

Greater Manchester Combined Authority

Waste & Recycling Committee

Date: 21 January 2026

Subject: Budget and Levy 2026/27 and Medium-Term Financial Plan to 2028/29

Report of: Steve Wilson, Group CFO

Purpose of Report

The purpose of the report is to seek comment on the budget and levy for 2026/27 and on the Medium-Term Financial Plan (MTFP) to 2028/29. Those plans are delivered by:

1. A total levy requirement for 2026/27 of £186.5m, which represents a 4% average increase over 2025/26. At a District level, the levy changes range from 2.2% to 3.6%; and
2. The MTFP then proposes levy charges of £192.0m in 2027/28 and £197.8m in 2028/29.

Recommendations:

The Committee is requested to:

1. Note the forecast outturn for 2025/26, and a proposal to return a further £10m of reserves to Districts from the forecast in-year underspend;
2. Note the proposed 2027/28 Trade Waste rate of £147.62 to allow forward planning by Districts;
3. Note the capital programme for 2026/27 as set out in Appendix A;
4. Note the budget and levy for 2026/27 of £186.5m (4% increase); and
5. Note the risk position set out in the Balances Strategy and the intention to return a further £10m of reserves to Districts in 2026/27.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer 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.

In accordance with these requirements a review has been undertaken of the risks that the Authority may face from Waste & Resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed Revenue and Balances Strategy

Legal Considerations

Please refer to risk management section above

Financial Consequences – Revenue

This report sets out the proposed Revenue budget for waste disposal in 2026/27.

Financial Consequences – Capital

This report sets out the proposed capital budget for waste disposal in 2026/27.

Number of attachments to the report: 2

1 - Appendix A - Capital Programme

2 - Appendix B – Forecast Levy Increases per Districts

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers- None

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?

N/A

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

The Greater Manchester Combined Authority (GMCA) is the statutory Waste Disposal Authority (WDA) for nine districts: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, and Trafford. GMCA is legally responsible for the safe treatment and disposal of municipal waste collected by these districts and delivers this principally through contracts with private sector contractors.

GMCA manages the largest integrated waste management contract in the UK, handling approximately 1 million tonnes of waste annually through a network of treatment facilities, recycling plants, and energy recovery sites. GMCA's operations are central to reducing landfill, increasing recycling rates, and supporting the transition to a circular economy.

The base budget for 2026/27 has been compiled and updated based upon:

- a) District final tonnage information, as supplied in their October 2025 submissions;
- b) Actual inflation (as measured using the CPI September 2025 index) for the Waste and Resource Management Services Contract (WRMS) and Household Waste Recycling Centre Management Services Contract (HWRCMS); and
- c) Exclusion of income from the new packaging Extended Producer Responsibility Scheme (pEPR). GMCA has received a provisional notice of assessment with estimated total income of £21.3m for 26/27. Due to the provisional nature of this large amount, GMCA intends to make a refund to Districts later in the year as the funds are received. That amount is expected to be £16.3m with the balance being placed in a reserve for use in future years.

2. Expected Outturn 2025/26

2.1. Revenue

The budget for 2025/26 was set by the GMCA at £179.2m with a contribution from reserves of £4m in February 2025. The forecast outturn position for 2025/26 is shown below.

	Budget 2025/26 £m	Forecast 2025/26 £m	Variance 2025/26 £m
Operational Costs	119.952	111.306	(8.645)
Operational Financing	56.692	56.410	(0.283)
Office Costs	6.173	5.522	(0.652)

	Budget 2025/26 £m	Forecast 2025/26 £m	Variance 2025/26 £m
Non-Operational Financing	0.394	0.391	(0.003)
Total Expenditure	183.211	173.629	(9.583)
Levy	(179.211)	(179.211)	-
Levy Adjustment	-	1.239	1.239
Packaging Extended Producer Responsibility grant	-	(22.673)	(22.673)
One-Off Return of Reserves	-	37.701	37.701
Total Income	(179.211)	(162.944)	16.267
Net Cost of Service	4.000	10.685	6.685
Transfer (from)/to reserves	(4.000)	(10.685)	(6.685)

The operational costs element of the budget is currently modelled to underspend by £8.6m due to forecast income from the sale of electricity at TPSCo (£4.7m), forecast increased income from the sale of recyclates (£0.6m) 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.

The forecast underspend on office costs is largely a result of changes to the allocation of corporate support recharges.

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.

A breakdown is shown below for each District of the forecast levy adjustment at year end.

	Charge/ (Refund) £m
Bolton	(0.052)
Bury	(0.058)
Manchester	(0.110)
Oldham	(0.047)
Rochdale	(0.165)
Salford	(0.018)
Stockport	(0.395)
Tameside	(0.083)
Trafford	(0.311)
Total	(1.239)

Tonnages will be reviewed at the end of the year to assess any impact from garden waste charging by Districts on green waste received at the HWRCs.

2.2. Capital

A revised capital programme is shown below:

	Budget £m	Forecast £m	Variance £m
Operational assets	29.117	31.442	(2.325)
Non-Operational assets	-	0.200	(0.200)
Total	29.117	31.642	(2.525)

Appendix A contains the details of the latest position on capital expenditure.

3. Original Estimates 2026/27

3.1. Revenue

A base budget has been produced based upon tonnage forecasts provided by Districts and HWRC forecasts developed by GMCA.

The effect of the above is to produce a £7.255m increase in net budget requirement for 2026/27 (4.0% increase on the 25/26 Levy). Further detail is provided below:

	Budget 2025/26 £m	Budget 2026/27 £m
Operational Costs	119.952	125.586
Operational Financing	56.692	58.150
Office Costs	6.173	6.408
Non-Operational Financing	0.394	0.311
Total Budget	183.211	190.466
Use of Reserves	(4.000)	(4.000)
Levy	179.211	186.466

3.2. Levy Apportionment

The tonnages supplied by Districts, in October 2025, have been subject to scrutiny by the Waste & Resources Team and detailed discussions with District Waste Chief Officers. Future year's projections also include the impact of population/ housing growth.

The tonnage forecasts mean that individual District allocations will vary from the average of 4.0% increase and have a range of 1.8% (covering 3.0% to 4.8%). The final allocations to Districts can be summarised as:

District	2025/26 Levy £m	2026/27 Levy £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Bolton	20.523	21.395	0.872	4.3%
Bury	14.436	15.024	0.588	4.1%
Manchester	32.595	34.138	1.543	4.7%

District	2025/26 Levy £m	2026/27 Levy £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Oldham	18.279	18.966	0.687	3.8%
Rochdale	16.514	17.231	0.718	4.3%
Salford	21.226	22.237	1.011	4.8%
Stockport	22.182	22.887	0.706	3.2%
Tameside	16.769	17.400	0.631	3.8%
Trafford	16.688	17.187	0.499	3.0%
Total	179.211	186.466	7.255	4.0%

3.3. Capital

The revenue budget takes account of the proposed spend on items of a capital nature. Appendix A sets out details of proposed capital spend in 2026/27. The forecast spend of £36.8m can be summarised as:

- a) £17.000m for a new MRF at Salford Road;
- b) £4.000m for Civils work connected with the MRF;
- c) £2.000m for fire suppression and detection equipment at 3 MTRs;
- d) £1.500m for fire suppression and detection equipment at Nash Road;
- e) £1.188m for rail wagons;
- f) £10.540, for mobile plant and equipment; and
- g) £0.550m for new containers.

Any programme carry forward from 2025/26 will increase the values above.

4. Medium-Term Financial Plan (MTFP) to 2028/29

GMCA has adopted a current year plus 2-year planning cycle in this budget paper. A number of assumptions have been made which take a balanced view of the risks facing the service in 2026/27 and beyond.

4.1. RPIx and CPI Inflation Assumptions

The forward look assumptions for RPIx and CPI inflation are shown below and have been included in the MTFP.

Financial Year	Forecast December RPIx	Forecast September CPI
2026/27	4.0%	3.8%
2027/28	2.6%	2.7%
2028/29	3.5%	2.0%

4.2. MTFP Projections

The MTFP projections have also assumed that:

- a) Districts will be able to deliver on their expected waste declarations;
- b) No change from England's Resources and Waste Strategy;
- c) Income will continue to be received from TPSCo;
- d) Landfill tax will continue to rise annually by RPI;
- e) An income for mixed paper and card in 2026/27 equivalent to the handling charge;
- f) Exclusion of pEPR due to uncertainty over value and response from industry; and
- g) Exclusion of Emissions Trading Scheme (ETS) due to commence 1 January 2028.

4.3. Estimated Budget and Levy for the MTFP

Taking account of the above, the estimated budget and levy for the MTFP period are:

Financial Year	Budget Requirement £m	Use of Reserves £m	Levy £m	Increase/ (Decrease)
2025/26	183.211	(4.000)	179.211	4.937
2026/27	190.466	(4.000)	186.466	7.255
2027/28	192.996	(1.000)	191.996	5.530
2028/29	198.793	(1.000)	197.793	5.797

4.4. District Levy Changes over the MTFP Period

Below the headline figures, the impact on Districts will be slightly different and dependent on tonnage forecasts. Appendix B provides indicative details of the District Levy changes over the MTFP period.

5. Balances

The earmarked reserves attributable to the Waste & Resources team as at 1 April 2025 were £69.7m. During 2025/26, £4m of reserves have been used to offset the cost to Districts of the levy. A return of £20m has been made to Districts during 2025/26 and a further £10m is proposed from the forecast underspend.

The Levy for 2026/27 contains proposals to utilise £4m of reserves and a further £10m of reserves will be returned to Districts alongside the partial refund of pEPR.

5.1. Balances and Risks

The level of balances is assessed for adequacy on a risk assessed basis, and this reflects the risks below:

- a) Tonnages of waste delivered and received at facilities;
- b) Achievement of recycling/composting levels by Districts and at the HWRCs;
- c) Reduction in contamination;
- d) Recyclate income prices;
- e) Income from pEPR and expenditure on ETS; and
- f) Upside/ downside risks from energy prices at the Runcorn TPS.

5.2. Level of Balances

The level of balances is an area of ongoing discussion with Districts. However, financial risk assessment on an annual basis and the need to hold an appropriate level of balances, will continue to have a major influence on the budget and MTFP for the Waste & Resources Team.

6. Budget Engagement

In accordance with our usual practice, Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts. As far as possible the budget and levy take into account their comments.