

Greater Manchester Combined Authority

Waste and Recycling Committee

Date: 8 October 2025

Subject: 2025/26 Budget Update and Budget and Levy Setting Process for 2026/27

Report of: Steve Wilson, Treasurer

PURPOSE OF REPORT:

To update Waste and Recycling Committee Members on the forecast 2025/26 budget position and the timeline for setting the budget and levy for 2026/27.

RECOMMENDATIONS:

Members of the Committee are recommended to:

1. Note and comment on the report.

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BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
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WIGAN

Equalities Impact, Carbon and Sustainability Assessment:

There are no equalities impacts arising from this report. A fundamental principle of the WRMS and HWRCMS contracts is the sustainable management of waste in order to reduce carbon emissions from landfill disposal. The carbon impacts of the contracts are monitored and provided annually by the contractor.

Risk Management

Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.

Legal Considerations

Please refer to Risk Management section above.

Financial Consequences – Revenue

Considered in the body of the report.

Financial Consequences – Capital

Considered in the body of the report.

Number of attachments to the report:

None.

Comments/recommendations from Overview & Scrutiny Committee

No comments.

Background Papers

[7 February GMCA Meeting, budget and levy setting](#)

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

The levy for the Waste & Resources service for the 2025/26 financial year was set on 7 February 2025 for a total of £179.2 after a £4.0m application of reserves and was in line with the Medium-Term Financial Plan.

The 2025/26 budget included costs/ income associated with risks. This includes income from recyclates but not from share of third-party income at TPSCo or packaging Extended Producer Responsibility (pEPR).

2. Forecast Revenue Outturn for 2025/26

Waste and Resources Forecast Outturn 2025/26	Approved Budget	Forecast Outturn	Forecast Variance
	£m	£m	£m
Operational Costs	119.952	116.046	(3.906)
Operational Financing	56.692	56.410	(0.282)
Office Costs	6.173	5.973	(0.200)
Non-Operational Financing	0.394	0.391	(0.003)
Total Expenditure	183.211	178.820	(4.391)
Levy	(179.211)	(179.211)	-
pEPR	-	(22.673)	(22.673)
Levy Adjustment	-	0.449	0.449
Return to constituent authorities	-	37.701	37.701
Transfer (from)/to reserves	(4.000)	(15.086)	(11.086)
Total Income	183.211	(178.820)	4.391

The operational costs element of the budget is currently modelled to underspend by £4.0m due to forecast income from the sale of electricity at TPSCo (£3m), forecast increased income from the sale of recyclates (£0.3m) and other smaller variances. Income from these sources will be monitored monthly throughout the remainder of the year and the position updated for actual income.

The operational financing elements of the budget are forecast to underspend by £0.3m due to in year savings on interest payable due to later than anticipated delivery of capital programme works.

At the GMCA meeting of 7 February 2025 approval was given to make a one-off payment to Districts of £20m funded from reserves which has now been paid. A further decision was made at that meeting to partially return funds to Districts from the packaging Extended Producer Responsibility (pEPR) scheme. Delegation was given to the Group Chief Financial Officer to finalise the amount, estimated to be £17.7m, which has been included in the above figures.

3. Forecast Capital Outturn for 2025/26

	Budget 2025/26 £m	Current 2025/26 Forecast £m	(Increase)/ Decrease £m
Operational Sites	29.117	34.942	(5.825)
Non-Operational Sites	-	0.200	(0.200)
Total Capital - Waste & Resources	29.117	35.142	(6.025)

The current forecast expenditure has been increased due to projects not completed in 2024/25 now rolled forward into the current year.

4. Medium-Term Financial Plan (MTFP) to 2027/28

4.1. MTFP Projections

The MTFP projections from February 2025 assumed that:

1. Districts will be able to deliver on their expected waste declarations;
2. No change from England's Resources and Waste Strategy;
3. Landfill tax will continue to rise annually by RPI; and
4. CPI inflation will be at 2.5% for 2026/27 and 2.0% for 2027/28.

4.2. Estimated Budget and Levy

The estimated budget and levy for 2026/27 and 2027/28 was:

	Budget	Use of Reserves	Levy
	£m	£m	£m
2026/27	195.2	(3.0)	192.2
2027/28	199.4	-	199.4

4.3. Challenges and Risks

The challenges and risks to these forecasts are:

1. Reserves are still forecast to be utilised to smooth levy increases due to the previous year's inflation. The inflation forecast of 2.5% for 2026/27 looks likely to be too low.
2. HWRC forecasts being correct and Districts meeting their tonnage forecasts. Any changes to District figures will result in a levy adjustment to either recover additional costs or refund avoided costs. The forecasts above do not include impacts from the requirement to collect plastic film at the kerbside from 31 March 2027.
3. Any market fluctuations in recyclate values will impact the above estimates. An amount of £9m income is included in the above forecasts which is considered to be prudent but may need to be reassessed subject to points 4 and 5 below.
4. Packaging Extended Producer Responsibility is a receipt of income to the Authority to cover the waste management costs associated with in-scope packaging. No income is included in the above figures as the response from the packaging industry and any changes made to their packaging cannot currently be adequately assessed.
5. The Deposit Return Scheme (DRS) is scheduled to go live on 1 October 2027 which may impact the collection of single use drinks containers made from PET plastic, aluminium or steel. It is not clear what the impact will be on volumes of waste collected and consequently on income from recyclates.
6. The UK Emissions Trading Scheme (ETS) is expected to go live from 1 January 2028. The scheme will apply to the Authority's Energy-from-Waste (EfW) treatment and the cost of purchasing carbon allowances will be passed through from the operators. This cost has not yet been included in the MTFP. How the

ETS scheme will work in practice and whether any of the financial impact on local authorities will be mitigated is still subject to confirmation by central Government.

5. Budget Consultation and Timeline

5.1. Proposals

As usual the Waste & Resources proposals are being worked through with District Waste Chief Officers and Treasurers. Proposals incorporate, as far as possible, their suggestions and comments.

5.2. Formal Process

A formal process of budget scrutiny is also being put in place which involves:

November - December 2025	Consultation with District Waste Chief Officers, Leaders and Treasurers
January 2026	Final proposals to Waste & Recycling Committee and Scrutiny Committee
February 2026	Final proposals to GMCA and approval of budget and levy