Tiger Team meetings concentrated on critical issues such as health and safety, recruitment, and reopening the facility. This focussed response supported the safe reopening of the facility to Borough and trade waste and ongoing monitoring of its operation is now part of enhanced reporting arrangements.</p> <p>The Authority has now significantly enhanced its internal governance and oversight processes. A comprehensive management information pack is now provided to Chief Officers on a monthly basis, detailing key performance indicators (KPIs) and essential updates. These updates are reported at Authority meetings, and Members are met with monthly to discuss the latest developments.</p> <p>Key issues are tackled through weekly Senior Leadership Team (SLT) meetings, chaired by the Managing Director, where all Authority activities are reviewed. Internal and external communications have been improved, and the risk register has been updated to make risk management a key focus. An Operations Director has been recruited to strengthen leadership of the Abbey Road site and enhance integration of the site management with the Senior Leadership of the Authority.</p> <p>SLT members also have monthly one-on-one meetings with the Clerk, and there is on-going dialogue with Chief Officers as needed alongside regular monthly reporting.</p>	<p>Actions completed and issue closed during 2025/26.</p>
<p>Risk Management</p> <p>All local risk registers should be treated as a dynamic, live document rather than reviewed on an annual basis. The Senior Leadership Team should implement a process to monitor whether local risk register are updated promptly following significant incidents, emerging risks, or changes in the operating environment. This will help maintain an accurate reflection of the organisation's risk landscape and ensure that appropriate mitigating</p>	<p>A comprehensive review of operational risk registers is embedded as part of the annual budget setting process. In addition, operational risk registers have been aligned with the updated Authority risk register, presented to the Audit Committee in January 2026. This ensures that identified risks are linked across all levels of the organisation and appropriately escalated where necessary. An escalation matrix to support risk management was agreed in March 2026 to support this.</p>	<p>Actions completed and issue closed during 2025/26.</p>

<p>actions are identified and implemented in a timely manner.</p>	<p>To enhance the effectiveness and responsiveness of risk management, operational risk registers are now reviewed on a quarterly basis. Updates are made as required to reflect any significant changes in the operating environment, emerging risks, or the identification of new opportunities. This approach aims to keep the risk registers dynamic and current, supporting timely and informed decision-making across the Authority.</p> <p>In support of these improvements, risk management training has been delivered by an external provider to both Chief Officers and the Senior Leadership Team in December 2025. The Authority has procured Internal Audit services, to provide on-going assurance and support for robust risk management practices throughout 2026/27 and beyond.</p>	
<p>Performance Reporting</p> <p>The Authority should develop a comprehensive suite of management information, including Key Performance Indicators (KPIs) –and trend analysis. This should be regularly shared with and scrutinised by SLT, Chief Officers and Elected Members. KPIs should cover:</p> <ul style="list-style-type: none"> ● Health and Safety: Number of incidents and near misses / Lessons learned from incident investigations / Compliance with statutory safety inspections ● Employee Relations and Workforce: Staff turnover and retention rates / Absence levels and sickness trends / Employee engagement survey results ● Operational Delivery: Service availability and reliability metrics / Project delivery milestones and timeliness / Budget adherence and cost variance ● Compliance and Governance: Regulatory compliance breaches / Audit findings and remediation progress 	<p>A review of reporting practices has been undertaken and approaches have been enhanced through the development of a new Management Information Pack during 2025/26. This provides Chief Officers with significantly greater detail on operations, enabling issues requiring attention to be more comprehensively addressed, providing both assurance and clear identification of any emerging risks. Where risks are identified, the reports now include information on proposed mitigation measures, with direct reference to the Authority’s risk register.</p> <p>KPIs are now reported monthly to the Senior Leadership Team. These KPIs have also been incorporated into the Chief Officer’s monthly Management Information Pack, organised by department. This approach increases transparency and provides clarity regarding key issues and opportunities that arise across the organisation.</p> <p>In addition, KPIs will continue to be reported to Members at Authority meetings. These indicators will be reviewed annually to ensure they align with the Authorities Business Plan, approved budget and are linked directly to the Authority’s risk register.</p>	<p>Actions completed and issue closed during 2025/26.</p>
<p>Investigation of Health and Safety Incidents</p> <p>The Authority should develop its health and safety governance process to ensure it covers:</p>	<p>A digital health and safety system has been procured and implemented across the Authority. This system has led to a notable increase in the identification and reporting of</p>	<p>Actions completed and issue closed during 2025/26.</p>

<ul style="list-style-type: none"> ● Immediate Reporting and Investigation: All incidents, including near misses, should be reported promptly through established channels. A formal and independent investigation process should be initiated to determine root causes and corrective actions. ● Escalation and Governance Oversight: Significant incidents must be escalated to and reported on within Senior Leadership team members, and, where appropriate, to the Audit Committee or equivalent governance body. Governance committees should review incident trends and ensure accountability for remedial actions. ● Risk Register Updates: The organisational and local divisional risk register should be updated promptly to reflect any new or heightened risks arising from incidents. This ensures that risk management remains dynamic and responsive. ● Communication and Consultation: Communicate findings and lessons learned across the organisation. Engage employees and contractors through forums, newsletters, and safety alerts to reinforce awareness and good practice. ● Monitoring and Continuous Improvement: Implement corrective actions and monitor their effectiveness. Review health and safety policies and procedures regularly, making interim changes where deficiencies are identified. 	<p>hazards and incidents. As a result, management now benefits from improved oversight, including the ability to monitor how actions are closed out and to identify emerging trends through easily accessible data.</p> <p>Data collected from the digital system is incorporated into the Management Information Pack, ensuring that health and safety metrics are consistently reviewed at the strategic level.</p> <p>Additionally, health and safety is a standing item on the agenda at the weekly Senior Leadership Team meetings, supporting regular discussion and prompt action where required.</p> <p>To further embed a culture of health and safety within the organisation, stories and lessons learned from incidents are regularly shared with staff. This is achieved via the monthly WLWA newsletter, the ‘WLWA Wire’, which serves as a platform for communication and engagement on health and safety matters.</p> <p>The Authority’s risk register has been updated to reflect the heightened importance of health and safety. Previously considered a lower-level risk, health and safety now holds the top position in the register, underlining the Authority’s recognition of its significance to core operational activities.</p> <p>KPIs relating to health and safety have been developed and are shared on a regular basis. This approach supports transparency and ensures accountability for actions taken in response to identified risks and incidents.</p>	
<p>Annual Health and Safety Reporting</p> <p>Management should enhance the annual health and safety report to provide comprehensive and meaningful information that supports oversight and continuous improvement. At a minimum, the report should include:</p> <ul style="list-style-type: none"> ● Type and nature of incidents ● Root causes and contributing factors ● Classification of incidents by severity ● Trend analysis over time 	<p>The Annual Health and Safety reporting process has been revised to incorporate all audit recommendations and the new process initiated from the December 2025 Annual Report for Members. Health and safety remains a significant focus during weekly Senior Leadership Team meetings, and the Management Information Pack—presented monthly to Chief Officers—includes key performance indicators related to health and safety.</p> <p>A SHEQ is also being recruited in 2026/27 to provide internal robustness, assurance and</p>	<p>Actions completed and issue closed during 2025/26.</p>

<ul style="list-style-type: none"> • Key insights from incident investigations • Actions taken to prevent recurrence • Policy, process, or operational changes resulting from incidents • Evidence of effectiveness of these changes 	<p>controls around H&S with third party assurance and support bought in to bolster this.</p>	
<p>Health and Safety Policy</p> <p>The Authority should review and update its Health and Safety Policy to ensure it aligns with recognised best practice and current legislative requirements. At a minimum, the updated policy should include:</p> <ul style="list-style-type: none"> • Clear Policy Statement: A formal commitment from senior leadership to provide a safe and healthy working environment and comply with all relevant legislation. • Defined Roles and Responsibilities: Explicit accountability for health and safety at all organisational levels, including management, employees, and contractors/agency staff. • Objectives and Framework: Goals for risk assessment, hazard elimination, and continuous improvement, incorporating both physical and psychological well-being. • Consultation and Communication: Mechanisms for engaging staff and contractors, promoting two-way communication, and providing access to whistleblowing or Speak Up channels. • Training and Competence: Requirements for induction, ongoing training, and specialist instruction for high-risk roles. • Incident Reporting and Investigation: Clear procedures for reporting accidents, near misses, and unsafe conditions, including investigation and corrective action protocols. • Monitoring and Review: Regular audits, performance monitoring, and scheduled policy reviews following incidents or legislative changes. <p>The revised policy should be communicated organisation-wide and supported by appropriate training and monitoring arrangements.</p>	<p>The Authority’s Health and Safety Policy has been updated to incorporate all recommendations and was agreed by the Authority in December 2025.</p> <p>The policy is communicated widely and regularly to staff, including through internal communications channels and team briefings. Staff receive regular training to identify and report hazards, enabling more effective trend analysis and proactive risk mitigation.</p> <p>Health and safety remains a significant focus during weekly Senior Leadership Team meetings, and the Management Information Pack—presented monthly to Chief Officers—includes key performance indicators related to health and safety.</p>	<p>Actions completed and issue closed during 2025/26.</p>

<p>Agency Spend</p> <p>Management should enhance reporting on agency staff expenditure by presenting it as a proportion of total staffing costs and highlighting associated risks. At a minimum, reporting should include:</p> <ul style="list-style-type: none"> • Agency spend as a percentage of total paycosts (including permanent and temporary staff). • Trend analysis overtime to identify increases or reductions in reliance on agency staff. • Narrative commentary on the operational and financial risks linked to high agency usage, such as continuity of service, cost volatility, and compliance with work force planning objectives. <p>This reporting should be incorporated into the Authority’s newly developed monthly Management Information pack regularly and shared with the Authority Board to enable effective scrutiny and challenge.</p>	<p>Starting November 2025, Finance report key agency spend metrics to budget holders and the Senior Leadership Team.</p> <p>Reporting in relation to agency spend is also included in the Management Information Pack provided to Chief Officers on a monthly basis to maintain transparency.</p>	<p>Actions completed and issue closed during 2025/26.</p>
<p>Enhancement of Supplier Compliance and Spend Reporting</p> <p>Management should enhance the Supplier Compliance and Spend Analysis report to include the following for each supplier identified as non-compliant or under review:</p> <ul style="list-style-type: none"> • Clearly documented agreed actions to address compliance gaps (e.g. procurement route, contract formalisation, cessation of spend). • A named responsible officer for delivery of each action. • A clear target date for action completion. • Explicit documentation of whether the Procurement Review Board (PRB) has agreed that spend can continue on an interim basis, including any conditions applied. <p>Management should also include spend incurred in the current month alongside year-to-date (YTD) spend at each reporting point.</p>	<p>All of the recommendations are currently in the process of being implemented or have been implemented. Management has initiated and worked on necessary actions to ensure that for each supplier identified as under review, there are documented agreed actions to address compliance gaps. Furthermore, the documentation records instances where the Senior Leadership Team has authorised the continuation of spend on an interim basis, including any conditions that may be applied.</p> <p>In addition, budget holders receive a comprehensive monthly report detailing their cumulative supplier spend, inclusive of a breakdown of expenditure by threshold. This process ensures transparency and accountability, as budget holders are required to provide supporting evidence for all spend incurred.</p> <p>The minutes of the Procurement Review Board (PRB) formally record all key actions and decisions, including specific details of any spend that has been permitted to continue on an interim basis. This approach guarantees that there is a clear and auditable trail of decision-making, enabling effective monitoring of compliance actions and ensuring that any conditions attached to interim spend approvals are properly documented and followed up as required.</p>	<p>Our Assistant Director of Contracts and Procurement is leading the work to respond to this recommendation and we expect the review and relevant updates to be concluded by June 2026.</p>

<p>Procurement Controls</p> <p>Our 23/24 year end audit identified a significant weakness in respect of the Authority’s procurement controls and the Authority should:</p> <p>Ensure that compliance with procurement policies and internal controls within the procurement function is monitored and that controls are strengthened to improve the segregation of duties and monitoring of cumulative expenditure on smaller suppliers.</p> <p>We recommend, on at least a quarterly basis the Authority’s finance team, analyses total spend by supplier, considering the make-up of this spend and whether there are indicators of high volume of low value spend with specific suppliers. Where new supplier spend is identified; the finance team should maintain responsibility for checking the procurement policy has been complied with. Outliers should be investigated, and action should be taken to address identified non-compliance.</p>	<p>During 2024/25 the Authority has tightened controls and processes within procurements, with evidence of quotes sent to Finance, a weekly Procurement Board held to review cumulative spend by supplier and assessing new suppliers set up on the system, and cumulative supplier spend sent to budget holders monthly.</p> <p>Further to the actions undertaken during 2024/25 outlined above, during 2025/26 the Authority has undertaken significant activity to further strengthen its procurement controls including:</p> <ul style="list-style-type: none"> • Procurement of a new E-Procurement system to establish strengthened audit trails and approval processes for commissions at all values. • Procurement of an upgraded finance system which will enable embedding of purchase order systems and enhanced tracking of supplier spend. • Procurement of an independent review of the Authorities Contract and Procurement rules. 	<p>Actions undertaken during 2024/25 have been completed and the issue was closed from an operational perspective during 2024/25. As this work was concluded during 2024/25, we expect the action to be independently verified as closed by our auditors within our 2025/26 audit when complete.</p> <p>Additional actions undertaken during 2025/26 to further strengthen our procurement governance will be implemented during 2026/27 when our new E-procurement and finance systems go live, and revised contract and procurement rules are agreed by the Authority.</p>
<p>Consideration of the financial accounting impact of business decisions</p> <p>We recommend the Authority updates its business case template to ensure the financial accounting implication is specifically considered with reference to the Local Authority Code of Practice. Furthermore, due to the size and capacity of the Authority’s finance team we recommend regular consideration is given to whether specialist third party accounting advice is required to ensure all aspects and implications of the decision being made are considered. This advice should be procured at key points in the decision-making process and should be updated when key changes to the proposed scheme are being considered.</p>	<p>In line with the updated governance arrangements, the business case template is being reviewed and will be updated to reflect the recommendation. Third party accounting advice is being sought to support the team's technical knowledge. In relation to insufficient historical accounting records being maintained, all documentation in relation to prior year accounting adjustments, updated models and support has been saved in a central location for all relevant staff to access.</p>	<p>Our Director of Finance and Corporate Resources leading is leading the work to respond to this recommendation and we expect the review and relevant updates to be concluded by June 2026.</p>

In addition to the above work in relation to Governance improvements made following our previous external audit, the Authority has also provided a range of improvements in response to recommendations from our Internal Audit team during 2025/26. This includes activity in relation to:

- Cyber Risks and IT Strategy
- Accounting Policies and Procedures
- Programme Delivery and business case sign-off and evaluation procedures
- Contract Management

Whilst these actions were addressed with controls and processes embedded into business as usual activities, continuous development of these actions and improvements in other areas will be under review and strengthen the governance of the Authority further.

5. Forward look on Governance

We recognise the potential for change at an Authority level in 2026/27, with local elections scheduled for all our Boroughs in May 2026. As a result, a key focus for the coming year will be on ensuring appropriate and robust induction arrangements for any new Members joining our Authority – ensuring we can continue to deliver services for our Borough Partners and customers efficiently and effectively throughout the coming year.

Similarly, at an Officer level, the Authority has a number of Senior Leadership posts currently filled on an interim basis and we expect to confirm permanent arrangements across our Senior Leadership Team structure during 2026/27, for approval during the 2027/28 budget setting process.

At an operational level, we are committed to further embedding the changes agreed during 2025/26 to our governance structure, with ongoing development for staff and further formalisation of roles and responsibilities across the organisation at a managerial level. We will further strengthen our focus on Health and Safety with in-house capacity including the recruitment of a dedicated SHQE post to the team, alongside our supporting governance infrastructure including upgraded financial and e-procurement systems.

On a broader basis, our governance review process is ongoing and, in early 2026/27, the Authority will consider further updates to the WLWA Local Code of Governance. It is anticipated that this work will incorporate strengthening areas including, but not limited to, the following:

- Updating the Local Code of Governance
- Updating the Authority Contract and Procurement Rules
- Further strengthening the delegations in place across the Authority at all levels
- Updating the Member Code of Conduct and Complaints Procedure
- Reviewing our Committee composition, enhancing opportunities for independent review of our work where possible
- Strengthening the Authority’s approach to ensuring ethical conduct for both members and officers through updating the Authority’s Code of Conduct and Register of Interest.

TBC