MRWA FINANCE REPORT 2026/27 (PERIOD 6)
WDA28/26

Recommendation

That Members:

1. Approve the revised forecast for 2026/27 with regard to the Authority's Revenue Budget, as outlined Section 3 and in Appendix 1 to this report; and
2. Approve the revised Capital Programme for 2026/27 as outlined in Section 5 and Appendix 2 to this report.

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MRWA FINANCE REPORT 2026/27 (PERIOD 6)
WDA28/26

Report of the Director of Finance

1. Purpose of the Report

1.1 To provide Members with an update as at 30th September 2026 (Period 6) of the Authority's forecast revenue budget and capital programme position.

2. Background

2.1 The Authority's Revenue Budget was approved by the Authority on 6th February 2026 at a forecast expenditure of £95.523m and an overall forecast surplus of £1.662m.

2.2 Members also approved a 5-year Capital programme of some £180m of which £0.870m was forecast to be incurred in 2026-27. At the Authority meeting of 25 September, members approved a re-phased capital expenditure programme that increased forecast expenditure for 2026-27 from £1.731m to £2.789m.

2.3 This report sets out the updated revenue and capital positions at period 6.

Key areas of the report

3. Revenue Expenditure

3.1 The updated financial forecast compared against the Original Approved Budget (approved at the Authority Budget meeting on 6th February 2026) is shown at Table 1 below.

3.2 The table shows a projected surplus of £3.438m, a decrease of £0.673m from the previous forecast presented in September of £4.111m. The primary reason being an increase in the forecast, residual waste tonnage being processed under the Resource Recovery Contract.

3.3 The current forecast shows an increase in the projected surplus of £1.776m to £3.438m, when compared to the original budgeted surplus of £1.662m.

Table 1: Comparison to approved budget

	Original Budget	Current Forecast	Variance
	£000s	£000s	£000s
1. MWDA ESTABLISHMENT	3,462	3,165	(297)
2. WASTE MANAGEMENT & RECYCLING CONTRACTS	38,535	35,509	(3,026)
3. RESOURCE RECOVERY CONTRACT	44,673	46,398	1,725
4. CONTRACT SUPPORT	453	416	(37)
5. PROCUREMENT	1,473	1,639	166
6. ESTATES	1,659	1,166	(494)
7. RECYCLING CREDITS	4,640	4,903	263
8. DATA PROCESSING	289	266	(23)
9. BEHAVIOURAL CHANGE PROGRAMME	974	627	(347)
NET COST OF SERVICES	96,158	94,088	(2,070)
10. NET INTEREST	778	980	202
NET OPERATING EXPENDITURE	96,936	95,068	(1,868)
11. TECHNICAL ACCOUNTING	5,835	6,026	191
12. PPP LIABILITIES REPAYMENTS	(7,248)	(7,297)	(49)
TOTAL COST OF SERVICE	95,523	93,797	(1,727)
13. LEVY INCOME	(85,579)	(85,579)	0
14. OTHER INCOME	(11,606)	(11,656)	(50)
NET (SURPLUS) CONTRIBUTION IN YEAR	(1,662)	(3,438)	(1,776)

3.4 A more detailed commentary on the revisions to the financial forecast is contained at Appendix 1.

4. Authority Reserves

4.1 The Authority's Earmarked and General Balances, together with the projected movements in and out during 2026/27, are summarised in the table below:

4.2 *Table 2: Summary of Reserves*

	Original Forecast		Revised Forecast	
	Earmarked Reserves	General Fund	Earmarked Reserves	General Fund
Opening Balances	20,000	20,375	20,000	20,375
Surplus or Deficit on Provision of Services		1,662		3,438
Transfers to Earmarked Reserves				
Closing Balances	20,000	22,036	20,000	23,813

4.3 Reserves brought forward are still subject to any amendments required by external audit.

4.4 Members will recall that £20m was set aside in earmarked reserves to fund the Procurement Costs in respect of the Future Waste Services Programme and also the costs in forthcoming legislation, in particular the Emissions Trading Scheme (ETS). Whilst the Government has recently confirmed that implementation of ETS will be delayed beyond 2028, the forecast overall cost impact over the medium term and long term remains significant.

4.5 The adequacy or otherwise of the earmarked reserves will be kept under review throughout the financial year.

5. Capital expenditure

5.1 The approved 5-year capital programme totals some £180m, of which the vast majority relates to the Future Waste Programme and for which the expenditure was originally forecast to take place in in 2029/30 and beyond.

5.2 The phasing of this expenditure is kept under constant review and some £3m of land purchases have been brought forward to 2026/27 and 2027/28.

5.3 The current phasing profile recognises that certain land purchases (or elements thereof) will be subject to obtaining planning permission and therefore will not fall due until 2027/28. As such the forecast capital expenditure for 2026/27 is decreased from the previously reported £2.789m to £2.018m. Further details behind the forecast changes can be found in appendix 2.

5.4 Net Expenditure for the year to date is currently shown as a negative (£0.115m). This arises because there has been a significant backlog of invoices relating to the prior year that has mostly been resolved and a retainer due for the food waste project that is still due for payment in March 27.

5.5 A comparison of the current budget compared to the previous forecast presented on 25 September is shown below:

Scheme	2026/27 Budget £m	26/27 Expenditure @ M6 £m	26/27 Forecast £m
HWRC ACCESS MANAGEMENT			
Roll out of access control measures	**£0.020**	**£0.000**	**£0.020**
HWRC STRATEGIC REVIEW			
Repairs and upgrades	**£0.200**	**-£0.003**	**£0.200**
INFRASTRUCTURE CHANGES			
Food Waste	**£0.000**	**-£0.171**	**£0.000**
Simpler Recycling (improvements at MRFs)	**£0.761**	**£0.060**	**£0.771**
FUTURE WASTE SERVICES			
Preconstruction fees and surveys	**£0.600**	**£0.000**	**£0.600**
Land Acquisition	**£0.000**	**£0.000**	**£0.305**
NEW LEASES			
Contracts and Estates Vehicles	**£0.000**	**£0.000**	**£0.053**
CLOSED LANDFILL SITES			
Apparatus upgrades	**£0.100**	**-£0.001**	**£0.000**
MWDA REPLACEMENT ICT & OFFICE EQUIPMENT			
Procurement of IT hardware – laptops, video screens & other office equipment	**£0.050**	**£0.000**	**£0.069**
TOTALS	**£1.731**	**-£0.115**	**£2.018**

5.6 A breakdown of current performance and details of the 5-year programme are included at Appendix 2.

6. Risk Implications

6.1 The risk implications in respect to our reserves have been set out in the previous section of the report, but there is a need to check on the level of the General Reserves and their adequacy to cover possible financial risks and challenges to the Authority in the coming years. The following risk assessment has been made in respect of the financial robustness of the Authority's anticipated level of reserves:

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Unforeseen costs of waste management contracts	3	3	9	Establishment of a specific reserve to meet these costs. Rigorous management and oversight of the procurement process.

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Legislative changes and Simpler Recycling	3	3	9	Establishment of a specific reserve to meet these costs. The Authority needs to work with Districts to minimise waste arisings and costs

7. HR Implications

7.1 There are no HR implications

8. Environmental Implications

8.1 There are no environmental implications

9. Financial Implications

9.1 The financial implications are set out in the body of the report.

10. Legal Implications

10.1 The legal requirement for reporting to Members on the financial position of the Authority is met through this report.

11. Conclusion

11.1 The report identifies the financial performance of the Authority in the financial year 2026-27; it indicates the forecast outturn and level of reserves.

12. Appendices

12.1 The appendices to this report are:

Appendix 1: Updated Revenue Forecast

Appendix 2: Updated Capital Programme

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.