

MERSEYSIDE RECYCLING & WASTE AUTHORITY

MERSEYSIDE... A PLACE WHERE NOTHING IS WASTED

MRWA
MERSEYSIDE RECYCLING & WASTE AUTHORITY

STATEMENT OF ACCOUNTS 2025/26

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Introduction to the 2025/26 Statement of Accounts by the Chairperson of the Authority

This Statement of Accounts presents to the people of Merseyside and other users of the accounts how the Authority has performed in the year, the costs of providing its services and the assets which it has managed throughout the region. It is also an opportunity to consider the previous financial year and the major events that have occurred.

The accounts show residents across Merseyside how much our services have cost and how funding for those services has been provided. They help to provide reassurance about the care we take over the public funds that have been placed at our disposal by the public through the Levy. I am pleased to note that the 2025/26 accounts were, once again, published within the statutory deadline of 30 June.

The Members of the Authority together with the Authority's officers have a duty to ensure the effective use of resources to deliver services to Merseyside residents. The total costs incurred by the in Authority's 2025/26 were £96.297m and the Authority reports to the public on the exercise of its responsibilities annually through the statement of accounts.

The environment in which the Authority is operating is undergoing a period of rapid change, including significant new legislation coming into effect in respect of recycling and carbon emissions that will have a substantial impact upon the Authority's operations. I am particularly pleased that in 2025/26 the Authority has been able to set aside a further £10m of specific reserves to help meet these challenges in the years ahead.

One of the major changes is the requirement to process food waste separately and process the additional materials that result from the Government's Simpler Recycling Initiative, both of which were required to be fully implemented by 31 March 2026. This necessitated significant capital investment during the financial year together with considerable alterations to the way our facilities operate. I am delighted that the Authority completed the necessary changes within the Government's timescale and this is testament to the dedication and hard work of the Authority's officers and its Waste Management Contractor, Veolia.

The Authority's Resource Recovery Contract has continued to take Merseyside and Halton's residual waste from a Rail Transfer Loading Station at Knowsley to an Energy from Waste (EfW) Plant in Redcar where it is used to create electricity and steam.

The Authority uses the Waste Management and Recycling contract operated by Veolia ES Merseyside to provide a network of Household Waste Recycling Centres, transfer stations for waste and two Materials Recycling Facilities. The contract reaches a conclusion in four years, and the Authority has commenced work to determine the most optimal solution to meet the needs of residents and the new statutory requirements. The Outline Business Case was completed during the financial year and approved by Authority on 24 April 2026. This work has established our future strategy for the procurement and provision of waste management services, which will commence this financial year.

MRWA

MERSEYSIDE RECYCLING & WASTE AUTHORITY

Throughout 2025/26, the Authority continued to monitor and manage a number of closed landfill sites across Merseyside, meeting our environmental liabilities and ensuring they do not pollute the local environment.

The Authority continues to champion sustainability and the move to a more circular Liverpool City Region. Our work to manage the resources of the City Region is central to addressing the climate emergency. To be successful we will need to think and work differently. We will need to invest in our people and in improving how we do things including taking a whole system approach to managing resources and waste and collaborating with our partners across the Liverpool City Region and beyond.

Finally, I would like to recognise the commitment shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Authority, they have worked diligently to support the essential services we provide, in challenging circumstances.

Catie Page

Chairperson



Date 26 June 2026

Narrative Statement
Chris Kelsall Director of Finance (from 06 April 2025)

Background: the Authority and its Functions

Merseyside Recycling and Waste Authority (MRWA, which is the public facing name of the statutory joint waste Authority) came into being on 1st April 1986 on the demise of the former Metropolitan County of Merseyside. The statutory duty and powers over waste disposal were allocated to the new Waste Disposal Authority which was created for the purpose of waste disposal.

The arrangements mean that MRWA is the local authority that takes decisions on how Merseyside fulfils its waste disposal obligations. MRWA is made up of Councillors (the Members) appointed to the Authority by each of the constituent authorities in Merseyside. The number of Members appointed by each Council is set by statute. The Authority is made up of nine Members appointed by the constituent authorities as follows:



Liverpool 3, Sefton 2, Wirral 2, Knowsley 1, St Helens 1. These appointed Members sit as the local authority on a statutory basis.

MRWA has all the legal duties and powers to dispose of Merseyside's waste. The constituent authorities have no such disposal powers; they are statutory waste collection authorities and have a duty to deliver controlled waste to MRWA for disposal.

MRWA is primarily responsible for:

- the disposal of waste collected by its constituent Waste Collection Authorities
- providing Household Waste Recycling Centres (HWRC) for use by members of the public
- arrangements for the recycling and composting of waste
- payment of 'recycling credits' to third parties; and
- aftercare of seven former landfill sites
- minimising waste
- applying the Waste hierarchy

MRWA collects a statutory Levy from the constituent Merseyside councils to meet all its liabilities. It also collects payments from Halton Council in respect of services provided to the Council.

MRWA delivers its principal services through two main waste contracts. The Waste Management and Recycling Contract (WMRC) was let in 2009 and is the primary interface with waste collection authorities and members of the public through a number of facilities including Waste Transfer Stations, Materials Recycling Facilities (MRFs) and Household Waste Recycling Centres (HWRCs).

The majority of residual waste is dealt with under the Resource Recovery Contract with Merseyside Energy Recovery Ltd (MERL) under which waste is delivered to a Rail Transfer Loading Station at Kirkby in Knowsley and transported by rail to and Energy from Waste facility at Wilton on Teesside.

MRWA's main aim is to manage waste as a resource which means providing and promoting sustainable waste management through the waste hierarchy where landfill is the least favourable option in environmental and financial terms.

MRWA acts mainly in an intelligent client procurement and contract management role with around 96.5% of the budget expended on contracted, statutory and non-controllable costs. There are currently 35 staff on the Establishment with a significant proportion of support services provided externally through service level agreements with St Helens Council and the Combined Authority.

Governance and Membership

MRWA consists of nine elected Members representing the five constituent district councils in Merseyside. The number of Members per district is set by statute and is shown in brackets against each council below alongside the membership during 2025/26:

- Knowsley (1): Cllr Bell
- Liverpool (3): Cllrs Brown, Norris and Robertson-Collins
- St Helens (1): Cllr Dickinson
- Sefton (2): Cllrs McNabb and Page
- Wirral (2): Cllrs Baldwin and Luxon-Kewley

Halton Council has delegated part of its functions to enable its waste to be accepted under MRWA's contracts. A non-voting Member from Halton is also appointed to MRWA.

MRWA has a schedule of five meetings per year, although special meetings may be called from time to time.

Unlike some other joint boards on Merseyside, MRWA does not have legal powers to pay any remuneration to its Members.

A voluntary Code of Conduct for Members was approved in 2013 and remains in place.

Scrutiny Arrangements

MRWA's Scheme of Delegation provides for three levels of decision-making, namely Key Decisions, Executive Decisions and Administrative Decisions.

MRWA does not have a Scrutiny Panel as all Key Decisions were considered by the full Authority in 2025/26. The Scheme of Delegation does provide for the scrutiny of Executive Decisions where two or more Members call in a proposed decision and these scrutiny items are subsequently considered at full Authority meetings.

The Localism Act 2011 Schedule 2 (9FF) provides powers of scrutiny to relevant authorities over partner authority actions, including those actions of MRWA. MRWA has sent officers to attend a number of scrutiny panels over the years and makes an annual offer to each of the Merseyside and Halton councils.

Management of the Authority

The Authority's Senior Leadership Team comprises the Chief Executive, who is also the Head of Paid Service, and three directors:



MRWA is required to appoint statutory officers, namely a Chief Finance Officer (under Section 73 of the Local Government Act 1985; equivalent to the s151 Officer in other Authorities); a Monitoring Officer (Section 5 of the Local Government and Housing Act 1989); and a Clerk (Section 34(8) of the Local Government Act 1985). These duties are currently undertaken within MRWA's Senior Leadership Team.

Performance

The Authority's performance management framework is established before the beginning of each year. The Authority approves the Corporate Plan which sets the high-level objectives; these are then developed into Service Delivery Plans for each part of the organisation, which are also approved at the start of the year by the Authority. The Authority's performance is measured against the Service Delivery Plans and is reported to management through the year and is considered by the Authority at the end of each year. The Authority's consideration of the performance arrangements is documented annually in the Governance Statement.

The Corporate Plan

The Authority sets out its current priorities and future objectives in its Corporate Plan. The Plan strengthens the Authority's planning processes and is a fundamental part of its Performance Management Framework.

The Authority's Vision, as set out in its Corporate Plan, is:

"To ensure that we reduce the impact of our actions on climate change and improve the sustainable management of waste and resources."

The Corporate Plan contains five key Priorities:

1. Deliver our statutory and contractual duties
2. Develop new and improved services
3. Ensure the highest standards of governance and performance
4. Implement our zero Waste Strategy 2040
5. Educate and influence behaviour change

This plan is reviewed by the Authority on an annual basis to reflect emerging issues, consultation feedback and progress made to date.

Explanation of the Statements of Accounts

The Accounts and Audit (Amendment) Regulations 2024 require the Authority to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below:

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and the Chief Financial Officer (Director of Finance and Section 73 Officer).

Auditor's Report gives the External Auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources (this report is not included in the draft accounts).

Financial Statements

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Directorate and reflects the Authority's local reporting format. The bottom half of the statement deals with corporate transactions and funding.

- **Movement in Reserves Statement** is a summary of the changes to the Authority's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

- **Balance Sheet** shows the value of the Authority's assets, liabilities and reserves at a point in time.

- **Cash Flow Statement** shows the changes in the Authority's cash and cash equivalents during the year and quantifies the movements in balances attributable to the day to day running of the Authority (operating activities), investing activities or financing activities.

There are also a series of notes to the accounts which provide further information to support the main statements. Each key financial disclosure also has a comparative figure from the preceding year to enable the reader to consider how the financial performance of the Authority has changed over the reporting period.

Following on from the accounting statements for the main Authority there is a similar set of statements, notes and comparisons that incorporate the Group Accounts for the Authority and its associated companies and interests. The group accounts comprise of the authority and its 100% subsidiary.

The Authority also has interests in Mersey Waste Ltd and MWH Associates Ltd, which are subsidiaries of MWHL, and were not consolidated as they are currently not operating and are considered dormant companies. Additionally, the authority holds an interest in Bidston Methane Ltd which was liquidated and dissolved during the financial year after not operating for some time so was not consolidated into these group accounts.

Throughout 2024/25 Authority worked with the auditor to finalise the statements of accounts for previous years, which had been outstanding for some time.

In 2024 the Government issued a directive that statements of accounts where the audit remains outstanding shall receive a disclaimer of audit opinion (in order to enable the audit process to move forward). As a consequence, the outstanding accounts for previous years were finalised with a disclaimer of audit opinion.

A full audit was completed in respect of the 2024/25 accounts and as a result these accounts contained numerous prior year adjustments together with a disclaimer of audit opinion. The Authority is now working with the auditor to build back financial assurance with a view to obtaining a more limited qualification for the 2025/26 accounts

The Authority is now in a position where it has full confidence in the financial position reported within these accounts. It has, once again, published its draft accounts for 2025/26 within the statutory deadline of 30 June and looks forward to the audit being completed by the statutory backstop date of 31 January 2027.

Revenue Outturn

The significant majority of MRWA expenditure is spent on the contracts that provide waste disposal services to the public and to Councils in Merseyside and Halton, as well as other statutory services including the maintenance of closed landfill sites. The expenditure for 2025/26 is summarised as follows:

Net Expenditure Chargeable to General Fund Service:	2024-25	2025-26
	£000	£000
MWDA Establishment	2,208	2,803
Waste Management & Recycling Contracts	28,494	27,257
Resource Recovery Contracts	26,169	27,087
Contracts Support	76	577
Procurement	553	832
Estates	1,346	1,966
Recycling Credits	4,359	4,317
Strategy & Resources	10	38
Data Processing	134	212
Behavioural Change	662	522
Cost of Services	**64,011**	**65,610**
Other Operating Income and Expenditure	(81,851)	(83,492)
Financing and Investment Income and Expenditure	11,642	15,562
Non-Ringfenced Grant Income	0	(12,989)
Net Cost of Services	**(6,199)**	**(15,309)**
Contribution to/from CAA	4,602	5,125
(Surplus) or Deficit on Provision of Services	**(1,597)**	**(10,184)**
Transfers to Earmarked Reserves	10,000	10,000
Transfers to/from General Fund	**8,403**	**(184)**

Income

The Authority's income is largely from the Statutory Levy in the Constituent District Councils and a charge to Halton Council for Waste Disposal Services.

The income received from Halton Council amounted to £7.186m in 2025-26 and £6.441 m in 2024-25

The Authority also received £12.968m in funding from PACKUK, DEFRA and MHCLG as part of the new legislation regarding Extended Producer Responsibility for Packaging.

Balances and Reserves

A summary of the Balances at 31 March 2026 with a comment about why the amounts are set aside is shown as follows:

	£M
General Reserve To cover risks to the Authority in carrying out its functions.	20.375
Earmarked Reserves To cover corporate risks associated with procurement and future legislative changes	20.000
Total	**40.375**

The earmarked reserves will help meet the costs of the Authority's Future Waste Services Programme (see below) and also the future expenditure in meeting the

requirements of recent or new legislation such as Simpler recycling and the Emissions Trading Scheme.

Capital Investment

The Authority invested £3.309m during 2025/26 in improving its infrastructure. Of this, the majority related to process food waste separately (2.578m) and process the additional materials that result from the Government's Simpler Recycling Initiative (0.729m). This enabled the Authority to be fully compliant with legislative requirements by the deadline of 31 March 2026.

Packaging Extended Producer Responsibility Grant

The Packaging Extended Producer Responsibility (pEPR) scheme is a UK-wide initiative that requires packaging producers to cover the full cost of collecting, sorting, recycling, and disposing of household packaging waste.

The Government distributes the funds it receives from producers via a pEPR grant mechanism to enable local authorities to meet the costs of collection, recycling and disposal of packaging materials.

In 2025/26 the Authority received £12.968m in pEPR grants. This has been utilised in meeting the initial costs of Simpler Recycling and helped facilitate the transfer of reserves of £10m that will support the Authorities Future Waste Services Programme which, as outlined below, will deliver significant improvements in the way the Authority manages waste and recycling.

Future Waste Services Programme

The Authority's Waste Management and Recycling contract (WMRC) reaches the end of its initial term in May 2029 and the Authority has established its Future Waste Services (FWS) procurement programme to determine the way these services will be delivered over the longer term once the WMRC contract expires.

This programme involves close working with district council partners to establish what the best approach will be in a changing environment to ensure the most appropriate and cost-effective solution is put in place.

The specific objectives of the programme are to ensure MRWA and its partners will have:

- A fit for (future) purpose contract;
- Met and expanded Social Value;
- Met and contributed to lower carbon targets and other Environmental considerations;
- Invested in new facilities (MRF, AD, WTS, HWRCs);
- Established good interface with Resource Recovery Contract (RRC);
- Met legislative and regulatory changes for waste and resources;
- Introduced new services in reuse and improved recycling;
- Worked together to educate population in recycling, reuse and waste reduction;
- An affordable service delivery model.

The Outline Business Case was completed during 2025/26 and approved by members on 24th April 2026. Procurement for the new contracts will commence in 2026/27 with a view to having new contracts in place by June 2026.

Behavioural Change Programme

In 2025/26, the Authority, through its Zero Waste Community Fund, supported 12 organisations reaching more than 12,600 residents through over 2,000 workshops. Activity spanned food, plastics, textiles, furniture and electricals, helping communities reduce waste in practical, everyday ways while strengthening local capacity and engagement.

Alongside this, behaviour change activity extended the Fund's impact through initiatives such as Repair Week 2026, which delivered more than 70 events and supported the creation of new repair cafés, alongside projects like Play it Forward and the development of local repair and education hubs. Increased focus on food waste has also supported the growth of community composting, helping to establish new sites while embedding long-term, self-sustaining approaches within communities.

Assets

Expenditure of £3.315m was capitalised during year, comprising the completion of upgrades to facilities for the collection of food waste and the start of upgrades to aid collection of additional materials included within the Simpler Recycling Legislation.

In line with changes to CIPFA Code guidance the Authority's assets were subject to an annual indexation, which amounted to an increase of £26m in the value of our Non-Current Assets. Though with the update to facilities for food waste and the start of these facilities coming into use, a small number of our assets were subject to full revaluations of which amounted to an increase of £3m.

Current borrowing

The Authority has a portfolio of loans taken out to finance capital expenditure and for the prudent management of its financial affairs over a number of years; the outstanding balance at 31 March 2026 was £36.047m (down from £37.130m in 2025). The vast majority of loans are through the Public Works Loans Board (PWLB) and are scheduled to mature at various dates up to 2058. The final maturity on the £2.000m non-PWLB loan is 2065.

No additional borrowing was undertaken during 2025/26 with all capital investment funded from cash balances.

Pension liabilities

The pensions liability includes an adjustment called an asset ceiling, introduced in the 2023-24 financial year, which removes the net asset position from the balance sheet. With this change, the balance sheet now shows a net pension deficit of £0.060m, this represents the unfunded benefits on the scheme. These are benefits that are not covered by a separate fund and so will have to be covered either by the authority's current income or future cashflows. This is a decrease of £0.022m on the pension liability shown in the prior year's accounts. The change reflects the changes in the value of the assets held by the pension fund on behalf of the Authority and the numbers of and ages of employees and former employees who are Members of the pension schemes which the Authority has a liability to support. The values of the pension assets and liabilities are assessed periodically (every three years) by the scheme actuaries and contribution rates for employers are adjusted to ensure that the schemes liabilities are funded over time. Employee contribution rates are also reviewed periodically to further ensure liabilities are funded.

Unusual material items

The Authority did not make any material unusual payments in the year.

Changes in accounting policy

During the 2025/26 financial year, the authority updated its revaluation policy to align with changes to CIPFA Code, for further details on this see note 10 and the accounting policies section and policy ix).

Changes in statutory functions

There have been no changes in statutory functions during the year.

Cash and Investments

The Authority's cash and investments has been managed by St Helens Council under a service level agreement for a number of years. As at 31 March 2026 the value of the Authority's investments, managed by St Helens in conjunction with its own investment portfolio, was £15.055m.

Provisions, contingencies and write offs

The Authority carries provisions in the accounts in respect of:

- **Closed Landfill sites managed by the Authority**. The Authority established the closed landfill provision in 2013/14 as a technical accounting provision, to recognise the need to provide for the potential future costs of maintaining Closed Landfill sites across Merseyside for which the Authority is responsible. In 2025/26, the calculation of the amount set aside as a technical provision has been reviewed and amended to better reflect the potential future costs that the Authority may face in managing its Closed Landfill sites.

- **Contractor Claims**. During the 2024/25 the authority recognised a provision in respect of costs that may arise from additional costs claimed by the Authority's contractors in respect of insurance costs. A settlement has now been reached, resulting in a cost to the authority of £2.771m. This was mostly offset by the utilisation of the provision that was set aside of £2.549m

- **Contingent Asset** In certain circumstances, the Authority can be entitled to rebates in respect of tonnage delivered under its waste contracts. The amount outstanding in respect of several previous years is not yet agreed and the Authority has calculated that it may be entitled to a potential additional rebate of £9.161m. This amount is fully disputed, and the Authority's policy is not to recognise such amounts until they are confirmed.

Other than the contingent asset referred to above, at this stage there are no material events, adjusting or non-adjusting, that could have an impact on the financial statements or the way that they should be interpreted.

Corporate Risks

The Authority has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. Risk Management is incorporated into the Business Planning Process with all risks reviewed and monitored quarterly.

The Corporate Risk Register, which is refreshed quarterly, plays an integral role in supporting production of the Corporate Plan and is subject to regular review by the full Authority.

They encompass:

- Changes to the Authority's financial resilience due to uncertainty and matters outside of the Council's control such as changes to the regulatory framework governing waste disposal;
- The performance of the Authority's two main contractors' delivery of waste management and resource recovery services.
- Cyber and IT risks;
- The key procurement projects planned for the future delivery of waste management services once the existing contract expires in 2029; and
- Failure to demonstrate value for money to the Authority's auditors and key stakeholders.

The Annual Governance Statement outlines the arrangements through which the Authority manages risks. It identifies the future risks challenges the Authority faces and actions requires to mitigate those risks to a reasonable level.

Economic Outlook

The statement of accounts for 2025/26 should be considered alongside the budget for 2025/26 and the medium-term financial prospects for the Authority. In particular, over the next few years the Authority faces a number of significant challenges and uncertainties, which include:

- the additional costs arising from the Government's Simpler Recycling changes,
- the additional costs that will arise from the re-procurement of the Waste Management PPP Contract;
- potential for income losses as the impacts of the Government's deposit return scheme are realised; and
- the financial risks of the Emissions Trading Scheme will be likely to be significant and for which the Government is yet to announce full details.

Furthermore, the Authority's constituent District Councils have faced a number of years of significant funding reductions despite increased demand for local authority services. The Authority will continue to work with the Councils to keep the Levy increases over time to a minimum in the short term. However, a long-term solution will be required that incentivises recycling but is financially sustainable for both MRWA and the Districts.

Receipt of Further Information

If you would like to receive further information about these accounts, please contact Chris Kelsall, Director of Finance and Section 73 Officer, Merseyside Recycling & Waste Authority, 1 Mann Island, Liverpool, L3 1BP.

Certificate

I certify that this Statement of Accounts presents a true and fair view of the financial position of Merseyside Recycling and Waste Authority (the statutory Waste Disposal Authority for Merseyside) at 31 March 2026 and its income and expenditure for the year then ended. In doing so I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.



Chris Kelsall
Director of Finance
Merseyside Recycling & Waste Authority

Date : 26 June 2026

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

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

The Director of Finance's responsibilities

The Director of Finance, elsewhere referred to as the Treasurer to the Authority, is responsible for the preparation of the Authority's Statement of Accounts in accordance with statutory 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 Director of Finance 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 Director of Finance 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.



Chris Kelsall
Director of Finance
Merseyside Recycling & Waste Authority
Date: 26th June 2026

Annual Governance Statement 2025/26

Introduction

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance leads to:

- Effective leadership
- Good Management
- Good Performance
- Good stewardship of public money
- Good public engagement
- Good outcomes for our service users

The governance framework comprises the culture, values, systems and procedures by which the organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Merseyside Waste Disposal Authority (operating as Merseyside Recycling and Waste Authority, MRWA) acknowledges its responsibility for ensuring that there is a sound system of governance. The Authority has developed a local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Authority's constitution and can be accessed on the Authority's website.

The Authority's governance framework aims to ensure that in conducting its business it:

- Operates on a lawful, open inclusive and honest manner;
- Makes sure that public money is safeguarded, properly accounted for and uses economically, efficiently and effectively;
- Has effective arrangements for the management of risk; and
- Secures continuous improvements in the way that it operates.

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

The Annual Governance Statement

The Authority is required by the Accounts and Audit (England) Regulations 2015 to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Authority complies with its own Code of Governance and explains how the Authority has reviewed the effectiveness of its systems of internal control.

In this document the Authority:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment
- Describes how the Authority has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period
- Provides details of how the Authority has responded to any issue(s) identified in last year's governance statement
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at MRWA for the year ended 31 March 2026.

How the Annual Governance Statement is prepared

The review of the Authority's governance statement is carried out by the Primary Assurance Group (PAG) which reports to the Chief Executive. The PAG consists of the members of the Senior Leadership team, including those with responsibilities as the Chief Finance Officer, Clerk and Monitoring Officer.

In preparing the annual governance statement the Authority has:

- Reviewed the Authority's existing governance arrangements against its local Code of Corporate Governance
- Considered any areas where the Local Code of Corporate Governance may need to be updated to reflect changes in the Authority's governance arrangements and best practice guidance
- Taken account of other sources of assurance over the Authority's governance framework
- Assessed the effectiveness of the Authority's governance arrangements and highlighted whether there are any planned changes in the coming period

The PAG has prepared the Governance statement for review by the Chief Executive highlighting any significant governance issues facing the Authority

The Authority's Governance Framework

The Authority aims to achieve good standards of governance by adhering to the following key principles set out in the best practice guidance 'Delivering Good Governance in Local Government: Framework 2016'

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

As part of this annual governance statement the Authority has undertaken an assessment of previously identified governance issues and the progress made against these issues in the year. Any areas not resolved will be carried forward into 2025/26 and will continue to be monitored.

The Authority considers that it is compliant with the 'CIPFA Delivering Good Governance in Local Government: Framework 2016'. Examples of how the Authority complied are included within the Annual Assessment for 2025/26 and the Improvement Plans for 2026/27.

Core Principles, supporting principles and the MRWA response

Core Principle 1

Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law

Supporting principles

Behaving with integrity

Demonstrating strong commitment to ethical values

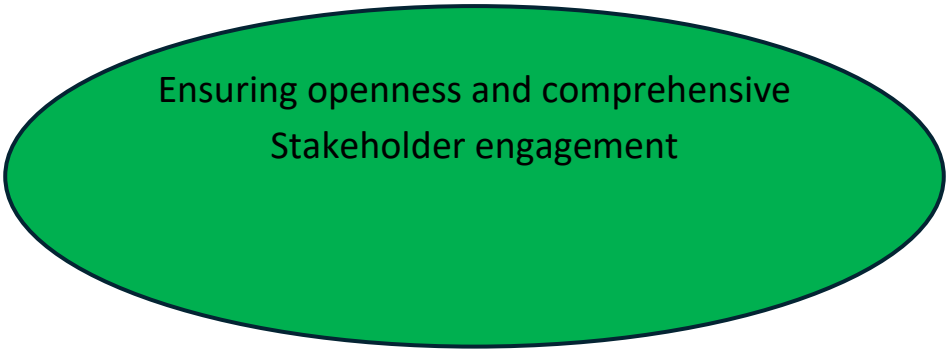
Respecting the rule of law

How MRWA achieves this*

- Leadership
- Standards
- Policies
- Values
- Codes of conduct
- Ethical Standards
- Whistle Blowing
- Compliance with the law and regulations
- Decision making
- Appropriate advice

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 2



Supporting principles

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including citizens and service users

How MRWA achieves this*

- Use MRWA values as a guide
- Develop shared values for partnerships
- Zero Waste 2040 for LCR
- Annual report
- Clarity of roles
- Clarity of legal arrangements
- Protocols
- Effective management arrangements

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 3

Defining outcomes in terms of sustainable economic, social and environmental benefits

Supporting principles

Defining outcomes

Sustainable economic, social and environmental benefits

How MRWA achieves this*

- Vision and the corporate plan
- Fair access to services
- Delivering outcomes sustainably
- Managing expectations
- Balancing economic, social and environmental issues in decisions
- Wider public interest and consultation
- Value for Money

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 4

Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting principles

Determining interventions

Planning Interventions

Optimising the achievement of intended outcomes

How MRWA achieves this*

- Annual report
- Accountability for Members and officers
- Clear communications
- Openness, accessibility and transparency
- Staff consultation
- Stakeholder relationships
- Strategies for meaningful consultation
- Report on scrutiny arrangements
- Public meetings
- Accessibility of public engagement

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 5

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting principles

Developing the entity's capacity

Developing the capability of the entity's leadership and other individuals

How MRWA achieves this*

- Develop member and officer skills
- Review performance
- Encourage all staff to contribute
- Provide career structures
- Induction programmes
- Review skills and support for statutory officers
- Member and officer skills and training assessments

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 6

Managing risks and performance through robust internal control and strong public financial management

Supporting principles

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

How MRWA achieves this*

- Embed risk management
- Publish the service delivery plan
- Clear roles and responsibilities
- Development of the corporate plan
- Member/Officer protocols
- Clerk and Monitoring officer responsibilities
- Monitor service delivery
- Treasurer's advice and responsibilities
- Internal Audit Workplan

**Supported and evidenced in the Annual Assessment and improvement plans*

Core Principle 7

Implementing good practices in transparency, reporting and audit to deliver effective accountability

Supporting principles

Implementing good practice in transparency

Implementing good practice in reporting

Assurance and effective accountability

How MRWA achieves this*

- Consider scrutiny reports of partner organisations
- Complaints procedures
- Documenting decisions
- Scrutiny via procedural rules and scheme of delegation
- Effective audit function
- Regular review of the Corporate Plan
- MRWA website
- Publishing all transactions > £500

**Supported and evidenced in the Annual Assessment and improvement plans*

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority, namely the Primary Assurance Group, who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Authority measures its arrangements against a Code of Corporate Governance developed and approved by the Authority in accordance with the CIPFA/SOLACE framework. The Code supports the delivery of good governance through the establishment of the following roles:

- the Authority is responsible for the approval of the Code of Corporate Governance and its associated annual review and assessment;
- the Authority is responsible for the approval of the Annual Governance Statement;
- the Authority is responsible for the approval of the Annual Statement of Accounts once they have been approved by the Chief Finance Officer and audited;
- the scrutiny function is provided by the full Authority;
- the Director of Finance is responsible for ensuring the proper financial administration of the Authority, including:
    - the preparation of the statement of accounts;
    - accounting records and control systems; and
    - internal audit
- audit and risk issues are dealt with by the full Authority; and
- the Audit and Governance Committee has delegated powers to deal with governance matters where statutory deadlines require approvals prior to scheduled full Authority meetings.

The Primary Assurance Group has reviewed the Authority's Code of Corporate Governance and conducted an annual assessment to identify and address any weaknesses in the Authority's governance arrangements. An action plan for delivering improvements has been developed and will be implemented during 2026/27 to continue to strengthen and improve the Authority's governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Primary Assurance Group and that the arrangements

continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant governance issues

The previous year's AGS identified that financial accounts for prior years were not published within the statutory deadlines and the audit for both the 2022/23 and 2023/24 had not been completed. This resulted in statutory recommendations being included within the Auditor's Annual Report for 2023/24.

The Authority has taken steps to facilitate the timely production of the 2024/25 accounts, and all statutory recommendations were resolved during 2025/26. The 2024/25 Auditor's report has identified a number of recommendations and Senior Management has sought address these throughout 2025/26.

The review process in respect of 2025/26 did not highlight any significant issues regarding the Authority's governance or internal control environment.

Other governance issues

The review process highlighted some areas where there is a need to improve governance and controls. Whilst these are important and action plans are being developed to address them, they are not considered to present a significant risk to Governance or control.

One of the matters identified in the previous year was that the Authority's external audit of value for money arrangements was delayed and the external auditors' findings are therefore not fully addressed. The auditors' findings will continue into the next assessment as the assessment is being completed soon after the initial findings. The Authority will reflect on and address the matters raised by the auditor during 2025-26.

Other matters reported in the previous year are addressed in the improvement action plan for 2026/27.

Other areas for improvement include:

- Implementation of the actions of the Authority's Climate Action Plan;
- MRWA CEX to lead in conjunction with the CEX Wirral BC, on the LCR Strategic Waste Management Partnership to agree a new Zero Waste 2040 Strategy for the LCR ;
- Commence procurement of future waste management services, in preparation for the procurement of the replacement services currently delivered under the existing Waste Management & Recycling Contract;
- To implement the MRWA Zero Waste Strategy 2040 so that it is embedded in the Authority's

procedures and processes;

- Conclude a new approach to Levy Mechanism – as agreed with District Councils
- Building back assurance in respect of the Authority's statutory accounts, with a view to obtaining a clean audit opinion by 2027/28;
- Conclude the ongoing, material disputes with contractors;
- To respond to the recommendations arising from the external auditor's review of the Authority's accounts and value for money;
- Review the operation of the Audit Committee including role of the newly appointed Independent Member

Signed: 

……

Chief Executive 26 June 2026

Signed: 

……

Chairperson to the Authority 26 June 2026

The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the full cost of providing services during the year, and the income raised to cover that expenditure, in accordance with generally accepted accounting practices. These are different from the statutory amounts required to be charged to the General Fund Balance for Levy purposes, which is set out in the Movement in Reserves

2024-25				Notes	2025-26		
Expenditure	Income	Net			Expenditure	Income	Net
£000	£000	£000			£000	£000	£000
2,412	(227)	2,185	MWDA Establishment		2,917	(219)	2,698
32,239	(4,138)	28,101	Waste Management & Recycling Contracts		31,047	(4,184)	26,863
23,721	(1,332)	22,389	Resource Recovery Contracts		30,370	(7,063)	23,306
76	0	76	Contracts Support		627	(50)	577
553	0	553	Procurement		868	(36)	832
1,346	0	1,346	Estates		1,966	0	1,966
4,359	0	4,359	Recycling Credits		4,317	0	4,317
10	0	10	Strategy & Resources		38	0	38
134	0	134	Data Processing		231	(19)	212
677	(15)	662	Behavioural Change		586	(64)	522
13,793	0	13,793	Depreciation		16,387	0	16,387
79,318	**(5,712)**	**73,606**	**Cost of Services**		**89,354**	**(11,636)**	**77,718**
		(83,554)	Other Operating Income and Expenditure	6			(83,448)
		11,643	Financing and Investment Income and Expenditure	7			15,561
		0	Non-Ringfenced Grant Income	8			(12,989)
		1,694	**(Surplus) or Deficit on Provision of Services**				**(3,158)**
			Other Comprehensive Income and Expenditure				
		(48,159)	Surplus or Deficit on Revaluation of Non-Current Assets	12			(29,318)
		11	Remeasurements of the net defined benefit liability (asset)	31			76
		(48,148)	**Total Other Comprehensive Income and Expenditure**				**(29,242)**
		(46,453)	**Total Comprehensive Income and Expenditure**				**(32,400)**

The Balance Sheet

The Balance Sheet shows the assets and liabilities of the Authority at the year end. The net assets of the Authority are matched by two categories of reserves. The first is useable reserves which can be deployed for any purpose, subject to the need to maintain a prudent level of working capital. The second category, unusable reserves set aside in order to meet statutory and accounting requirements

2024-25 £000		Notes	2025-26 £000
371,678	Property, Plant & Equipment	12	386,454
64	Intangible Assets	13	70
0	Long Term Investments	16	0
371,742	**Long Term Assets (1)**		**386,524**
22	Inventories		22
5,851	Short Term Debtors	17	7,088
11,097	Cash and Cash Equivalents	18	15,055
16,970	**Current Assets (2)**		**22,164**
(19,837)	Short Term Creditors	19	(23,687)
(997)	Short Term Borrowing	14	(783)
(162)	Provisions Short Term	20	(427)
(20,995)	**Current Liabilities (3)**		**(24,897)**
(6,736)	Long Term Provisions	20	(4,524)
(36,347)	Long Term Borrowing	14	(35,263)
(185,408)	Other Long Term Liabilities	34	(172,377)
(228,491)	**Long Term Liabilities (4)**		**(212,165)**
139,226	**Net Assets (1+2+3+4)**		**171,626**
(30,191)	Useable reserves (5)	MiRS	(40,375)
(109,035)	Unusable Reserves (6)	21	(131,252)
(139,226)	**Total Reserves (5+6)**		**(171,626)**

These financial statements were authorised for issue by the S73 Officer on 26 June 2026.

CJ Kelsall

Chris Kelsall - Director of Finance, Merseyside Recycling & Waste Authority

The Cash Flow Statement

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

2024-25 £000		Notes	2025-26 £000
-1,694	**Net surplus or (deficit) on the provision of services**		**3,158**
14,017	Adjustment to surplus or deficit on the provision of services for non-cash movements	22	12,418
103	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	50
12,426	**Net cash flows from operating activities**		**15,626**
(420)	**Net Cash flows from Investing Activities**	**23**	**(3,365)**
(7,787)	**Net Cash flows from Financing Activities**	**24**	**(8,304)**
4,218	**Net increase or decrease in cash and cash equivalents**		**3,957**
6,879	**Cash and cash equivalents at the beginning of the reporting period**		**11,097**
11,097	**Cash and cash equivalents at the end of the reporting period**		**15,055**

The Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) 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. These are different from the statutory amounts required to be charged to the General Fund for Levy setting purposes. The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority

2025-26	Notes	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000
Balance as at 1st April 2025		(20,127)	(10,000)	(30,127)	(109,035)	(139,162)
Opening Balance Adjustment		(64)		(64)		(64)
Restated Opening Balance		(20,191)	(10,000)	(30,191)	(109,035)	(139,226)
Movement in reserves during the year						
Surplus or (deficit) on the provision of services		(3,158)		(3,158)		(3,158)
Other Comprehensive Income and Expenditure				0	(29,242)	(29,242)
Total Comprehensive Income and Expenditure		(3,158)	0	(3,158)	(29,242)	(32,400)
Adjustments between accounting basis & funding basis under regulations	10	(7,026)		(7,026)	7,026	0
Net Increase/Decrease before Transfers to Earmarked Reserves		(10,184)	0	(10,184)	(22,216)	(32,400)
Transfers to or from earmarked reserves		10,000	(10,000)	0		0
Increase/Decrease in Year		(184)	(10,000)	(10,184)	(22,216)	(32,400)
Balance as at 31st March 2026		(20,375)	(20,000)	(40,375)	(131,252)	(171,626)

MRWA statement of Accounts 2025/26

2024-25	Notes	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000
Balance as at 1st April 2024		(28,594)	0	(28,594)	(64,179)	(92,773)
Movement in reserves during the year				0		0
Adjustments re implementation of IFRS 16		1,180		1,180	(1,180)	0
Surplus or (deficit) on the provision of services		1,694		1,694		1,694
Other Comprehensive Income and Expenditure				0	(48,148)	(48,148)
Total Comprehensive Income and Expenditure		2,874	0	2,874	(49,328)	(46,453)
Adjustments between accounting basis & funding basis under regulations	10	(4,471)		(4,471)	4,471	0
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,597)	0	(1,597)	(44,856)	(46,453)
Transfers to or from earmarked reserves		10,000	(10,000)	0		0
Increase/Decrease in Year		8,403	(10,000)	(1,597)	(44,856)	(46,453)
Balance as at 31st March 2025		(20,191)	(10,000)	(30,191)	(109,036)	(139,227)

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Notes to the Accounts

Note 1

Accounting Standards issued but not yet adopted

IFRS 18 on Presentation and Disclosures has been issued, however, is due to be implemented by 1st January 2027 for future financial years.

Note 2

Critical judgements made in applying accounting policies

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

a) The authority can continue as a going concern and the accounts have been prepared on this basis.

b) The Authority has determined that it exercises control over two entities:
   - Mersey Waste Holdings Ltd
   - Bidston Methane Ltd through a joint venture

   The Authority's interest in Bidston Methane Limited is not considered material. Therefore only the interest in Mersey Waste Holdings Limited is reflected in the Authority's Group Accounts at pages 93 to 106 of the Statement of Accounts.

c) The Authority is deemed to control the services and the residual value of assets created under the Waste Management and Recycling contract with Veolia and the Resource Recovery Contract with Merseyside Energy Recovery Ltd. The accounting policies for the service concession arrangements (formerly known as PFI schemes and similar contracts) have been applied to these contracts and assets (valued at £18.2m for the WMRC contract and £311m for the Resource Recovery Contract) are recognised as Property, Plant and Equipment on the Authority's balance sheet. The cost of the Authority's contract is mitigated by some third-party income, but this is both variable and insufficiently significant to impact on the balance sheet in respect of the service concession.

d) As per the requirement of IFRS 16, contracts that have an underlying asset require the recognition of a Right of Use Asset and a Lease liability. Except where the underlying asset is of low value and/or for a lease term of less than 12 months. In determining low value the Authority will apply a low value limit of £5,000

e) The Authority provides a technical accounting provision for future costs associated with closed landfill sites. The value of the provision is based on the anticipated expenditure which may be incurred over the statutory monitoring period for each site in accordance with guidance issued by the Environment Agency. The value of the provision has been estimated on the average cost of maintaining the site over the last 15 years and extrapolated over the remaining life of each site, which is considered to be 60 years from the date of closure. Then discounted to reflect the time value of money, using HM Treasury discount rates, to arrive at an estimate of the total provision. This estimate is review and, if necessary, updated annually

h) Under the terms of the Resource Recovery Contract with MERL a number of assets including a Rail Transfer Loading Station and an Energy from Waste plant were brought onto the Authority's balance sheet as they are considered to be leased assets under the contract. The contract term remaining at the end of the year was 18.5 years, with an option for an additional five years that may be taken up at the end of the contract. The decision on whether to take up the option of the additional five years has not yet been made and will only be considered a long way into the future. As a consequence, the life of the leased assets will only be considered against the existing term of the contract and will not consider the additional five-year option as it has not yet been exercised. This contract life is reflected in the valuation of the assets and the capital accounting that accompanies them). The Authority has entered into a long-term service

concession contract with Merseyside Energy Recovery Ltd (MERL). The contract makes provision for penalty payments in the event that the contract is terminated or significantly altered by either party.	The probability of the contract not being executed in substantially the same form as it was entered into is considered very remote, therefore no contingent liability in respect of the penalty clauses contained in the contract being applied has been made.

NOTE 3

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

The Statement of Accounts contains a number of estimates figures that are based on assumptions made by the Authority about the future 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 made.

The items in the Authority's Balance Sheet 31 March 2025 for which there may be a risk of material adjustment in the forthcoming financial year are shown in the following table.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Non-Current Assets are valued on a quintennial basis by suitably qualified and experienced valuers and are subject to indexation in the intervening years. The valuations are performed by a suitably qualified and experienced valuers, who also provide an interim view about whether the value of assets should be fully reviewed between full quintennial valuations. As well as providing advice on which indices should be used during the intervening years. Non- Current Assets are depreciated over useful lives that are dependent on assumptions about the way the asset is used and the amount of repairs and maintenance required.	The values included for Non-Current Assets are £386,515k for 25/26, and £371,742k for 24/25. If the values and useful lives of non-current assets is incorrect, depreciation charges and the carrying amount of the assets may be incorrect.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provisions	The Authority has made provision for the following: - Closed Landfill Sites Maintenance costs - Potential Contract Liabilities due to disputes	The provision would impact usable reserves if the liabilities prove different to the estimates. Values included on the balance sheet are (£4.524m) for 25/26 and (£6.736m) for 24/25.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Authority has engaged Mercer Ltd as its consulting actuaries to provide expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £0.9m.

Note 4 Items of Material Expense

2024-25 £000		2025-26 £000
28,494	Waste Management & Recycling Contract Payments	27,257
26,169	Resource Recovery Contract Payments	27,087
54,664		54,343

The Expenditure and Funding Analysis

Note 5

This statement is designed to bring together the spending and funding basis of the Authority with the formal accounting framework and therefore help to demonstrate how the Authority has used its funds.

2024-25					2025-26		
Net expenditure chargeable to the General Fund £000	Adjustments between funding and accounting £000	Net expenditure in the CIES £000		Note	Net expenditure chargeable to the General Fund £000	Adjustments between funding and accounting £000	Net expenditure in the CIES £000
2,208	(23)	2,185	MWDA Establishment		2,803	(105)	2,698
28,494	(394)	28,101	Waste Management & Recycling Contracts		27,257	(394)	26,863
26,169	(3,780)	22,389	Resource Recovery Contracts		27,087	(3,780)	23,306
76	0	76	Contracts Support		577	0	577
553	0	553	Procurement		832	0	832
1,346	0	1,346	Estates		1,966	0	1,966
4,359	0	4,359	Recycling Credits		4,317	0	4,317
10	0	10	Strategy & Resources		38	0	38
134	0	134	Data Processing		212	0	212
662	0	662	Behavioural Change		522	0	522
0	13,793	13,793	Depreciation		0	16,387	16,387
64,011	**9,596**	**73,606**	**Cost of Services**		**65,610**	**12,108**	**77,718**
(81,851)	(1,703)	(83,554)	Other Operating Income and Expenditure	6	(83,492)	44	(83,448)
11,642	1	11,643	Financing and Investment Income and Expenditure	7	15,562	(1)	15,561
0	0	0	Non-Ringfenced Grant Income	8	(12,989)	0	(12,989)
(6,199)	**7,893**	**1,694**	**Net Cost of Services**		**(15,309)**	**12,151**	**(3,158)**
4,602	(4,602)	0	Contribution to/ from CAA		5,125	(5,125)	0
(1,597)	**3,291**	**1,694**	**(Surplus) or Deficit on Provision of Services**		**(10,184)**	**7,026**	**(3,158)**
(28,594)			**Opening GF balance at 1st April**		**(20,127)**		
			Opening Balance Adjustment		(64)		
			Restated Opening Balance		(20,191)		
(1,597)			(Surplus) or Deficit on Provision of Services		(10,184)		
10,000			Transfers to Earmarked Reserves		10,000		
			Contributions & use of GF Net				
(20,191)			**Closing General Fund Balance 31st March**		**(20,375)**		

Note 5(A) Note to the Income and Expenditure Funding Analysis

Adjustments from General Fund to arrive at the CIES amounts	2025-26 Adjustments for Capital purposes	Net change for the Pensions adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
MWDA Establishment	0	(97)	(8)	(105)
Waste Management & Recycling Contracts	(394)	0	0	(394)
Resource Recovery Contracts	(3,780)	0	0	(3,780)
Contracts Support	0	0	0	0
Procurement	0	0	0	0
Estates	0	0	0	0
Recycling Credits	0	0	0	0
Strategy & Resources	0	0	0	0
Data Processing	0	0	0	0
Behavioural Change	0	0	0	0
Depreciation	16,387	0	0	16,387
Cost of Services	**12,213**	**(97)**	**(8)**	**12,108**
Other Operating Income and Expenditure	44	0	0	44
Financing and Investment Income and Expenditure	0	(1)	0	(1)
Non-Ringfenced Grant Income	0	0	0	0
Net Cost of Services	**12,257**	**(98)**	**(8)**	**12,151**
Contribution to/from CAA	(5,125)			(5,125)
(Surplus) or Deficit on Provision of Services	**7,132**	**(98)**	**(8)**	**7,026**

Note 6

Other Operating Income and Expenditure

2024-25 Expenditure £000	2024-25 Income £000	2024-25 Net £000		Note	2025-26 Expenditure £000	2025-26 Income £000	2025-26 Net £000
	(1,180)	(1,180)	Non-Exchange Grant Income				0
	(523)	(523)	Revaluations of Non-Current Assets charged to Provision of Services		44		44
	(81,851)	(81,851)	Waste Levy Income	9		(83,492)	(83,492)
0	**(83,554)**	**(83,554)**	**Total**		**44**	**(83,492)**	**(83,448)**

Note 7

Financing and Investment Income and Expenditure

2024-25 £000		2025-26 £000
17,184	Interest payable and similar charges	16,104
1	Net interest on the defined benefit liability/(asset)	(1)
(542)	Interest receivable and similar income	(542)
(5,000)	Dividends Receivable	
11,643	Total	**15,561**

Note 8

Non-Ringfenced Grant Income

2024/25 £000		2025/26 £000
0	Extended Producer Responsibility - Packaging	(12,989)
0	**Total**	**(12,989)**

During the 2025/26 financial year a new grant was introduced, Extend Producer Responsibility for Packaging. It was designed to move the full cost of dealing with household packaging waste away from taxpayers and onto the packaging producers themselves. The authority received the grant to cover the cost of waste disposal costs relating to packaging waste. The Authority is expecting to receive £11.6m in the 2026/27 financial year.

Note 9

Levy Income

The Authority is funded by a levy on the five Merseyside District Councils. The Levy each District pays to the Authority is agreed at the start of the year.

Levies received from member authorities during the year were as follows:

2024-25 £000		2025-26 £000
(9,162)	Knowsley	(9,255)
(28,239)	Liverpool	(28,658)
(9,848)	St Helens	(10,022)
(16,510)	Sefton	(16,692)
(18,092)	Wirral	(18,865)
(81,851)		**(83,492)**

Note 10

Adjustments between accounting and funding basis under regulations

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

The General Fund balance is the statutory fund into which all the receipts of the Authority required to be paid and from which all liabilities of the Authority are to be met except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources the Authority is required to recover) at the end of the financial year.

Earmarked reserves are a subset of the General Fund and show those parts the General Fund balance that has been set aside for specific nominated purposes. The balance at the year-end shows the resources that have yet to be applied for these purposes at the year end. The Capital Receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure

	2024-25		2025-26	
	General Fund Balance	Movement in Unusable Reserves	General Fund Balance	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement)				
Charges for Depreciation and Impairment of Non-Current Assets	(13,793)	13,793	(16,387)	16,387
Revaluation Gains/Losses on Property, Plant & Equipment	523	(523)	(44)	44
Other items debited/credited to the Comprehensive Income and Expenditure Statement	4,174	(4,174)	4,174	(4,174)
Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement)				
Statutory Provision for the Repayment of Debt	4,602	(4,602)	5,125	(5,125)
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(170)	170	(130)	130
Employer's pensions contributions and direct payments to pensioners payable in the year	201	(201)	228	(228)
Adjustments involving the Accumulating Compensated Absence Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(9)	9	8	(8)
Total Adjustments	**(4,471)**	**4,471**	**(7,026)**	**7,026**

Note 11

Expenditure and Income Analysed by Nature

Category	2024-25 £000	2025-26 £000
Employee benefits expenses	1,934	2,231
Other services expenses	62,955	70,780
Depreciation, Amortisation and Impairment	13,793	16,387
Interest Payable	17,185	16,104
Total expenditure	**95,867**	**105,502**
Fees, Charges & Other Service Income	(6,779)	(11,636)
Interest Receivable & Investment Income	(5,542)	(543)
Government Grants & Contributions	0	(12,989)
Income from Levy	(81,851)	(83,492)
Total income	**(94,172)**	**(108,660)**
Surplus or Deficit on the provision of Services	**1,695**	**(3,158)**

Note 12

Property, Plant and Equipment

This note provides further information about the Property, Plant and Equipment included on the Balance Sheet.

Movements in 2025-26	Property, Plant & Equipment				
	Land	Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Total PP&E
	£000	£000	£000	£000	£000
Cost or Valuation					
Balance as at 1st April 2025	**3,724**	**192,155**	**176,151**	**62**	**372,092**
Additions	0	113	3	3,193	**3,309**
Transfer	0	2,526	0	(2,526)	**0**
Donations	0	0	0	0	**0**
Revaluation increases/decreases to Revaluation Reserve	0	15,008	14,311	0	**29,318**
Revaluation increases/decreases charge to Provision of Services	(44)	0	0	0	**(44)**
Derecognition of Assets	0	0	0	0	**0**
Other Movements in Cost or Valuation	86	(8,313)	(9,404)	0	**(17,631)**
Balance as at 31st March 2026	**3,765**	**201,488**	**181,062**	**729**	**387,044**
Depreciation and Impairment					
Balance as at 1st April 2025	(37)	(237)	(140)	0	**(414)**
Depreciation Charge	(37)	(8,405)	(7,945)	0	**(16,387)**
Other Movements in Depreciation or Impairment	0	8,313	7,898	0	**16,211**
Balance as at 31st March 2026	**(74)**	**(329)**	**(188)**	**0**	**(590)**
Net Book Value					
Balance as at 31st March 2026	**3,692**	**201,159**	**180,874**	**729**	**386,454**
Restated Balance as at 1st April 2025	3,687	191,918	176,011	62	371,678

Movements in 2024-25	Property, Plant & Equipment				
	Land	Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Total PP&E
	£000	£000	£000	£000	£000
Cost or Valuation					
Balance as at 1st April 2024	**3,365**	**162,076**	**176,350**	**0**	**341,791**
Adjustments for IFRS 16	335	(3,911)	0	0	**(3,576)**
Restated Balance as at 1st April 2024	**3,699**	**158,165**	**176,350**	**0**	**338,215**
Additions	0	0	190	62	**253**
Donations	0	0	0	0	**0**
Revaluation increases/decreases to Revaluation Reserve	63	42,033	6,063	0	**48,159**
Revaluation increases/decreases charge to Provision of Services	(39)	(1,758)	2,320	0	**523**
Derecognition of Assets	0	0	0	0	**0**
Other Movements in Cost or Valuation	0	(6,285)	(8,772)	0	**(15,058)**
Balance as at 31st March 2025	**3,724**	**192,155**	**176,151**	**62**	**372,092**
Depreciation and Impairment					
Balance as at 1st April 2024	0	(145)	(140)	0	**(285)**
Depreciation Charge	(37)	(6,377)	(7,379)	0	**(13,793)**
Other Movements in Depreciation or Impairment	0	6,285	7,379	0	**13,664**
Balance as at 31st March 2025	**(37)**	**(237)**	**(140)**	**0**	**(414)**
Net Book Value					
Balance as at 31st March 2025	**3,687**	**191,918**	**176,011**	**62**	**371,678**
Balance as at 1st April 2024	3,699	158,020	176,210	0	337,929

Valuation

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

In response to these changes, the Authority has adopted a quinquennial revaluation cycle supported by annual indexation during the intervening years. Further details of the Authority's valuation and depreciation policies are included within the Accounting Policies section.

The Authority's property assets were subject to a full revaluation as at 31 March 2025 by the Authority's external valuer, Bruton Knowles. This valuation established the commencement of the current five-year valuation cycle, with 2025/26 being the first year in which annual indexation has been applied.

The majority of the Authority's assets are valued on a Depreciated Replacement Cost (DRC) basis and per advice from our valuers and the requirements of CIPFA Code, the building elements of these assets were updated to 31 March 2026 using the BCIS All-in Tender Price Index (TPI). The BCIS All-in TPI is considered an appropriate measure of movements in construction and replacement costs and provides a reasonable basis for estimating changes in value between formal valuation exercises.

Indexation was not applied to the land element of the Authority's Assets. The valuer advised that no suitable land index was available that would reliably reflect changes in the value of the Authority's specialist operational sites. In accordance with Code, these land values will therefore be reviewed through a desktop revaluation in year 3 of the five-year cycle (2027/28).

During 2025/26, four assets that had undergone significant enhancement works associated with the Authority's Food Waste infrastructure programme were subject to full professional revaluations to reflect the completed improvements. The remaining operational DRC assets were updated through the indexation approach described above.

In between periodic valuations the Authority has extended the appointment of the valuer to provide their views on whether the asset values in the interim periods are likely to have changed materially.

The significant assumptions applied in estimating the fair value are:

- The Authority has good title to the property and that they are not subject to any unusual or onerous restrictions;
- No deleterious or hazardous materials nor techniques have been used in the construction of the property from past or present uses;
- There are no environmental factors which would cause the valuation to alter.

Impairments

There were no impairments recognised in 2025/26 or 2024/25.

Capital Commitments

The Authority has committed a further £0.7m to the completion of an update to facilities to the completion of Assets Under Construction in the 2026/27 financial year.

Note 13

Intangible Assets

Expenditure on intangible assets, such as software licences, is capitalised where it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. The authority recognises software as an intangible asset where it is not integral to the related hardware.

Intangible assets are measured initially at cost and subsequently carried at cost. All intangible assets are assumed to have finite useful lives and are amortised on a straight-line basis over those lives. The useful life is determined based on the expected period of benefit to the Authority and commences in the year following completion or acquisition.

Amortisation is charged to the Comprehensive Income and Expenditure Statement and reversed out through the Movement in Reserves Statement in accordance with statutory provisions.

The authority has been developing a Customer Relationship Management System (CRM) that commenced in 2024/25 and continued in 2025/26, as shown below:

2024-25 £000		2025-26 £000
0	Balance at 1st April	64
64	Additions	6
0	Amortisation	0
64		**70**

Note 14 Financial Instruments

Carrying amount of financial assets and liabilities

2024-25 Current £000	2024-25 Long-term £000		2025-26 Current £000	2025-26 Long-term £000
		Current assets		
11,097	0	Cash and Cash Equivalents	15,055	
4,450	0	Loans and receivables at amortised cost	5,395	
15,547	**0**	**Total included in current assets**	**20,449**	**0**
		Liabilities		
(9,674)	(36,347)	Financial liabilities at amortised cost	(12,871)	(35,263)
(9,674)	**(36,347)**	**Total included in liabilities**	**(12,871)**	**(35,263)**

The fair value of trade receivables (debtors) and payables (creditors) are assumed to be the invoiced or billed amount.

For all Public Works Loan Board (PWLB) loans the interest rate used for the purpose of calculating the fair value is taken to be the rate available for new loans within the relevant banding at 31 March 2026.

For the Authority's Lenders Option/Borrows Option loan, as there were limited trades in the LOBO market during the financial year ended 31st March 2026, the rates used for calculating the fair value of this loan were derived following market analysis of gilt rates plus 90 basis points as a suitable proxy.

Fair Value 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 authority's financial assets are predominantly loans and receivables consisting of principally of trade debtors and cash (bank) deposits held by the Authority or by St Helens council on behalf of the Authority. These assets are initially valued at fair value and held on the Balance Sheet at amortised cost. The amortised cost is calculated using the effective interest rate which is the rate which exactly discounts the forecast cash flows of the instrument over its expected life to its carrying amount. For most short-term assets (e.g. trade debtors) the carrying value is deemed to be the invoice amount.

The value of the Authority's financial liabilities for its PWLB loans exceeds the carrying amount because the Authority's portfolio of PWLB loans includes a number of fixed rate loans where the interest rates payable are higher than the rates available for similar loans at the Balance Sheet date. The difference represents the opportunity costs to the Authority of continuing to hold relatively high interest debt compared with current lower interest rates.

The fair values calculated are as follows:

2024-25			2025-26	
Carrying Value	Fair value		Carrying Value	Fair value
£000	£000		£000	£000
11,097	11,097	**Cash and Cash Equivalents**	15,055	15,055
		Debtors		
4,450	4,450	Loans and receivables at amortised cost	5,395	5,395
15,547	**15,547**	**Total Current Assets**	**20,449**	**20,449**
		Borrowings		
(37,130)	(28,766)	Financial liabilities at amortised cost	(36,047)	(27,127)
0	0	Other Long Term Liabilities	0	0
(37,130)	**(28,766)**	**Total included in Long Term borrowings**	**(36,047)**	**(27,127)**
		Borrowings		
(997)	(997)	Financial liabilities at amortised cost	(783)	(783)
		Creditors		
(8,678)	(8,678)	Financial liabilities at amortised cost	(12,088)	(12,088)
(9,674)	**(9,674)**	**Total Current Liabilities**	**(12,871)**	**(12,871)**
(46,804)	**(38,440)**	**Total Liabilities**	**(48,918)**	**(39,998)**

The long-term borrowings figure detailed above (£37,130k for 24/25 and £36,047k for 25/26) includes a Lenders Option/Borrowers Option (LOBO) loan, taken out in 2005, which has a fixed rate of interest but periodic option dates on which lenders can opt to change the interest rate, at which point the Authority has the option to repay the loan without penalty (£2m in 2025-26 and £2m in 2024-25). The loan had an option date within the 2024-25 financial year at which point the lender did not exercise the right to change its interest rates and has another option date in the 2 years' time. The remaining time to maturity on this loan is 39 years. Despite the significant increase in interest rates during the past two financial years, it is anticipated that the LOBO lenders will price any increase in interest, should their option be exercised, in line with the prevailing rates available for the PWLB, therefore it remains appropriate to disclose these liabilities as long term.

Long-Term Borrowing

The Authority borrows to finance its expenditure on capital assets. The Long-Term Borrowing is analysed as follows:

31st March 2025 £000		31st March 2026 £000	Fair Value Level
	Analysis by type		
(35,130)	Public Works Loans Board	(34,047)	2
(2,000)	LOBO Loan	(2,000)	2
(37,130)		**(36,047)**	
	Analysis by maturity		
(783)	1 - 2 years	(783)	
(3,133)	2- 5 years	(3,133)	
(3,917)	5 - 10 years	(6,917)	
(29,297)	More than 10 years	(25,213)	
(37,130)		**(36,047)**	

Level 2 Fair Value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments.

NOTE 15

Nature and Extent of Risks Arising from Financial Instruments

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; and
- 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.

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 services. Risk management is the responsibility of the Treasurer, with day-to-day management undertaken by St Helens Council on behalf of the Authority. St Helens Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions.

The Authority does not have significant credit risk exposure to customers as it rarely supplies goods and services on credit.

Credit risk on deposits is minimised by using St Helens Council to manage day to day treasury management in line with the Council's own Treasury Management Policy. The maximum exposure to credit risk is that St Helens Council fail to repay monies invested with it by the Authority. However, given that the Council is a tax-backed organisation, this is an extremely unlikely scenario.

Liquidity risk

The Authority undertakes a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that no more than 60% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Analyses of the maturity of financial liabilities are disclosed at Note 12.

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

Market risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

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

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

The authority holds no loans on variable rates and all those listed in note 12 are at fixed rates.

The Authority has a number of strategies for managing interest rate risk. At present the aim is to keep a minimum of its borrowings in variable rate loans

During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

Price risk

The Authority does not invest in equity shares. The Authority has a 100% shareholding in Mersey Waste Holdings Ltd and a 50% stake in Bidston Methane Ltd. Neither company is traded in an active market, and the Authority has no plans to trade either stake.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange.

NOTE 16 Investments

The Authority holds a long-term investment in Mersey Waste Holdings Limited. The company is incorporated under the terms of the Companies Acts. The Authority is the principal shareholder in the company holding 1 ordinary £1 shares representing 100% of the issued share capital. This investment is included in the balance sheet at its fair value

Note 17 Short Term Debtors

2024-25 £000		2025-26 £000
4,539	Other Local Authorities	2,757
927	Central Government Bodies	1,700
386	Bodies External to General Government	2,638
5,851	**Total**	**7,095**

Note 18 Cash and Cash Equivalents

The balance of cash and cash equivalents comprises:

(a) cash held by the Authority

(b) cash held on behalf of the Authority by St Helens MBC

2024-25 £000		2025-26 £000
11,097	Cash equivalents	15,055
1	Cash held by the Authority	1
11,098	**Total**	**15,056**

Note 19 Short Term Creditors

2024-25 £000		2025-26 £000
(2,115)	Other Local Authorities	(1,048)
(120)	Lease Liabilities	(128)
(4,174)	Deferred Income	(4,174)
(6,897)	Service Concession Liabilities	(7,297)
(6,530)	Other Bodies External to General Government	(11,039)
(19,837)	**Total Short Term Creditors**	**(23,687)**

Note 20 Provisions

The provisions at the balance sheet date are required to be split between those that are likely to be payable within twelve months, recognised in the Balance Sheet as current liabilities, and those payable after twelve months from the balance sheet date, recognised as long term liabilities. The Authority holds provisions for the following purposes.

Closed landfill sites The Authority established the closed landfill provision in 2013/14 to recognise the need to provide for the potential future costs of maintaining Closed Landfill sites across Merseyside for which the Authority is responsible. There will be gradual reduction to the amounts that will be spent on closed land fill sites year on year as they begin to stabilise and settle requiring less maintenance. During the 2025/26 financial year a comprehensive review and update of this provision was undertaken giving rise to an increase in the provision detailed in the tables below.

The following tables analyse the movement in those categories of provision

Current Year Provisions

	Balance as at 1st April 2025	Increase in provision during year	Utilised during year	Balance as at 31st March 2026
	£000	£000	£000	£000
Current provisions				
Closed landfill sites	(163)	(701)	437	(427)
	(163)	**(701)**	**437**	**(427)**
Long-term provisions				
Other provisions	(2,549)	0	2,549	0
Closed landfill sites	(4,187)	(337)	0	(4,524)
	(6,736)	**(337)**	**2,549**	**(4,524)**

Previous Year Provisions

	Balance as at 1st April 2024	Increase in provision during year	Utilised during year	Balance as at 31st March 2024
	£000	£000	£000	£000
Current provisions				
Closed landfill sites	(172)	(404)	413	(163)
	(172)	**(404)**	**413**	**(163)**
Long-term provisions				
Other provisions	(1,973)	(576)		(2,549)
Closed landfill sites	(4,170)	(18)	0	(4,187)
	(6,142)	**(594)**	**0**	**(6,736)**

Note 21 Unusable Reserves

2024-25 £000		2025-26 £000
38,610	Capital Adjustment Account	39,710
(147,753)	Revaluation Reserve	(171,030)
82	Pensions Reserve	60
26	Accumulating Compensated Absences Adjustment Account	18
(109,035)	**Total Unusable Reserves**	**(131,242)**

Capital Adjustment Account

The Capital Adjustment account absorbs the timing difference 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 as depreciation, impairment and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings with the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024-25 £000		2025-26 £000
12,428	**Balance at 1st April**	**39,019**
26,635	Prior Period Adjustment	(409)
39,063	**Adjusted Opening Balance**	**38,610**
(523)	Revaluation Gains/Losses on Property, Plant and Equipment	44
(4,174)	Deferred Income in relation to PPP Schemes	(4,174)
(1,180)	Non-Exchange Grant Income	
13,793	Charges for depreciation and impairment of non current assets	16,387
7,915	**Net written out amount of the cost of non current assets consumed in the year**	**12,257**
	Capital financing applied in the year:	
	Use of the Capital Receipts Reserve to finance new capital expenditure	
(4,602)	Statutory provision for the financing of capital investment charged against the General Fund balance	(5,125)
	Increase/ Reduction in Closed Landfill Site Provision	
(3,358)	Transfers from Revaluation Reserve	(6,032)
	Other Movements	
(7,960)		**(11,157)**
39,019	**Balance at 31st March**	**39,710**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

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

2024-25 £000		2025-26 £000
(60,865)	**Balance at 1st April**	**(148,162)**
(42,496)	Prior Period Adjustment	409
	Adjustments re implementation of IFRS 16	
(103,361)	**Restated opening balance**	**(147,753)**
(49,137)	Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(29,309)
978	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
3,358	Difference between fair value depreciation and historical cost depreciation	6,032
(148,162)	**Balance at 31st March**	**(171,030)**

Pensions Reserve

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

2024-25 £000		2025-26 £000
102	**Balance at 1st April**	**82**
11	Remeasurements of the net defined benefit liability/asset	76
170	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	130
(201)	Employer's pension contributions and direct payments to pensioners payable in the year	(228)
82	**Balance at 31st March**	**60**

Accumulated Absences Account

The Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences 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 Balance is neutralised by transfers to or from the Account.

2024-25 £000		2025-26 £000
17	**Balance at 1st April**	**26**
(17)	Settlement or cancellation of accrual made at the end of the preceding year	(26)
26	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18
26	**Balance at 31st March**	**18**

Note 22

Cash Flow Statement – operating activities

The cash flows for Operating Activities include the following items relating to interest and dividends.

2024-25 £000		2025-26 £000
(542)	Interest Receivable	(543)
(5,000)	Dividend Receivable	
17,184	Interest Payable	16,104
11,642		**15,561**

The Surplus/ Deficit on the Provision of Services has been adjusted for the following non-cash movements

2024-25 £000		2025-26 £000
13,793	Depreciation	16,387
(523)	Impairment and Downward Valuations	44
0	Amortisation	0
0	Increase/Decrease In Provisions for Bad Debts	0
983	Increase/(Decrease) in Creditors	3,850
4,908	(Increase)/Decrease in Debtors	(1,236)
0	(Increase)/Decrease in Inventories	0
(31)	Movement in Pension Liability	(98)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
(5,113)	Other Non-cash items charged to Net Surplus or Deficit on Provision of Services	(6,529)
14,017		**12,418**

Items included in the net surplus or deficit on the provision of services that are investing and financing activities.

2024-25 £000		2025-26 £000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries):	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
103	Any other items for which the cash effects are investing or financing cash flows:	50
103		**50**

Note 23

Cash Flow Statement - Investing activities

2024-25 £000		2025-26 £000
(253)	Purchase of Property, Plant and Equipment	(3,315)
0	Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(103)	Other Payments for Investing Activities	(50)
0	Proceeds from Sale of Property, Plant and Equipment	0
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries):	0
0	Other Receipts from Investing Activities	0
(356)		**(3,365)**

Note 24

Cash Flow Statement - Financing activities

2024-25 £000		2025-26 £000
0	Cash Receipts of Short and Long Term Borrowing	0
0	Other Receipts from Financing Activities	0
(6,789)	Cash payments for reduction of Outstanding Liabilities relating to a lease and on balance sheet service concession arrangement (PPP) contracts	(7,007)
(998)	Repayments of Short and Long Term Borrowing	(1,297)
0	Other Payments for Financing Activities	0
(7,787)		**(8,304)**

Note 25

Officer Remuneration

The Accounts and Audit Regulations 2015 require local authorities to disclose the number of employees whose remuneration was £50,000 or more in the financial year, expressed in bands of £5,000. This is detailed in the below table

No. of Employees employed by the authority 2024-25	Remuneration	No. of Employees employed by the authority 2025-26
4	£50,000 - £54,999	6
1	£55,000 - £59,999	2
1	£60,000 - £64,999	2
0	£65,000 - £69,999	0
5	£70,000 - £74,999	1
0	£75,000 - £79,999	4
11	Total	**15**

The Accounts and Audit Regulations 2015 require the separate disclosure by name of individual remuneration details for senior local government employees earning over £150,000, and for all other 'senior' employees for each financial year by post title.

Senior officers are individuals earning over £150,000 per year, or individuals whose salary is more than £50,000 per year (pro-rata) and hold defined 'senior' positions. In the case of the Authority this comprises the Chief Executive and members of the Corporate Management Team.

During the 2025/26 financial year there were no exit packages or termination benefits paid by the authority.

		Salary, Fees and Allowances	Expenses and Allowances	Pension Contribution	Total
		£	£	£	£
Chief Executive	**2025/2026**	**122,539**	**1,239**	**15,930**	**139,708**
	2024/2025	118,739	1,239	15,436	135,414
Director of Finance	**2025/2026**	**99,365**	**1,319**	**12,682**	**113,365**
	2024/2025	101,569	1,033	12,783	115,385
Director of Operations	**2025/2026**	**98,052**	**3,838**	**13,071**	**114,961**
	2024/2025	94,339	3,319	12,534	**110,192**
Director of Business Services	**2025/2026**	**98,052**	**3,735**	**13,071**	**114,858**
	2024/2025	94,339	3,319	12,534	110,192
Total	**2025/2026**	**418,007**	**10,131**	**54,754**	**482,892**
	2024/2025	408,986	8,910	53,288	471,184

Note 26 External Audit Costs

The analysis of Audit fees paid to the external auditor is shown below

2024-25 £000		2025-26 £000
166	Fees payable to Grant Thornton with regards to external audit services carried out by the appointed auditor for the year	171
166		**171**

Note 27 Related Party Transactions

The Authority is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the potential to control or influence the Authority or be controlled or influenced by the Authority. The following identifies the Authority's related party transactions during 2025/26:

Member Authorities

As detailed in the Narrative Statement the authority is made up of 5 member constituent authorities (Knowsley Metropolitan Borough Council, Liverpool City Council, Sefton Metropolitan Borough Council, St Helens Metropolitan Council, and Wirral Metropolitan Borough Council), from which its statutory Levy is collected which covers most of the authority's funding.

As such these organisations have significant influence and control over the authority.

The below tables detail the transactions and with these parties, excluding income from the Levy which is detailed in note 9.

2025-26 Related Party		Knowsley Metropolitan Borough Council £000	Liverpool City Council £000	Sefton Metropolitan Borough Council £000	St Helens Metropolitan Council £000	Wirral Metropolitan Borough Council £000
Expenditure						
	Recycling Credits	421	290	1,595	1,374	842
	Rates	155	427	126	39	193
	Merseyside Residual Debt Fund	0	0	0	0	233
	Rent	0	0	0	11	5
	Other	0	1	7	129	
Income						
	Trade Waste	(67)	(197)	(142)		(60)
Creditors		(34)	(94)	(214)	0	(289)
Debtors		17	108	76	0	54

2024-25 Related Party		Knowsley Metropolitan Borough Council £000	Liverpool City Council £000	Sefton Metropolitan Borough Council £000	St Helens Metropolitan Council £000	Wirral Metropolitan Borough Council £000
Expenditure						
	Recycling Credits	451	129	1,389	1,420	1,144
	Rates	138	374	121	0	168
	Merseyside Residual Debt Fund	0	0	0	0	277
	Rent	0	0	0	0	5
	Other	0	0	8	0	0
Income						
	Trade Waste	(69)	(67)	(142)	0	(45)
Creditors						
		(28)	(274)	(389)	(131)	(1,015)
Debtors						
		33	51	49	0	36

Subsidiaries and Associates

Mersey Waste Holdings Limited (MWHL)

The Authority controls MWHL through its ownership of 100% of the issued share capital of 1 ordinary £1 shares held at cost. MWHL owns two subsidiary companies, Mersey Waste Limited and MWH Associates Limited, over which the Authority also exercises effective control as a result of its relationship with Mersey Waste Holdings Limited. Although both these companies are currently considered as dormant and no transactions are carried out by either.

During 2025/26 the Authority incurred £50k of expenditure, and had outstanding creditors of £47k (2024/25 the Authority incurred £101k of expenditure, received a dividend of £5m from MWHL and had outstanding creditors of £30k)

Bidston Methane Limited

Bidston Methane Limited is a joint venture established to manage gas production and electricity from landfill sites which remain the responsibility of the Authority. The joint venture is with Infinis Energy PLC and the Authority controls Bidston Methane through its ownership of 50% of the issued share capital which is held at cost.

Bidston methane Limited was dissolved on 13 December 2024 and the Authority incurred no expenditure nor received any income from the company during 2024/25.

Other Public Bodies

Halton Borough Council

During 2025/26 the authority incurred expenditure of £0.985m and received £7.187m in income, with outstanding debtors of £2.505m and creditors of £0.417m. (During 2024/25 the authority incurred expenditure of £1.067m and received £6.441m in income, with outstanding debtors of £4.370m and creditors of £0.277m)

Note 28

Capital Expenditure and 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 the Waste Management and Recycling service concession contract), 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 assets used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this Note

2024-25 £000	Capital Expenditure and Financing	2025-26 £000
	Capital expenditure incurred in the year	
253	Property, Plant and Equipment	3,309
	Intangible Assets	6
253		**3,315**
	Financing	
0	Grants and contributions receivable in relation to capital expenditure incurred in the year	
253	**Increase in underlying borrowing requirement**	**3,315**
	Supported borrowing approvals	
253	**Unsupported borrowing for the year**	**3,315**
	Sources of finance	
0	Unsupported borrowing	
253	**Increase in Capital Financing Requirement relating to new capital investment**	**3,315**

2024-25 £000	Explanation of movements in the Capital Financing Requirement in the year	2025-26 £000
260,013	**Opening Capital Financing Requirement**	**190,010**
(59,504)	Prior Period Adjustment	
(4,756)	Adjustments re implementation of IFRS 16	
	Opening Balance Adjustment	**64**
195,753	**Restated Opening Balance**	**190,075**
0	Capital Receipts used	
(1,393)	Remeasurement of PPP Liabilities	(1,420)
253	Fixed Assets Financed from Borrowing	3,315
(4,602)	Charges to revenue for Minimum Revenue Provision	(5,125)
190,010	**Closing Capital Financing Requirement**	**186,845**

Note 29 Leases (IFRS – 16)

Authority as lessee

The authority has lease contracts for property assets, these being for Land and Buildings that are used to provide sites for Household Waste and Recycling Centres. Per the implementation of IFRS 16 the authority now recognises these on the balance sheet, in the form of Right of Use Assets under PPE (detailed in Note 10) and Lease Liabilities within Long-Term Liabilities (detailed in note 32).

Below is a breakdown of movements relating to Right of Use Assets arising from these leases held by the authority in the specific asset class to which they belong, along with comparators for the previous financial year.

Right of Use Assets - Movements in 2025-26	Land	Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
Balance as at 1st April 2025	**335**	**2,638**	**0**	**0**	**2,973**
Additions	0	0	0	0	**0**
Transfers	0	86	0	0	**86**
Revaluation increases/decreases to Revaluation Reserve	0	447	0	0	**447**
Other Movements in Cost or Valuation	86	(472)	0	0	**(387)**
Balance as at 31st March 2026	**420**	**2,699**	**0**	**0**	**3,120**
Depreciation and Impairment					
Balance as at 1st April 2025	(37)	(92)	0	0	**(129)**
Depreciation Charge	(37)	(564)	0	0	**(601)**
Other Movements in Depreciation or Impairment	0	472	0	0	**472**
Balance as at 31st March 2026	**(74)**	**(184)**	**0**	**0**	**(257)**
Net Book Value					
Balance as at 31st March 2026	**347**	**2,515**	**0**	**0**	**2,862**
Balance as at 1st April 2025	298	2,546	0	0	2,844

Right of Use Assets - Movements in 2024-25	Land £000	Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Total £000
Cost or Valuation					
Balance as at 1st April 2024	335	1,704	0	0	**2,039**
Additions	0	0	0	0	**0**
Revaluation increases/decreases to Revaluation Reserve	0	1,173	0	0	**1,173**
Other Movements in Cost or Valuation	0	(239)	0	0	**(239)**
Balance as at 31st March 2025	**335**	**2,638**	**0**	**0**	**2,973**
Depreciation and Impairment					
Balance as at 1st April 2024	0	0	0	0	**0**
Depreciation Charge	(37)	(331)	0	0	**(368)**
Other Movements in Depreciation or Impairment	0	239	0	0	**239**
Balance as at 31st March 2025	**(37)**	**(92)**	**0**	**0**	**(129)**
Net Book Value					
Balance as at 31st March 2025	**298**	**2,546**	**0**	**0**	**2,844**
Balance as at 1st April 2024	335	1,704	0	0	2,039

Below is a maturity analysis of lease payments against each class of asset.

	Land		Buildings		Vehicles, Plant & Equipment		Total
	Payment of Liability	Interest	Payment of Liability	Interest	Payment of Liability	Interest	
	£000	£000	£000	£000	£000	£000	£000
within 1 year	35	21	93	19	0	0	168
2 - 5 years	65	84	128	48	0	0	325
6 - 10 years	47	71	48	32	0	0	197
11 - 15 years	63	55	63	17	0	0	197
16 - 20 years	84	33	20	1	0	0	138
21 - 25 years	64	6	0	0	0	0	70
	358	**270**	**351**	**117**	**0**	**0**	**1,095**

Below is a breakdown of interest costs for each class of asset

2024-25	Interest Cost of IFRS 16 Leases	2025-26
£000		£000
19	**Land**	**21**
28	**Building**	**23**
0	**Vehicles, Plant and Equipment**	**0**
46		**44**

Below is a breakdown of the short term and long-term elements of the lease liabilities included within the balance sheet figures

2024-25	Breakdown of Liability	2025-26
£000		£000
(120)	Short Term (<12 months)	(128)
(624)	Long Term (>12 months)	(581)
(744)		**(709)**

Note 30

Public Private Partnership Contracts (Service Concessions)

Waste Management and Recycling Contract

2025/26 was the 16th year of a 20-year Waste Management and Recycling Contract with Veolia. Under the contract Veolia operate the Authority's existing waste facilities and is responsible for building, maintaining and operating the Gillmoss Material Recycling Facility (MRF) which came into operation in December 2012.

This contract specifies the minimum standards for the services to be provided by the contractor, Veolia, with deductions from the fee payable if facilities are unavailable or performance is below the standards set out. The contractor took on the obligation to construct and maintain the Gillmoss MRF to a minimum acceptable condition and to procure the plant and equipment needed to operate the MRF. The building, plant and equipment installed will transfer to the Authority at the end of the contract period for nil consideration.

The Authority has the rights to terminate the contract and if this right is exercised it must compensate the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

The assets used to provide services at the Materials Recycling Facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment at Note 10.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed.

Resource Recovery Contract

In December 2013, the Authority entered a 30-year contract with SITA Sembcorp UK Ltd (now MERL) due to end in December 2043. The contract gives MERL responsibility for processing, treating, disposing and recycling the contract waste accepted from the Authority. The contract specifies minimum standards for the services to be provided MERL with deductions if facilities are unavailable or performance is below standards set out in the contract. Under the terms of the contract, the contractor was responsible for the design, build, finance and operation of two major facilities: energy from waste (EfW) facility at Wilton in Redcar, Teesside and a rail transfer loading station in Kirkby in Merseyside.

The construction phase of the contract was completed in summer 2017 and the facilities became operational on 1 September 2017. At the end of the Contract period the Authority has an option to extend the contract term by 5 years on new payment terms or it can terminate and the facilities transfer to the Authority at no additional cost

Analysis of payments due to be made under service concessions

The following table shows payments due to be made under Service Concessions in future financial years from 2025/26 onwards. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any given financial year but are otherwise fixed.

The payments to the contractor are described as Unitary Charges. They have been calculated to compensate the contractor for the fair value of the services the contractor provides, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability to pay the contractors for capital expenditure incurred is shown below under “Payment of Liability”:

Revenue Lifecycle replacement costs have been included in the Service Charges element detailed in the table below, whilst capitalised lifecycle costs are recorded as additions to fixed assets and added to the outstanding liability.

	Total at 31st March 2025 £000		Payment of Liability £000	Interest £000	Payment for Services £000	Lifecycle Costs £000	Total at 31st March 2026 £000
WMRC	23,205	within 1 year	2,287	1,552	19,819	245	23,902
	73,517	2 - 5 years	7,318	1,686	43,167	0	52,171
	96,722		**9,605**	**3,237**	**62,986**	**245**	**76,073**
RRC	37,887	within 1 year	5,024	12,141	18,843	1,515	37,523
	143,542	2 - 5 years	11,456	44,681	78,679	7,164	141,980
	169,473	6 - 10 years	20,420	46,982	95,922	8,152	171,476
	169,615	11 - 15 years	37,801	30,355	95,456	8,006	171,618
	125,022	16 - 20 years	30,552	5,178	52,070	4,339	92,140
	645,539		**105,253**	**139,337**	**340,971**	**29,177**	**614,737**
Total	**742,260**		**114,858**	**142,575**	**403,957**	**29,421**	**690,810**

Assets acquired as a result of service concessions

The assets used to provide the services under the contract are included in the Authority's Property Plant and Equipment (see below). This is set out in Note 10 and is subject to quinquennial revaluations with indexation in the intervening years.

In line with the Authority's accounting policies, depreciation commences in the year after the asset becomes operational.

The value the assets as a result of PPP contracts are as follows:

2024-25				2025-26		
WMRC £000s	RRC £000s	Total £000s		WMRC £000s	RRC £000s	Total £000s
12,932	**299,045**	**311,977**	**Asset value at start of year**	**18,223**	**311,120**	**329,343**
5,074	(10,690)	(5,615)	IFRS 16 Adjustment			0
		0	Additions			0
562	36,289	36,852	Revaluation	1,036	23,928	24,964
362	(1,755)	(1,393)	Other Movements in Cost or Valuation	472	(1,978)	(1,506)
(707)	(11,770)	(12,477)	Less Cumulative Depreciation *	(997)	(13,239)	(14,236)
18,223	**311,120**	**329,343**	**Value of the asset at the end of the year**	**18,734**	**319,831**	**338,565**

NOTE 31

Defined benefit pension schemes

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

The Authority participates in the Local Government Pension Scheme (LGPS) which is administered locally by Wirral Council (the Merseyside Pension Fund). The LGPS is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The LGPS provides defined benefits with its benefit structure having been revised recently by the Government. Members will have final salary benefits for service accrued prior to 1 April 2014 with career average revalued earnings ("CARE") benefits accruing from this date.

The Merseyside Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. The governance of the scheme is the responsibility of the Pensions Committee consisting of members from the five Merseyside authorities and one member representing other employing organisations in the Fund. Policy is determined in accordance with the LGPS regulations.

The principal risks to the Authority relate to the impact of changes to longevity assumptions, statutory changes to the scheme, structural changes to the scheme (eg large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. Merseyside Pension Fund has reported that the principal risk to its funding position is the investment risk inherent in its predominantly equity-based strategy, as actual asset outperformance between successive valuations could diverge from the overall 1.4% per annum assumed in the longer term.

Transactions relating to retirement benefits- CIES Charges

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against the Levy is based on the cash payable in the year, and the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme		Discretionary Benefits	
	2025/2026 £000	2024/2025 £000	2025/2026 £000	2024/2025 £000
Cost of services:				
Service cost comprising:				
Current service cost	123	164	0	0
Past service cost	0	0	0	0
(Gain)/loss from settlements	0	0	0	0
Financing and Investment Income and Expenditure:	0	0	0	0
Administration Expense	8	5	0	0
Net Interest expense	-1	1	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**130**	**170**	**0**	**0**
Return on plan assets (excluding the amount included in the net interest expense)	-1,930	200	0	0
Experience Gain/Loss	1,155	-17	-11	0
Actuarial gains and losses arising on changes in financial assumptions	-5	-1,879	0	-5
Actuarial gains and losses arising on changes in demographic assumptions	-127	-45	0	0
Other	0	0	0	0
Affect of Asset Ceiling	994	1,757	0	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**87**	**16**	**-11**	**-5**

Discretionary benefits (Or Unfunded Benefits) are those which are not covered by the assets within the scheme and so will have to be funded by the authority's current or future cashflows.

Movement in Reserves Statement	Local Government Pension Scheme		Discretionary Benefits	
	2025/2026 £000	2024/2025 £000	2025/2026 £000	2024/2025 £000
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-130	-170	0	0
Actual amount charged against the general fund balance for pensions in the year:	0	0	0	0
Employers' contributions payable to scheme	213	182	15	19
Net charge to the General Fund Summary	**83**	**12**	**15**	**19**

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Discretionary Benefits	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Present value of the defined obligation	-14,942	-13,131	-60	-82
Fair value of plan assets	20,399	17,349		
	5,457	**4,218**	**-60**	**-82**
Other movements in the liability (inc asset ceiling)	-5,457	-4,218		
Net liability arising from the defined benefit obligation	**0**	**0**	**-60**	**-82**

Reconciliation of movements in the fair value of the scheme assets:

	Local Government Pension Scheme		Discretionary Benefits	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Opening fair value of scheme assets	17,349	17,067	0	0
Opening Balance Adjustment				
Interest on plan assets	1,010	828	0	0
Remeasurements (assets)	1,930	-200	0	0
Administration expenses	-8	-5	0	0
Employer contributions	213	182	15	19
Member contributions	130	112	0	0
Benefits/transfers paid	-225	-635	-15	-19
Closing value of scheme assets	**20,399**	**17,349**	**0**	**0**

Reconciliation of the present value of the scheme liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Opening balance at 1 April	**-13,131**	**-14,721**	**-82**	**-102**
Current service cost	-123	-164	0	0
Interest cost	-760	-710	-4	-4
Member contributions	-130	-112	0	0
Experience gain/(loss)	-1,155	17	11	0
Gain/(loss) on financial assumptions	5	1,879	0	5
Gain/(loss) on demographic assumptions	127	45	0	0
Benefits/transfers paid	225	635	15	19
Balance as at 31 March	**-14,942**	**-13,131**	**-60**	**-82**

Change in Asset Ceiling

	2025/2026	2024/2025
	£000	£000
Opening Balance of Asset Ceiling	4,218	2,346
Recognition of Asset Ceiling		0
Interest on Surplus above Asset Ceiling	245	115
Change in Asset Ceiling (Net of Interest)	**994**	**1,757**
Closing Value of Asset Ceiling	**5,457**	**4,218**

An asset ceiling cap was introduced during the 2023/24 financial year, in line with IAS 19 Employee Benefits. The asset ceiling is a limitation on the amount of surplus that can be recognised as an asset in defined benefit pension plans, ensuring that only recoverable amounts are reported on financial statements.

For the Authority the asset ceiling reduced the pension surplus position to a deficit position and means the balance sheet now shows the discretionary benefits that are unfunded by the scheme.

Local Government pension scheme assets comprised

	Fair value of scheme assets			
	2025/2026		2024/2025	
	£000	%	£000	%
Equities - quoted	7,629	37.4%	6,648	38.3%
- unquoted	3,325	16.3%	2,826	16.3%
Bonds - quoted	1,978	9.7%	996	5.7%
- unquoted	0	0.0%	0	0.0%
Property - quoted	347	1.7%	194	1.1%
- unquoted	1,611	7.9%	1,678	9.7%
Alternatives - quoted	40	0.2%	38	0.2%
- unquoted	4,591	22.5%	4,731	27.3%
Cash - quoted	877	4.3%	238	1.4%
	20,398	**100.0%**	**17,349**	**100.0%**

Basis for estimating assets and liabilities

Local Government Pension Scheme	2025/2026 %	2024/2025 %
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	20.6	20.8
Women	23.3	23.5
Longevity at 65 for future pensioners:		
Men	21.8	22.1
Women	24.8	25.2
Financial assumptions:		
Rate of CPI inflation	2.9	2.6
Rate of increase in salaries	4.4	4.1
Rate of increase in pensions	3.0	2.7
Discount Rate	6.1	5.8

Impact on the Defined Benefit Obligation in the Scheme

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

For example, the longevity assumptions assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period

	Increase in assumption £000
Longevity (increase of one year)	-308
Rate of inflation (increase of 0.25%)	-472
Rate of increase in salaries (increase of 0.25%)	-79
Rate for discounting liabilities (increase of 0.5%)	902

Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Merseyside Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31 March 2025.

In terms of future cashflows, the authority anticipates paying £132k in contributions towards the scheme in 2026-27

Additional Pensions Information

The weighted average duration of the defined benefit obligation for scheme members is 13 years.

Note 32 Contingent liabilities

The Authority has no contingent liabilities.

Note 33 Contingent assets

In certain circumstances, the Authority can be entitled to rebates in respect of tonnage delivered under its waste contracts. The amount outstanding in respect of several previous years is not yet agreed and the Authority has calculated that it may be entitled to a potential additional rebate of £9.161m. This amount is disputed in full and the Authority's policy is not to recognise such amounts until they are confirmed.

Note 34 Other Long-Term Liabilities

2024-25 £000		2025-26 £000
(624)	Lease Liability	(581)
(82)	Pensions Liability	(60)
(68,350)	Deferred Income	(64,176)
(116,352)	Service Concession Liability	(107,561)
(185,408)		**(172,377)**

Deferred Income

This is an element of the PPP Assets that is financed through 3rd party income paid directly to the contractor.

Note 35 Events after the reporting period

The Statement of Accounts was authorised for issue by the Director of Finance 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 31st March 2026, the figures in the financial statements and Notes would be adjusted in all material respects to reflect the impact of this information.

ACCOUNTING POLICIES

General principles

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Authority will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round the amounts to the nearest thousand pounds. All totals are the rounded totals of unrounded figures and, therefore, may not be the strict sums of the figures presented in the text or tables. Throughout the Statements all credit balances are shown with parentheses e.g. (£1,234).

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

- revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Levies received from the constituent authorities are recognised in the year to which they relate and are credited to the surplus / deficit on the provision of services
- 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:
- 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.
- Revenue from contracts shall be recognised when (or as) the authority satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a service recipient.

ii) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iii) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

iv) Charges for Non-Current Assets

Services are debited with the following amounts to record the cost of holding fixed assets during the year:

- 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.

Minimum Revenue Provision

The Authority is required under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to make a prudent provision for the repayment of its capital expenditure financed by borrowing. This is known as the Minimum Revenue Provision (MRP) and represents a charge to the General Fund.

The MRP charge is determined with reference to the Authority's Capital Financing Requirement (CFR), which represents the underlying need to borrow for capital purposes. This charge is applied to the relevant elements of CFR, including liabilities arising from service concession arrangements to ensure its repayment over time.

In determining a prudent level of MRP, the Authority has regard to statutory guidance issued by the Secretary of State. The broad aim of this guidance is to ensure that capital expenditure financed by borrowing is repaid over a period commensurate with that over which the expenditure provides benefits.

The Authority calculates its MRP using the annuity method and applies this over the estimated useful life of the asset. This method results in a relatively even total charge to revenue over the asset life when combined with interest costs and is considered to reflect the pattern in which service potential or economic benefits are derived from the asset.

MRP is charged from the year following that in which the asset becomes operational (or in the case of assets under construction, when the asset is brought into use).

The Authority's MRP Policy and MRP calculation for 2025/26 have been prepared in accordance with the statutory guidance applicable to that financial year.

v) Employee Benefits Payable during Employment

An accrual is made to represent the cost of holiday entitlement earned but not taken at each year-end, to meet Code and IAS requirements.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the

pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are eligible to join the Local Government Pension Scheme, administered by Wirral Metropolitan Borough Council as the pension fund administering authority for Merseyside Pension Fund.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees of the Authority.

Full details of Merseyside Pension Fund including the Pension Fund Annual Report and Statement of Accounts can be obtained from:

Merseyside Pension Fund
7th Floor
Castle Chambers
43 Castle Street
LIVERPOOL
L69 2NW

www.merseysidepensionfund.org.uk

Pension costs for those employees who are members of the LGPS, have been recognised in the statement of accounts on a defined benefits basis in accordance with IAS19 Employee Benefits. This requires the Authority to account for its share of the pension fund assets and liabilities in the Balance Sheet, as well as recognising the full cost of providing for future retirement benefits in the Comprehensive Income and Expenditure Statement. The assumptions used in determining pension costs are as follows:

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

- liabilities are discounted to their value at current prices, using a discount rate based on actual corporate bond yield less an assumption for inflation.

- The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:

    - quoted securities – current bid price

    - unquoted securities – professional estimate

    - unitised securities – current bid price

    - property – market value.

  Additionally, per the requirements of IAS 19 Employee Benefits the assets attributable to the Authority may be subject to an asset ceiling, which occurs when a pension is in a net asset position (i.e. the value of assets held by the fund are greater than its liabilities). An asset ceiling limits the asset that can be recognised to the lower of the amount of net pension asset or the present value of any economic benefits available in the form of reductions in future contributions to the Fund.

- The change in the net pensions liability is analysed into the following components:

    - Service cost comprising:

        - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

        - past service cost – the increase in liabilities

arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- net interest on the net defined benefit liability i.e. net interest expense for the Authority - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - the net return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to Merseyside Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Statutory provisions limit the Authority to raising its Levy to cover the amounts actually payable to Merseyside Pension Fund or payable direct to pensioners in the year, not the amount calculated according to the relevant accounting standards.

Therefore, any difference between the amounts calculated under IAS19 and the statutory pension fund contribution is accounted for in the Movement in Reserves via a transfer to and from the Pensions Reserve. In this manner the notional debits and credits for retirement benefits are removed and replaced with debits for the cash actually paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Fund is subject to actuarial revaluation every three years with the latest valuation being that as at 31 March 2025. This is for the purpose of setting contribution rates for the next 3 years.

vi) Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is

authorised for issue. Two types of events can be identified:

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

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the Notes of the nature of the events and their estimated financial effect.

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

vii) 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. Financial assets and financial liabilities are recognised in the Balance Sheet when the Authority becomes party to the contractual provisions of the instrument.

Financial Liabilities

Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost, unless the Code requires or permits another measurement basis. For the Authority's borrowings, the amount presented in the Balance Sheet is generally the outstanding principal repayable, with interest charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement using the effective interest rate method.

Financial Assets

Financial assets are classified and measured in accordance with IFRS 9, based on the Authority's business model for managing the assets and the contractual cash-flow characteristics of the assets. Financial assets are classified into one of the following categories:

- Amortised cost

- Fair value through profit and loss

- Fair value through other comprehensive income

Loans and Receivables

The Authority's financial assets are primarily trade receivables, cash and deposits. Where these assets are held to collect contractual cash flows and those cash flows are solely payments of principal and interest, they are measured at amortised cost. Short-term receivables are normally measured at the invoiced amount where the effect of discounting is not material.

Impairment of financial assets

The Authority assesses financial assets measured at amortised cost for expected credit losses. For trade receivables and other short-term receivables, the Authority considers the risk of non-collection based on the nature of the debtor, past experience, current conditions and reasonable information available at the reporting date. Where expected credit losses are material, a loss allowance is recognised and charged to the relevant service line or to Financing and Investment Income and Expenditure, as appropriate.

viii) Interests in Companies and Other Entities

The Authority has material interests in companies that have the nature of subsidiaries and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies are recorded as financial assets at cost, less any provision for losses.

ix) Leases

Under IFRS 16 a lease is defined as a contract, or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Authority as Lessee

As per the requirement of IFRS 16, contracts that have an underlying asset require the recognition of

a Right of Use Asset and a Lease liability. Except where the underlying asset is of low value and/or for a lease term of less than 12 months. In determining low value the Authority will apply a low value limit of £5,000

The Lease Liability shall be recognised at commencement date at present value of lease payments not paid at that date - discounted at rate implicit in lease (if readily determinable) or lessee's incremental borrowing rate (The Authority will use the PWLB annuity rates available at date of recognition as its incremental borrowing rate).

RoUAs shall be recognised as the initial lease liability and include adjustments for: -

- Lease payments made before commencement dates,
- Lease incentives received,
- Lessee's initial direct costs,
- Dismantling, removal or restoration costs.

For leases deemed non-commercial, where lease payments are peppercorn, at nominal amount or where there is nil consideration. The lease liability will be calculated as per the above and RoUA shall be recognised at Fair Value.

The Authority as Lessor

The Authority has no arrangements which fall into this category.

x) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

Assets are carried in the balance sheet using the following bases:

- assets under construction - depreciated historical cost
- all other assets - fair value, at existing use (EUV)

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

It should be noted that the environmental condition of closed landfill sites makes them unmarketable and a nominal value of £1 is attributed to them.

Assets included in the Balance Sheet at fair value are revalued every 5 years with indexation applied in the intervening years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment by systematically allocating depreciation over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land) and assets that are not yet available for use (e.g. assets under construction).

Unless there is evidence to support an alternative assessment, the useful economic life of an asset is normally determined by reference to its asset class at the date of recognition, as follows:

- Buildings: 40 years.
- Plant and Machinery: 10 years, except for IT equipment, which is depreciated over 5 years.
- Right-of-Use Assets (RoUAs): the term of the lease.
- Public Private Partnership (PPP) assets: the contract term plus any anticipated remaining useful economic life where the Authority expects to continue to providing service potential from the asset following expiry of the contract.

Useful economic lives are reviewed at least annually and amended where appropriate.

Deprecation is calculated on a straight-line basis over the useful economic life of the assets.

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.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are statutorily defined as capital receipts, and are credited to the Capital Receipts Reserve. These amounts can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xi) Service Concession Arrangements

Service concession arrangements (formerly classed as PFI and similar contracts) are contractual arrangements between the Authority and an operator where responsibility for providing public services, using assets provided either by the operator or the Authority, passes to the operator for a specified period of time. As the Authority is deemed to control the services that are provided under its service concession contract, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contract for no additional charge, the Authority carries the assets used under the contract 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 scheme operator to pay for the capital investment for those assets provided by the operator under the service concession arrangement.

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

The amounts payable to the service concession operator each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge 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 service concession operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – written off to revenue unless the value of the asset is enhanced.

xii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, 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.

Closed landfill sites provision

The Authority provides a technical accounting provision for the future revenue costs arising from the after care of closed landfill sites under its statutory obligations. In accordance with the Code the landfill provision has been capitalised.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a Note to the accounts.

Contingent Assets

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

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

xiii) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. Unusable reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The purposes and usage of both usable and unusable reserves are detailed in Notes accompanying the accounts.

xiv) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xv) **Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the authority as a result of past events, and future economic benefits or service potential must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

Recognition and Measurement

Expenditure on intangible assets, such as software licences, is capitalised where it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. The authority recognises software as an intangible asset where it is not integral to the related hardware.

Intangible Assets are not revalued but are subsequently carried at cost less accumulated amortisation.

Amortisation

Intangible Assets will be amortised on a straight-line basis over the course of their useful life and commences when the asset is brought into use.

The authority will assume that intangible assets have finite useful lives and will determine useful lives based on the expected period of benefit to the Authority.

Amortisation is charged to the Comprehensive Income and Expenditure Statement and reversed out through the Movement in Reserves Statement in accordance with statutory provisions.

The Group Accounts

The purpose of the Group Accounts is to provide a picture of Merseyside Recycling and Waste Authority (the statutory waste disposal Authority for Merseyside) and the group of companies the Authority owns and influences. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate structures.

The Group accounts consolidate the main accounting statements for Merseyside Recycling and Waste Authority and Mersey Waste Holdings Limited

Accounting policies for the Group

In common with many other local authorities, where appropriate the Authority uses different forms of service delivery. In some cases, it has created separate companies with to deliver those services. The use of separate companies means that the Authority's single entity financial statements on their own do not fully reflect the assets and liabilities, or income and expenditure associated with all of its activities. The aim of the Group Accounts is to give an overall picture of the activities of the Authority and the resources used to carry out those activities. The Group Accounts also provide further information on the material financial risks and benefits of all entities over which the Authority exercises control, significant influence or joint control.

The Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of the subsidiaries have been aligned with the policies of the Authority, for the purposes of Group Accounts, where materially different. Such adjustments as are necessary to align the Group Accounting policies are made as consolidation adjustments

To give a full picture of the financial activities of the Authority, Group Accounts have been prepared which include those organisations where the Authority's interest is considered material.

Accordingly, the Group Accounts consolidate the Authority's accounts with one subsidiary:

- Mersey Waste Holdings Ltd (MWHL)

MWHL has prepared their accounts in line with IFRSs and UK GAAP rather than the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code). However, there are no material areas where this conflicts with the Authority's accounting policies. Consequently, no adjustments have been required to realign the accounts of the Group entities with those of the Authority. The accounting policies applied to the Group financial statements are consistent with those set in the single entity statements.

MWHL has been consolidated on a line-by-line basis as it is a wholly owned subsidiary of MWDA. All intra-group transactions and balances have been removed.

Bodies Not consolidated

The following have not been consolidated into the Group Accounts

- Bidston Methane Ltd
- Mersey Waste Ltd
- MWH Associates Ltd

Mersey Waste Ltd and MWH Associates Ltd are subsidiaries of MWHL and were not consolidated as they are currently not operating and are listed as dormant companies. Bidston Methane Ltd was dissolved and liquidated during the 2024/25 financial year after not operating for some time and therefore no consolidation was required.

Mersey Waste Holdings Limited

Mersey Waste Holdings limited is a former LAWDC (Local Authority Waste Disposal Company) that was established to provide waste management services for the Authority. Since the procurement of services by the Authority under its Waste Management and Recycling Contract with Veolia ES a large part of the activity of the company has ceased, the Resource Recovery Contract with MERL means that the remainder of the company's activities are no longer required. Other responsibilities e.g. for the pension liabilities of former employees are also managed through the company.

MWHL is a company incorporated under the terms of the Companies Acts. The Authority is the sole shareholder in the company holding 1 ordinary £1 shares representing 100% of the issued share capital. Under accounting standards, the Authority has a controlling interest in this company. It is therefore included in the group accounts as a subsidiary.

The draft accounts for the year to 31 March 2026 for MWHL have been summarised below, with comparator figures for the previous reporting period.

2024-25 £000		2025-26 £000
1,655	Net Assets	1,729
-37	(Surplus) / Deficit Before Tax	5
-37	(Surplus) / Deficit After Tax	5

The Group Comprehensive Income and Expenditure statement

This summarises the resources that have been generated and consumed in providing services and managing the group during the year. It includes all day-to-day expenses and related income on an accruals basis.

2024-25						2025-26			
Authority	Subsidiaries	Adjustment for Intragroup Transfers	Total		Note	Authority	Subsidiaries	Adjustment for Intragroup Transfers	Total
£000	£000	£000	£000			£000	£000	£000	£000
2,185	121	(72)	2,234	Establishment		2,698	134	(34)	2,798
28,101			28,101	Waste Management & Recycling Contracts		26,863			26,863
22,389			22,389	Resource Recovery Contracts		23,306			23,306
76			76	Contracts Support		577			577
553			553	Procurement		832			832
1,346			1,346	Estates		1,966			1,966
4,359			4,359	Recycling Credits		4,317			4,317
10			10	Strategy & Resources		38			38
134			134	Data Processing		212			212
662			662	Behavioural Change		522			522
13,793			13,793	Depreciation		16,387			16,387
73,606	**121**	**(72)**	**73,655**	**Cost of Services**		**77,718**	**134**	**(34)**	**77,819**
(83,554)	0	5000	(78,554)	Other Operating Income and Expenditure		(83,448)	0		(83,448)
11,643	(159)		11,484	Financing and Investment Income and Expenditure		15,561	(129)		15,432
0	0		0	Non-Ringfenced Grant Income		(12,989)	0		(12,989)
1,694	**(37)**	**4,928**	**6,585**	**(Surplus) or Deficit on Provision of Services**		**(3,158)**	**5**	**(34)**	**(3,186)**
				Other Comprehensive Income and Expenditure					
(48,159)			(48,159)	Surplus or Deficit on Revaluation of Non-Current Assets		(29,318)			(29,318)
11	(53)		(42)	Remeasurements of the net defined benefit liability (asset)		76	(45)		31
(48,148)	**(53)**	**0**	**(48,201)**	**Total Other Comprehensive Income and Expenditure**		**(29,242)**	**(45)**	**0**	**(29,287)**
(46,453)	**(90)**	**4,928**	**(41,616)**	**Total Comprehensive Income and Expenditure**		**(32,400)**	**(40)**	**(34)**	**(32,474)**

The Group Balance Sheet

The balance sheet shows the assets and liabilities of the Group at the year end. The net assets of the Authority are matched by two categories of reserves. The first is useable reserves which can be deployed for any purpose, subject to the need to maintain a prudent level of working capital. The second category, un-useable reserves, is set a side in order to meet statutory and accounting requirements

2024-25 £000		2025-26 £000
371,678	Property, Plant & Equipment	386,454
64	Intangible Assets	70
85	Pension Asset	183
1	Long Term Investments	1
371,829	**Long Term Assets (1)**	**386,708**
22	Inventories	22
5,873	Short Term Debtors	7,113
12,564	Cash and Cash Equivalents	16,495
18,459	**Current Assets (2)**	**23,629**
(19,838)	Short Term Creditors	(23,667)
(997)	Short Term Borrowing	(783)
(162)	Provisions Short Term	(427)
(20,996)	**Current Liabilities (3)**	**(24,877)**
(6,736)	Long Term Provisions	(4,524)
(36,347)	Long Term Borrowing	(35,263)
(185,326)	Other Long Term Liabilities	(172,317)
(228,409)	**Long Term Liabilities (4)**	**(212,105)**
140,882	**Net Assets (1+2+3+4)**	**173,356**
(31,679)	Useable reserves (5)	(41,903)
(109,202)	Unusable Reserves (6)	(131,453)
(140,882)	**Total Reserves (5+6)**	**(173,356)**

The Group Cash Flow

This shows the changes in cash and cash equivalents of the group during the year. The statement shows how the group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.

2024-25 £000			2025-26 £000
(6,585)	**Net surplus or (deficit) on the provision of services**		**3,186**
13,940	Adjustment to surplus or deficit on the provision of services for non-cash movements		12,413
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
7,355	**Net cash flows from operating activities**		**15,600**
(420)	Net Cash flows from Investing Activities		(3,365)
(7,787)	Net Cash flows from Financing Activities		(8,304)
(853)	**Net increase or decrease in cash and cash equivalents**		**3,931**
13,417	**Cash and cash equivalents at the beginning of the reporting period**		**12,564**
12,565	**Cash and cash equivalents at the end of the reporting period**		**16,495**

The Group Movement in Reserves Statement

This shows the movement in the year on the Authority's single entity usable and unusable reserves together with the Authority's share of the group reserves.

2025-26	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Useable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Authority Share of Subsidiaries £000	Total Group Reserves £000
Balance as at 1st April 2025	(20,127)	(10,000)	(30,127)	(109,035)	(139,162)	(1,656)	(140,818)
Opening Balance Adjustment	(64)		(64)		(64)		(64)
Restated Opening Balance	(20,191)	(10,000)	(30,191)	(109,035)	(139,226)	(1,656)	(140,882)
Movement in reserves during the year			0		0		0
Surplus or (deficit) on the provision of services	(3,192)		(3,192)		(3,192)	5	(3,186)
Other Comprehensive Income and Expenditure			0	(29,242)	(29,242)	(45)	(29,287)
Adjustments between Group Accounts & Authority Accounts	34		34		34	(34)	0
Total Comprehensive Income and Expenditure	(3,158)	0	(3,158)	(29,242)	(32,400)	(74)	(32,474)
Adjustments between accounting basis & funding basis under regulations	(7,026)		(7,026)	7,026	0		0
Net Increase/Decrease before Transfers to Earmarked Reserves	(10,184)	0	(10,184)	(22,216)	(32,400)	(74)	(32,474)
Transfers to or from earmarked reserves	10,000	(10,000)	0		0		0
Increase/Decrease in Year	(184)	(10,000)	(10,184)	(22,216)	(32,400)	(74)	(32,474)
Balance as at 31st March 2026	(20,375)	(20,000)	(40,375)	(131,252)	(171,626)	(1,729)	(173,356)

2024-25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Useable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Authority Share of Subsidiaries £000	Total Group Reserves £000
Balance as at 1st April 2024	(28,594)	0	(28,594)	(64,179)	(92,773)	(6,493)	(99,266)
Movement in reserves during the year			0		0		0
Adjustments re implementation of IFRS 16	1,180		1,180	(1,180)	0		0
Surplus or (deficit) on the provision of services	6,622		6,622		6,622	(37)	6,585
Other Comprehensive Income and Expenditure			0	(48,148)	(48,148)	(53)	(48,201)
Adjustments between Group Accounts & Authority Accounts	(4,928)		(4,928)		(4,928)	4,928	0
Total Comprehensive Income and Expenditure	2,874	0	2,874	(49,328)	(46,453)	4,837	(41,616)
Adjustments between accounting basis & funding basis under regulations	(4,471)		(4,471)	4,471	0		0
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,597)	0	(1,597)	(44,856)	(46,453)	4,837	(41,616)
Transfers to or from earmarked reserves	10,000	(10,000)	0		0		0
Increase/Decrease in Year	8,403	(10,000)	(1,597)	(44,856)	(46,453)	4,837	(41,616)
Balance as at 31st March 2025	(20,191)	(10,000)	(30,191)	(109,036)	(139,227)	(1,656)	(140,882)

Notes to the Group Financial Statements

Note 1

Movement in Reserves - Adjustments between Group Accounts & Authority Accounts

The following table shows the adjustments between the Group Accounts and the Single entity Authority Accounts in the Group Movement in Reserves Statement.

2024-25 £000		2025-26 £000
103	Capital Contribution to Subsidiaries	50
(5,000)	Dividends Received from Subsidiaries	
(4,897)		**50**

Note 2

Cash and Cash Equivalents

2024-25 £000		2025-26 £000
11,097	Those held by the Authority	15,055
1,467	Those held by MWHL	1,440
12,564		**16,495**

Note 3

Cashflow Statement - Cash flows from Operating Activities

The cash flows for Operating Activities include the following items relating to interest and dividends.

2024-25					2025-26			
Authority	Sub	Adjustments	Total		Authority	Sub	Adjustments	Total
£000	£000	£000	£000		£000	£000	£000	£000
(542)	(159)		(701)	Interest Receivable	(543)	(129)		(672)
(5,000)		5,000	0	Dividends Receivable	0			0
17,185			17,185	Interest Payable	16,104			16,104
11,643	**(159)**	**5,000**	**16,484**	**Total**	**15,561**	**(129)**	**0**	**15,432**

Note 4

Pensions

As part of the terms and conditions of employment of its qualifying officers and other employees the Authority and Mersey Waste Holdings Limited (MWHL) offer entrance into the Local Government Pension Scheme (LGPS) administered by Wirral Metropolitan Borough Council. Although retirement benefits will not actually 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. Disclosure in relation to the pension liabilities of the Authority are set out in Note 29 of the single entity accounts.

In addition to the LGPS scheme, MWHL offer a Local Authority Waste Disposal Companies (LAWDC) pension scheme, managed by Citrus Pensions Plans Trustee Ltd. The LAWDC pension scheme is designed for employees of local authorities and associated employers. It operates as a multi-employer scheme, meaning that various employers can participate, and each has its own section within the scheme. This structure allows for tailored benefits while maintaining a collective approach to pension management.

The risks outlined in the authority's single entity pensions disclosure, are the similar to those faced by the MHWL for both schemes.

Disclosures to the pension liabilities of Mersey Waste Holdings Limited are set out below.

Comprehensive Income and Expenditure Statement	LGPS		LAWDC	
	2025/2026 £000	2024/2025 £000	2025/2026 £000	2024/2025 £000
Cost of services:				
Service cost comprising:				
Current service cost	0	0	0	0
Past service cost	0	0	0	0
Administration Costs	0	0	44	26
(Gain)/loss from settlements	0	0	0	0
Financing and Investment Income and Expenditure:	0	0	0	0
Net Interest expense	(2)	(5)	(14)	(8)
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**(2)**	**(5)**	**30**	**18**
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Employer Contributions				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(245)	80	(4)	166
Actuarial gains and losses arising on changes in demographic assumptions	(37)	(20)		
Actuarial gains and losses arising on changes in financial assumptions	(2)	(496)	36	(193)
Experience gains and losses	(192)	(9)	(16)	(17)
Other				
Asset Ceiling	415	436	0	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(61)**	**(9)**	**16**	**(44)**

Pensions Assets and Liabilities recognised in the balance sheet

	LGPS		LAWDC	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Present value of the defined obligation	(4,774)	(5,251)	(1,301)	(1,298)
Fair value of plan assets	6,946	6,847	1,568	1,549
	2,172	**1,596**	**267**	**251**
Other movements in the liability (asset) (Effect of Asset Ceiling)	(2,193)	(1,681)	0	0
Net liability arising from the defined benefit obligation	**(21)**	**(85)**	**267**	**251**

Change in Asset Ceiling

	LGPS		LAWDC	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Opening Balance of Asset Ceiling	1,681	1,187	0	0
Recognition of Asset Ceiling				
Interest on Surplus above Asset Ceiling	97	58	0	0
Change in Asset Ceiling (Net of Interest)	415	436	0	0
Closing Value of Asset Ceiling	**2,193**	**1,681**	**0**	**0**

Reconciliation of Movement in the Fair Value Scheme Assets

	LGPS		LAWDC	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Opening fair value of scheme assets	6,847	7,138	1,549	1,577
Interest on plan assets	382	336	88	79
Remeasurements (assets)	245	(80)	(4)	(166)
Administration expenses				
Business combinations				
Settlements				
Employer contributions	5	4	30	126
Member contributions				
Benefits/transfers paid	(533)	(551)	(95)	(67)
Closing value of scheme assets	**6,946**	**6,847**	**1,568**	**1,549**

Reconciliation of present value of the scheme liabilities

	LGPS		LAWDC	
	2025/2026	2024/2025	2025/2026	2024/2025
	£000	£000	£000	£000
Opening balance at 1 April	(5,251)	(6,044)	**(1,298)**	**(1,478)**
Current service cost			(44)	(26)
Interest cost	(287)	(283)	(74)	(71)
Member contributions				
Experience (gain)/loss	192	9	(16)	17
(Gain)/loss on financial assumptions	2	496	36	193
(Gain)/loss on demographic assumptions	37	20	0	0
Benefits/transfers paid	533	551	95	67
Balance as at 31 March	**(4,774)**	**(5,251)**	**(1,301)**	**(1,298)**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme liabilities have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries, estimates for Merseyside Pension Fund being based on the latest full valuation of the scheme as at 1 April 2025. The LAWDC scheme liabilities have been assessed by Hymans Robertson, independent actuaries, estimates for the LAWDC fund being based on the latest full valuation of the scheme as at 1 April 2024.

	Fair Value of Scheme Assets			
	31st March 2026		31st March 2025	
	LGPS	LAWDC	LGPS	LAWDC
	£000	£000	£000	£000
Equities - quoted	2,598		2,624	
- unquoted	1,132		1,115	
Bonds - quoted	673		393	
- unquoted	0	219	0	228
Property - quoted	118		77	
- unquoted	549		662	
Cash - quoted	299	180	94	77
- unquoted	0		0	
Other - quoted	14		16	
- unquoted	1,562	1,169	1,868	1,244
	6,945	**1,568**	**6,849**	**1,549**

The significant assumptions used by the actuary are set out below

Local Government Pension Scheme				
2024/2025			2025/2026	
LGPS %	LAWDC %		LGPS %	LAWDC %
		Mortality assumptions:		
		Longevity at 65 current pensioners:		
20.8	18.6	Men	20.6	18.7
23.5	20.8	Women	23.3	20.9
		Longevity at 65 for future pensioners:		
22.1	22	Men	21.8	22.1
25.2	24.6	Women	24.8	24.7
		Financial assumptions:		
2.7	2.8	Rate of CPI inflation	2.9	3.3
4.2	*	Rate of increase in salaries	4.4	*
2.8	2.8	Rate of increase in pensions	3.0	3.1
5.8	5.8	Discount Rate	6.0	6.2

Additional Pensions Information

For the LGPS Scheme the weighted average duration of the defined benefit obligation for scheme members is 8 years. For the LAWDC scheme this is 17 years.

Cashflows for the 2026/27 year are expected to be £5k for the LGPS scheme and £29k for the LAWDC scheme.

Glossary of Financial Terms

Accounting policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. Accounting policies do not include estimation techniques.

Accruals

An accounting concept that requires income and expenditure to be recognised as it is earned or incurred, not as money is received or paid.

Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(i) Events have not coincided with the actuarial assumptions made for the latest valuation (experience gains and losses); or

(ii) The actuarial assumptions have changed.

Amortisation

The equivalent of depreciation for intangible fixed assets.

Capital charges

To reflect the value of an asset being used to provide services, a capital charge is made to the revenue accounts.

Capital expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to, rather than merely maintains, the value of an existing fixed asset. Capital expenditure is normally funded by loans, grants, external contributions, capital receipts or through a revenue contribution.

Capital receipts

Income received by the Authority from the sale of its capital assets.

Current service cost (pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

(i) termination of employees services earlier than expected, for example as a result of closing or discontinuing a segment of business; and

(ii) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Deferred capital receipts

Amounts derived from the sale of assets, but which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses which form the main part of mortgages under long term debtors.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined contribution scheme

A pension or other retirement benefits scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time, or obsolescence through technological or other changes.

Expected rate of return (on pension assets)

Rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Interest costs (pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Net book value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Net current replacement cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net realisable value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-operational assets

Fixed assets held by a Local Authority but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the Authority. They may comprise:-

(i) Assets held for the primary purpose of investment from which a commercial rental is obtained;

(ii) Vacant property awaiting either redevelopment or disposal;

(iii) Land and buildings currently in the course of development but not yet completed and occupied for the proposed service.

Operational assets

Fixed assets held and occupied, used or consumed by the Local Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility, or for the service or strategic objectives of the Authority.

Past service cost or gain

For a defined benefit scheme, the increase or reduction in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the revision of scheme benefits.

Projected unit method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:-

(i) the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and

(ii) the accrued benefits for members in service on the valuation date.

Public works loans board

A Government body which provides loans to local authorities for financing capital expenditure.

Retirement benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:-

(i) an employer's decision to terminate an employee's employment before the normal retirement date; or

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue expenditure

Day-to-day expenditure on items that will generally be consumed within twelve months from the date of purchase (e.g. salaries, service running costs, consumable materials and equipment, or the cost of financing capital assets).

Scheme liabilities

The liabilities of a defined benefits scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Useful life

The period over which the Authority will derive benefits from the use of a fixed asset