

London Borough of Waltham Forest

Report Title	Budget and Council Tax Setting 2024/25
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Meeting / Date	Cabinet, 22 nd February 2024
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Cabinet portfolio	Councillor Paul Douglas Portfolio Lead Member for Finance and Resources
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Wards affected	None specifically
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Public access	Open
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Appendices	<ol style="list-style-type: none">1. Proposed Budget 2024/252. Section 25 Local Government Act 2003 Report3. Medium Term Financial Strategy 2023 to 20274. Budget Reductions and Management Actions5. Amended Fees and Charges 2024/256. Reserves Strategy7. Provisions, Reserves and Balances8. Risk Assessment9. Capital Programme 2023/24 to 2033/2410. Advice from Monitoring Officer11. Equalities Assessment
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1. Summary

1.1 This report sets out the Council's proposed 2024/25 budget, building on the Medium-Term Financial Strategy (MTFS) that was presented to Cabinet in December 2023. It also outlines the proposed Council Tax levels for next year before being taken to Full Council on 29 February 2024.

1.2 The MTFS provides the overarching resource plan beneath which the Council's new proposed Corporate Framework; Mission Waltham Forest will operate. This framework is required in response to the significant challenges that the Council and its residents are facing which include not only uncertainties about local government finances but also the increase in cost of living, the housing crisis, worries around community safety, widening inequalities and the climate emergency.

- 1.3 Mission Waltham Forest is a transformational approach for the Council. It will result not only in a realignment of resources but also how they are used. Ultimately, it will put the Council on a firm financial footing by ensuring that there is on-going financial sustainability, budgets are balanced, and all investments are credible.
- 1.4 This budget is designed to support the Council in meeting the significant challenges it faces in providing services for residents as well as supporting those in most need and protecting vulnerable communities.
- 1.5 This report provides the budget proposals and council tax setting for 2024/25 financial year, providing the following outcomes;
- The Council's precept on the Collection Fund is £138.436m, which results in a band D council tax of £1,702.32, a 4.99% increase on 2023/24.
 - The 4.99% increase in Council Tax includes 2% for the adult social care precept required to ensure the sustainability of the service. The balance of 2.99% is required for core Council services.
 - Additional funding of £8.530 million to invest in Social Care, including the additional grant of £2.268 million confirmed as part of the final Financial Settlement and is assumed to be one-off.
 - Budget Reductions totalling £5.900 million.
 - A general fund reserve of £14.905 million for 2024/25 is held in order to provide a buffer against unforeseen events.
 - A capital Programme to provide investment in Waltham Forest. The Capital Programme over 11 years will be £745.903 million.
- 1.6 A summary of the proposed budget is shown in Appendix 1. The table below shows the projected budget in 2024/25 and the Council Tax Requirement.

Budget Forecast Summary	2023/24 £'000	2024/25 £'000
Service Net Base Budgets including DSG	480,077	505,261
Interest and Capital Charges	-23,386	-23,386
	456,691	481,875
Contribution to reserves	565	0
Contribution from reserves	-8,168	-6,906
Total LBWF expenditure	449,088	474,969
(Surplus)/Deficit on Collection Fund	-2,689	-1,153
Business Rate Retention including S31	-32,476	-37,861
Business Rate Top UP Grant	-49,863	-51,912
Central Government Funding	-31,998	-30,512
Public Health Grant	-17,002	-17,855
Dedicated Schools Grant and Pupil Premium	-195,345	-208,805
	119,715	126,871
Add: Levies	10,193	11,565
Council Tax Requirement	129,909	138,436

Council Tax Base	80,121	81,322
Council Tax Requirement divided by Council Tax Base	£1,621.41	£1,702.32
GLA Precept	<u>£434.14</u>	<u>£471.40</u>
Total Council Tax	<u>£2,055.55</u>	<u>£2,173.72</u>
Total reduction/increase in Council Tax	5.96%	5.75%

1.7 The latest financial settlement provided increases in funding which went some way towards supporting the Council to meet the rising costs and demand pressures. However, the impact of the growth in demand and the uncertainties caused by inflation and another one-year settlement for 2024/25, has resulted in a budget gap for future years in the MTFS. At this point, there has been no indication of funding levels for Local Government beyond 2024/25. The MTFS assumes increases of 1.99% for council tax in 2025/26 and 2026/27.

2. Recommendation

Cabinet is recommended to:

- 2.1 recommend to Full Council that the Waltham Forest basic amount of council tax, including the levying bodies, will be increased by 2.99% in 2024/25;
- 2.2 recommend to Full Council that the 2% permitted increase for Adult Social Care will be applied bringing the total increase to 4.99% and resulting in a council tax of £1,702.32 per Band D property in 2024/25;
- 2.3 note that the element of council tax charged by the Greater London Authority will be £471.40 per Band D property in 2024/25 which reflects an increase of £37.26 (8.58%);
- 2.4 recommend to Full Council that the overall council tax to be set for 2024/25 will be £2,173.72 per Band D property, which represents an overall increase of 5.75%;
- 2.5 recommend to Full Council that the projected budget (as set out in Appendix 1) for 2024/25 of £474.969 million is approved;
- 2.6 consider and note the whole of the Strategic Director of Resources report made under Section 25 of the Local Government Act 2003 as set out in Appendix 2 and, in particular, their determination in the Financial Implications of this report on “the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves”;
- 2.7 note the amount of 81,322 (an increase of 1,201 over the previous year), as the Council Tax Base for the Council for 2024/25, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under the Local Government Finance Act 1992 (as amended);

2.8 recommends to Full Council that the following amounts to be approved for 2024/25 in accordance with sections 31 to 36 of the Local Government Act 1992, as amended (the Act);

2.8.1 Gross Expenditure

£1,043.416 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (2) of the Act;

2.8.2 Gross Income

£904.980 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (3) of the Act;

2.8.3 Net Expenditure

£138.436 million – being the amounts by which the aggregate at 2.8.1, exceeds the aggregate at 2.8.2 above, calculated by the Council in accordance with Section 31A (4) of the Act as its council tax requirement for the year.

2.8.4 LBWF Basic Amount of Council Tax including the Adult Social Care Precept

£1,702.32 – being the amount at 2.8.3 above, divided by 81,322 (the Council Tax Base), calculated by the Council in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year and includes the Adult Social Care Precept of £246.00.

2.8.5 Valuation Bands

Band		A	B	C	D	E	F	G	H
Basic	£	970.88	1,132.70	1,294.51	1,456.32	1,779.94	2,103.58	2,427.20	2,912.64
Social Care	£	164.00	191.33	218.67	246.00	300.67	355.33	410.00	492.00
Total LBWF	£	1,134.88	1,324.03	1,513.18	1,702.32	2,080.61	2,458.91	2,837.20	3,404.64

Being the amounts given by multiplying the amount at 2.8.4 above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band, divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

2.8.6 Notes that's for 2024/25 the Greater London Assembly (GLA) has stated that (with formal ratification on 22 February 2024) that the following amounts in precepts be issued to the Council in accordance with Section 40 of the Local Government Act 1992 for each of the categories of dwellings shown below;

Band		A	B	C	D	E	F	G	H
Total	£	314.27	366.64	419.02	471.40	576.16	680.91	785.67	942.80

2.8.7 recommends to Full Council, that, having calculated the aggregate in each case of the amounts at 2.8.5 and 2.8.6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act

1992 sets the following amounts of council tax for 2024/25 for each of the categories of dwellings shown:

Band		A	B	C	D	E	F	G	H
Total	£	1,449.15	1,690.67	1,932.20	2,173.72	2,656.77	3,139.82	3,622.87	4,347.44

- 2.8.8 notes that the relevant basic amount of council tax for a Band D property (excluding precepts but now including levies) for the financial year 2024/25 be £1,702.32, which reflects a 2.99% increase, plus 2% Adult Social Care precept permitted increase for 2024/25 and therefore does not require a referendum;
- 2.8.9 agree that the Strategic Director of Resources and the officers nominated by him be authorised to finalise the necessary publicity as required by Section 38 of the Local Government Finance Act 1992 and to promote the first day of the month instalment dates, and the six date options within each month for Direct Debit payers, as previously agreed;
- 2.8.10 note that in order to ensure the required period of notice is given, council taxpayers will be requested to pay their instalments on the first of each month commencing on 1 April 2024;
- 2.9 agree in accordance with the Council Tax (Empty Dwellings) Act 2018 to continue to maintain the maximum percentage allowed by current legislation for the empty home's premium from 1 April 2024;
- 2.10 agree in accordance with the Levelling Up and Regeneration Act 2023 (Clause 76) to charge a premium of 100% on dwellings that have been empty for one year from 1 April 2024;
- 2.11 agree in accordance with the Levelling Up and Regeneration Act 2023 (Clause 77) to give notice of the intention to charge a premium of 100% on dwellings which are "substantially furnished" but have no "resident" (e.g., second homes) from 1 April 2025;
- 2.12 agree for the purposes of calculating entitlement to Housing Benefit, any war disablement pension, war widow's or war widower's pension which would otherwise be treated as income for the purposes of calculating entitlement to housing benefit should be disregarded in its entirety.
- 2.13 agree to the inclusion of collection fund surpluses and deficits (as per paragraphs 6.21 and 6.22) within the budget from 1st April 2024 which have previously been transferred to the taxation fluctuation reserve;
- 2.14 agree the Capital Programme for 2023-2034 as set out in Appendix 9;
- 2.15 agree the reserves strategy at Appendix 6 and note that the Strategic Director of Resources has delegated responsibility for the use of reserves throughout the year;
- 2.16 recommend to Full Council the amended fees and charges for 2024/25 as shown in Appendix 5;
- 2.17 agree funding of £2.518 million, as the initial mobilisation investment, to drive forward work across the 12 identified transformation areas.

The purpose of this investment is to; (1) begin to unlock any immediate savings opportunities related to each programme, (2) mobilise each programme through an initial discovery and design phase, including the development of robust business cases targeted at broader financial sustainability, and (3) ensure overall leadership and assurance across the programmes to enable monitoring and tracking of benefits and impact;

- 2.18 Reconfirm that on winding up of the Mears JV (More Homes Waltham Forest LLP) once any outstanding debt financing relating to the assets has been cleared the Balance of the Capital Return Allocation be transferred or paid to the London Borough of Waltham Forest Pension Fund. This is required to be reconfirmed annually within the budget report by the fund actuaries noting the original decision was made in February 2019 Council meeting.

3. Proposals

- 3.1 The Council is required by law to set a balanced budget for each financial year.
- 3.2 The approval of the budget and council tax is a decision reserved to Full Council (upon recommendation by Cabinet). This report presents the officers' recommendations to Cabinet which, if agreed, will then be referred on by Cabinet to Full Council to approve the budget and council tax level for 2024/25.
- 3.3 It is a legal requirement for the Council to set its budget and council tax for the financial year starting 1 April by the preceding 11 March. The Council must agree a balanced budget, with its prospective income from all sources being equal to its proposed expenditure.
- 3.4 It is also a legal requirement under Section 25 of the Local Government Act 2003 (see Appendix 2) for the Council's S151 officer to advise on the robustness of the proposed budget and adequacy of reserves. The conclusion is that the budget and reserve levels are considered to be sufficient over the MTFS timeframe.

Background

Budget Process

- 3.5 The Council maintains a robust approach to its budget setting process to ensure that it can continue to deliver services in a sustainable way within the context of a balanced budget. Some aspects of this process include:
- maintaining an annual MTFS which scans the next few years – both internally and externally – to ensure that the Council can manage its resources effectively.
 - indicative levels of Council Tax, Business Rates and Fees and Charges income to fund essential services.

- the base budget position for the forthcoming year, including cost pressures from increases in service demand and inflation (including contract, energy and pay).
- ensuring balances and reserves are robust and sustainable.
- challenging budget savings proposals to ensure they are deliverable in value and on time.
- taking the MTFS and budget reports through Budget and Performance Scrutiny to provide a further layer of due diligence.

Budget Strategy

3.6 The main aims of the budget strategy are as follows:

- Compliance with the CIPFA Financial Management Code.
- Continue to set a balanced budget for 2024/25 with service directorates developing robust options to maintain their services within available funding for the remaining MTFS period to 2026/27 and beyond.
- Invest in the requirements of Mission Waltham Forest and its agreed missions once formally approved. Any investment in proposals will require the development of a business case and the resulting impacts incorporated within the MTFS for future years.
- Use specific government grant/funding to fund demand pressures and corporate objectives before the General Fund is used.
- Use the £8.53 million increase in grants for social care, (including £3.101 million specifically for Adult Social Care) received as part of the Financial Settlement and additional ASC precept of £2.893 million, to mitigate demographic demand and inflationary pressures.
- Service Directors to ensure exit strategies are developed and implemented where grants are ceasing or funding streams of services are reducing.
- Strengthen the Council's financial position and overall level of financial resilience, ensuring that it has adequate reserves and balances to address future risks and unforeseen events without detriment to service delivery.
- Adopt a strategic approach to meeting the budgetary challenges for the MTFS period to 2027, using as appropriate, the Budget Strategy Reserve (BSR) to support the budget so that savings can be delivered in a planned way, optimising outcomes for residents and investment in improving the way that the Council delivers services.
- Ensure that the Council delivers value for money and continues to identify savings, while demonstrating efficiency.
- Demonstrate that investments in the borough deliver total return on the required investment, i.e., both financially and socially.
- Continue to refresh the MTFS during the annual financial planning cycle, to reflect all known changes and where feasible, predict potential future Spending Review assumptions.

- Ensure that savings are genuinely achievable and that the estimated financial implications are robust and subject to an assessment, in accordance with equalities legislation, including when necessary, equality impact assessments, at the appropriate time.

Economic Outlook

- 3.7 The high levels of inflation (consumer price index, CPI) continued to have a significant impact on the Council's as well as residents' finances over the past year. The average rate of inflation for 2023 was 7.5% and was significantly higher than anticipated in the Council's 2023/24 budget, at 4% for both pay and contract inflation. The final pay award for 2023/24 averaged at 6.1% with an additional pressure of £3.1m. Although CPI has fallen in recent months, from 10.15% in March, 3.9% in November, it rose slightly in December to 4% and it is still anticipated to average at 3.6% for 2024. The reduction should mean that prices will not increase as sharply but will stabilise at a higher level.
- 3.8 From 1st April 2024, there will be a 9.8% increase in the national minimum wage for those aged 21 and over plus a 14.8% increase for those aged 18 to 20. Although this is good news for residents, it is likely to put increased pressure on the Council's contract and pay budgets.
- 3.9 Typical household energy bills increased by 54% in April 2022, in line with the energy price cap and 27% in October 2022. However, despite price falls, annual bills for typical consumption under the quarterly cap from January 2024 will still be 59% above the summer 2021 levels. There is no price cap on non-domestic energy so increases in business energy bills, including Local Authorities', remain high.
- 3.10 The gross domestic product (GDP) in November, at the time of the Chancellor's Autumn statement, was better than anticipated in the Spring statement. However, projections for 2024 and 2025 have reduced. Lower growth in the economy makes it difficult to reduce the national deficit, to fund growing budget commitments (NHS etc.) and to manage the tax burden. Current estimates for the next spending review period to 2028/29 could be real terms cuts of 1.8% for unprotected budgets which includes local government or effectively cash-flat assuming inflation of 2%. Accounting for the Barnett consequential for Scotland, Wales and Northern Ireland, this could be cuts of 3.4% or £20bn for the period to 2028/29.
- 3.11 The current interest rate is 5.25% and it is anticipated that it could reduce to 4.75% by September 2024, 3.75% by March 2025 and 3% by September 2025. The cost of increased interest rates has been incorporated within the MTFs for both the general fund and the Housing Revenue Account.

Financial Context

Local Government Finance Settlement 2024/25

3.12 On the 5th February 2024, the Government announced its Final Financial Settlement for Local Government laying out the funding allocations for local government next year. The changes since the provisional settlement included an additional £2.268 million in social care grant as well as £0.043 million additional service grant. The key points from the settlement for the Council are set out below.

- Core Spending Power (CSP) will increase by £4.5 bn nationally with a cash increase of 7.5% compared to 2023/24. The Council's increase is £19.9 million or 7.3%.
- The Council Tax referendum threshold will remain at 2.99% and the Social Care Precept will remain at 2%.
- The Settlement Funding Assessment (SFA) is the amount of funding that government distributes to each authority. Baseline funding comprises of retained business rates, a business rates top-up grant and Revenue Support Grant (RSG). The SFA has increased by £4.155 million (4.4%) but this is an indicative figure and the actual figure is dependent on our retained share of actual business rates income.
- The provisional settlement included an increase of £3.161 million in the Social Care Grant, bringing it to £21.223 million, a small reduction on that estimated in the Council's MTFS refresh. The additional grant will be used across both Children's Social Care and Adults Social Care to support both cost and demand increases.
- As part of the Final Settlement, the Government announced an extra £500 million earmarked to enable councils to provide social care services and the allocation for the Council has been confirmed at £2.268 million for 2024/25. As it is not yet clear whether it will be on-going, the proposal is to hold this funding, specifically to resource additional investment in social care transformation.
- The Improved Better Care Fund (IBCF) remains unchanged at £9.486 million.
- The ASC Discharge fund grant has increased by £0.887 million to £2.217 million.
- The ASC Market Sustainability and Improvement Fund grant has increased by £2.214 million to £4.763 million. However, for 2024/25, this is now inclusive of the workforce grant given during 2023/24 of £1.666 million.
- Services Grant has reduced by 83% or £2.348 million to £0.490 million. Whilst a reduction in this grant was anticipated for 2024/25, the severity of the cut was not.
- The New Homes Bonus will continue in 2024-25 at £1.379 million but no confirmation was given for future years.

- 3.13 As 2024/25 is a one-year settlement, no indication of funding for future years has been issued. The timing of the general election this year and the Spending Review which will likely follow, suggest that there may be at least one further one-year settlement in 2025/26.
- 3.14 The timescale for future local government finance reform was not mentioned either in the settlement or the policy paper issued in early December. This could include the implementation of the Review of the Relative Needs and Resources or a reset of accumulated business rates growth. Due to the complexity and the level of change required this is unlikely to take place prior to 2026/27. Due to the uncertainty, the MTFS has assumed a cash flat position for future years in terms of Government funding.

Changes since December 2023 Medium-Term Financial Strategy

- 3.15 The MTFS is shown in Appendix 3. The MTFS Refresh position was reported to Cabinet in December 2023. Since then, the financial settlement announcements outlined in paragraphs 6.1 have been incorporated within the budget. The specific changes are outlined below:
- The accelerated reduction of £0.929 million to the Service Grant (funding of £1.4 million had been anticipated but the final confirmed allocation was £0.490 million). However, this was partly offset by additional New Homes Bonus of £0.530 million.
 - The Workforce fund of £1.666 million which was received during summer 2023 has now been rolled into the ASC Market Sustainability & Improvement Grant but overall, there is an increase of £0.548 million.
 - An increase of £0.681 million on the estimated North London Waste Authority Levy for 2024/25, it is proposed to fund this additional cost in 2024/25 from the Levy equalisation reserve.
 - Growth of £1.600 million for 2024/25 in Human Resources to support the Council's Transformation programme. A further £0.300 million is required in 2025/26.
 - Additional Sales, Fees & Charges of £0.542 million as agreed by Full Council in December.
 - The final confirmation of Concessionary Fares which included a cost reduction of £0.150 million on the previous estimate.
 - The reduction in additional capital financing cost assumptions for the MTFS period from £3 million to £0.5 million. This is following a fundamental review of the capital financing requirements over the next 10-year period and the reprofiling of Minimum Revenue Provision, partly due to the delay in the completion of corporate schemes.
 - Planned savings of £5.440 million to be delivered for 2024/25 and included in Appendix 4. The total impact of the savings over two years is £6.663 million.

- The voluntary redundancy scheme is anticipated to potentially deliver a saving of £2.500 million in-year.
- Planned draw down of £4.593 million from the Budget Strategy Reserve.

1.1 The changes to the budget gap since the December MTFS refresh report are set out in the table below.

	£'000	£'000
Budget Gap in December MTFS		12,243
<i>Local Government Settlement movements:</i>		
1. Reduction in New Services Grant	929	
2. Increase in New Homes Bonus	-530	
3. Increases in Social Care grant	-2,262	
4. Increase in Adult Social Care Grants	-929	
Final Settlement sub-total		9,451
5. Inflation	43	
6. Savings programme	-5,440	
7. Voluntary Redundancy	-2,500	
8. Reduction in Growth for Capital Financing	-1,000	
9. Passport ASC Grant	929	
10. Passport Social care Grant	2,262	
11. Growth items to fund demand pressures including energy	1,600	
12. Sales, Fees and Charges Inflation	-542	
13. Concessionary Fares reduction	-150	
14. Collection Fund Surplus	-60	
15. Changes to the NLWA Levy	681	
16. Transfer from the BSR	-4,593	
17. Transfer from the Levy Equalisation Reserve	-681	
TOTAL FUNDING GAP 2024/25		0

Council Funding

1.2 Local Government is funded from a range of different sources. The largest sources are:

- Council Tax
- Settlement Funding Assessment (SFA), including business rates.
- Specific government grants
- Fees and Charges
- Dedicated Schools Grant

Council Tax

1.3 The MTFS assumes a council tax increase of 4.99% in 2024/25 as indicated in the Final Local Government Settlement followed by an increase of 1.99% in 2025/26 and 2026/27.

- 1.4 The Council proposes to increase its core council tax by 2.99% in 2024/25 which will be an increase of £48.48 per annum for a Band D property. The proposed core Council Tax level for a Band D property will therefore be £1,456.32.
- 1.5 The Council also proposes a 2% Adult Social Care precept which will be specifically ring-fenced to meet the continuing demands for adult social care. This precept will be £246.00 for a Band D property. This will raise £2.893 million in 2024/25.
- 1.6 Taking account of the core and ASC precept elements of the increase, a Band D council tax of £1,702.32, is therefore proposed in the table below. It should be noted that the majority (two thirds) of homes in the borough are Band C properties or less. The equivalent Band C level is also noted in the table below:

Council Tax 2024/25 (excluding GLA)	Council Tax Band D £	Council Tax Band C £
2023/24 (A)	1,621.41	1,441.26
2.99% Core increase	48.48	43.09
2.00% ASC increase	32.43	28.83
2024/25 (proposed) (B)	1,702.32	1,513.18
LBWF increase (B-A)	80.91	71.92
Weekly increase LBWF	1.56	1.38

- 1.7 The Localism Act 2011 introduced new provisions for council tax referenda and replaced the previous capping rules. Authorities are required to determine whether the amount of council tax they plan to raise is excessive. The Secretary of State defines annually a set of principles which determines the level of increase that would be 'excessive'. For 2024/25, the relevant basic amount of council tax is deemed excessive if it is more than 3% greater than its relevant basic amount of council tax for 2023/24.
- 1.8 The Council Tax Requirement includes amounts attributable to levies issued to the authority. The relevant figures for determining whether the 2024/25 council tax increase is excessive are set out in the following table:

	2023/24	2024/25
Council Tax Requirement	£129.909m	£138.436m
Council Tax Base	80,121	81,322
Relevant Basic Amount	£1,621.41	£1,702.32
Precept for Social Care	2%	2%
General increase	2.99%	2.99%
Total % increase/decrease in Relevant Basic amount of Council Tax	4.99%	4.99%

- 1.9 As can be seen from the above table, the “relevant basic amount of council tax” has increased by 4.99% but this includes 2% precept for Social Care leaving a 2.99% general increase. Consequently, there is no obligation to hold a referendum to approve the recommendations for council tax setting.
- 1.10 The Mayor of London has proposed that the Greater London Authority (GLA) precept is increased by £37.26 from £434.14 to £471.40 per band D property for 2024/25 which represents an increase of 8.58%. This budget will be formally ratified by the GLA at its Assembly meeting on 22 February 2024.

Council Tax Base

- 1.11 There has been a tax base increase in the number of Band D equivalents during the year of 1,201. The overall tax base has increased from 80,121 to 81,322 after applying the estimated cost of the Local Council Tax Support (LCTS) Scheme and an adjustment for new properties. The number of properties used in the calculation before applying a non-collection % is shown below for each band.

Band	Council Tax 2023/24 £	Number of Dwellings (after discounts)	Percentage of total dwellings %	Council Tax 2024/25 £
A	1,370.37	2,838	3.4%	1,449.15
B	1,598.76	19,045	23.0%	1,690.67
C	1,827.16	28,637	34.5%	1,932.20
D	2,055.55	20,087	24.2%	2,173.72
E	2,512.34	9,144	11.0%	2,656.77
F	2,969.13	2,514	3.0%	3,139.82
G	3,425.92	677	0.8%	3,622.87
H	4,111.10	41	0.0%	4,347.44
TOTAL PROPERTIES		82,982		

- 1.12 The MTFSS has assumed that council tax will yield £138.436 million in 2024/25 and accounts for approximately 54% of total resources (excluding schools).

Collection Fund

- 1.13 The Council maintains a Collection Fund as required, in order to account for the difference between the actual amounts of Council Tax and Business Rates due and the budgeted amounts used in setting the tax for the year.
- 1.14 Where the estimate and actual differs, the Council is required to include the difference in the calculation for the following year’s Council Tax and Business Rates income.

- 1.15 Estimates at 15 January 2024 show that there is expected to be a Council Tax surplus of £1.092 million at the end of 2023/24, with the Council's share being £0.861 million.
- 1.16 A similar process is undertaken for Business Rates with estimates made in respect of surpluses or deficits expected to arise by 31 March 2024. This is shared between the Council, the GLA and Central Government in proportion to their shares of business rates income set by the Government. The projected estimated year end surplus for Business Rates in 2023/24 is £0.975 million, with the Council's share being £0.292 million. The table below, shows the surplus for both NNDR and council tax as at 31st March 2023 as well as the estimated surplus as at 31st March 2024.

	Actual	Estimated	For use in
	2022/23	2023/24	2024/25
	£'000	£'000	£'000
NNDR	(904)	612	(292)
Council Tax	(189)	(672)	(861)
Total	(1,093)	(60)	(1,153)

Adult Social Care Precept

- 1.17 The other major source of funding for social care since 2016/17 has been the Council Tax precept. Up to 2023/24 the Council has used this mechanism to raise £17.11m over seven years specifically for adult social care needs.
- 1.18 The government has confirmed that an additional maximum of 2% can be levied on Council Tax in 2024/25 and including changes to the Council Tax base, this is £2.893m in the base budget The Council is proposing to implement this in 2024/25 as social care pressures continue to rise.

ASC Precept			Cumulative 2020/21	Cumulative 2021/22	Cumulative 2022/23	Cumulative 2023/24	Cumulative 2023/24
		£'million	£'million	£'million	£'million	£'million	£'million
2016/17	2%	1.66	9.64	12.86	14.36	17.11	20.21
2017/18	3%	2.70					
2018/19	2%	1.94					
2019/20	1%	1.11					
2020/21	2%	2.23					
2021/22	3%	3.22					
2022/23	1%	1.50					
2023/24	2%	2.75					
2024/25	2%	2.89					

- 1.19 Whilst, the Government have allowed an Adult Social Care precept for 2024/25 there is no indication that this flexibility will be extended to future years.

Council Tax Support

1.20 On the 14th December 2023, the Council agreed to continue, for another year, the council tax support scheme agreed for 2023/24, where the maximum support awarded to working aged people is 85%. The additional cost of funding the scheme compared to the scheme previously in operation will be funded from reserves in 2024/25. A review will be undertaken during 2024/25 to consider the future of the scheme.

1.21 There is £750,000 earmarked in reserves for a Discretionary Hardship Fund to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Council Tax Support Hardship Fund policy.

Housing Benefit/Support to Veterans

1.22 Existing Housing Benefit legislation provides for a slight increase in awards for certain veterans and their surviving partners by providing for a discount of up to £10 from war disablement and war widow and widower's pensions. It also provides each Council with a discretion to, by resolution, increase this to disregard these pensions in their entirety. The Council is a signatory to the Armed Forces Covenant and is able to demonstrate its commitment to this by adopting the following; *for the purposes of calculating entitlement to Housing Benefit, any war disablement pension, war widow's or war widower's pension which would otherwise be treated as income for the purposes of calculating entitlement to housing benefit should be disregarded in its entirety.*

Settlement Funding Assessment

1.23 The Settlement Funding Assessment (SFA) is the amount of funding that government distributes to each authority. Baseline funding comprises retained business rates, a business rates top-up grant and Revenue Support Grant (RSG).

1.24 In addition to the SFA are some specific grants plus Council Tax receipts. These all aggregate to produce the Council's Core Spending Power (CSP), which is the Government theoretical measurement. The actual position will always be different, due to actual business rates and council tax income. The Council's core spending power for 2024/25 and over the previous five years can be seen in the table below:

Illustrative Core Spending Power of Local Government:	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	£'m	£'m	£'m	£'m	£'m	£'m
Settlement Funding Assessment	87.5	89.0	89.1	89.6	94.6	98.7
Compensation for under-indexing the business rates multiplier	2.2	2.8	3.7	7.2	12.4	15.2
Council Tax Requirement excluding parish precepts	104.5	110.3	115.0	121.4	129.9	138.2
Improved Better Care Fund	8.1	9.2	9.2	9.5	9.5	9.5
New Homes Bonus	3.9	3.0	2.1	2.2	1.2	1.4
Winter Pressures Grant	1.1	0.0	0.0	0.0	0.0	0.0
Social Care Support Grant	1.9	0.0	0.0	0.0	0.0	0.0
Social Care Grant	0.0	6.4	7.9	10.8	18.1	23.5

Market Sustainability and Fair Cost of Care Fund	0.0	0.0	0.0	0.7	0.0	0.0
ASC Market Sustainability and Improvement Fund	0.0	0.0	0.0	0.0	2.5	4.8
Lower Tier Services Grant	0.0	0.0	0.6	0.7	0.0	0.0
ASC Discharge Fund	0.0	0.0	0.0	0.0	1.3	2.2
Services Grant	0.0	0.0	0.0	4.8	2.8	0.5
Grants rolled in	1.4	1.4	1.4	1.4	1.7	0.0
Funding Guarantee	0.0	0.0	0.0	0.0	0.0	0.0
Core Spending Power	210.6	222.1	229.0	248.4	274.0	293.9

Specific Grant Funding not included in the Settlement.

Household Support Fund (HSF)

- 1.25 The current phase of the HSF runs from April 2023 to March 2024 and the total award was £4.65m. However, the Government confirmed, following the Autumn Statement that HSF would not continue beyond March 2024. This grant was originally introduced in October 2021 and has enabled funding of cost-of-living support across Council services. Activities dependent on this funding include the school holiday food vouchers for families of children on Free School Meals, free primary school breakfasts, expanded support through the Local Welfare Assistance scheme, and a range of community-led and targeted cost of living support.

Public Health Grant

- 1.26 Local authorities are responsible for improving the health of their local population and reducing health inequalities. These Public Health responsibilities were transferred to local authorities from April 2013 under the Health and Social Care Act 2012.
- 1.27 The Government has announced an indicative allocation for 2024/25 Public Health Grant of £17.855 million, the grant for 2023/24 is £17.556 million. This represents an increase of around 1.7%.

Homelessness Prevention Grant

- 1.28 On the 23rd of December 2022, the government announced the allocation of £654 million in funding through the Homelessness Prevention Grant (HPG) that will be made available to local authorities in 2023/24 and 2024/25 to enable the delivery of services to prevent and tackle homelessness.
- 1.29 The Government have announced that it will use a new formula to allocate the HPG for 2023/24 and 2024/25. The Council received £5.59 million, plus an additional £1.4 million Homes for Ukraine grant, in 2023/24 and were awarded £5.64 million for 2024/25 with transitional protection. Without transitional protection, the 2024/25 allocation would be £4.23 million.
- 1.30 The Homelessness Prevention Grant is ringfenced to ensure local authorities can focus on preventing homelessness as well as funding the provision of temporary accommodation, and to continue to embed

the changes required through implementation of the Homelessness Reduction Act.

Fees and Charges

- 1.31 The Council makes charges across a wide array of its services. These charges can be statutory, such as fees relating to residential care for adults and planning fees, or discretionary, such as hire of halls. These are important charges to ensure the effective delivery of services across the Council.
- 1.32 The Council's General Fund has budgeted to collect approximately £46m in 2024/25. On 14th December 2023, Full Council approved its fees and charges schedule for 2024/25. It is estimated that the additional annual income generated as a result of the fees and charges review is £0.774 million.
- 1.33 There are changes in relation to Highways, Libraries and the Mortuary Service since Cabinet in December, details of which are included in Appendix 5.

Cost Pressures

- 3.50 The main pressures relating to the Council's MTFs position relate to inflationary increases to pay and contract costs, energy costs and pressures from increasing demographic demand. These are cross-cutting and relate to all Council directorates.
- 3.51 Additionally, there are cost pressures in specific departments which emerge over the course of the year. These are explored in the services issues section of this report. Any pressures to be funded are reviewed in the context of the Council's corporate strategy and whether the Council can maintain a balanced budget.

Pay and Contract Pressures

- 3.52 The 2023/24 budget assumed pay inflation of 4% however the total final pay award averaged at 6.1% with an additional cost of £3.1 million, including 3.88% for higher spinal points and a flat rate of £2,226 for grades up to spinal point 43. For this budget, a pay and contract inflation of 4% has been assumed for 2024/25 and 2% for the following two years. The budget for inflation will be held in contingency until called upon.
- 3.53 In general, service budgets do not include uplifts for pay and prices. The impact of any contract inflation will initially be contained within existing budgets and mitigations identified through the monitoring process or a review of the contract, working in partnership with the council's procurement team. The impact of pay inflation is funded corporately following the finalisation of pay negotiations.

- 3.54 For social care, contract inflation will be funded, similar to all contracts or from the additional funding allocated as part of the social care grant, market sustainability or precept.

Demand / Service Pressures

- 3.55 As with any authority across the country, increasing demographic demand pressures on its services must be considered when estimating future costs. This is reviewed alongside the Council's continuing analysis into underlying cost drivers to see where demand can be reduced while ensuring quality services continue to be delivered to residents. Demand contingency budgets are held corporately until such a time as they are required by the service.
- 3.56 The main areas of demand pressures relate to the continuing need for additional placements for Adults and Children's Social Care.
- 3.57 Specific service pressures identified in the 2023/24 budget total £2.574 million. If these pressures do not materialise then the budget will be released as part of the MTFS Refresh.

Capital Financing and Borrowing

- 3.58 The Council's ambitious capital programme has budgeted expenditure over eleven years of approximately £745.9 million. Whilst part of this will be financed by Capital Grants and contributions (including CIL and Developers Fees) and income from capital receipts, there will be a significant borrowing requirement which will impact the revenue budgets.
- 3.59 The total anticipated capital financing requirement (CFR) or the Council's underlining need to borrow (either internally or externally) for capital purposes will be £718.9 million by 2033/34. However, prudential borrowing is estimated at £362.7 million, with £268.4 million for the HRA and £94.3 million for the General Fund. Finance costs, including interest and an allocation towards the repayment of the debt, Minimum Revenue Provision (MRP), arising from the need to borrow are incorporated within the MTFS.

Budget Savings & Management Actions

- 3.60 An exercise was undertaken in the latter half of 2023, to identify budget savings to fund MTFS funding gaps and management actions to mitigate in-year service overspends reported as part of the monthly budget monitor. A full list of management actions and budget savings are included within Appendix 4.
- 3.61 A summary of the management actions are as follows:

Actions to Reduce Overspend	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000
Management action	1,870	4,893	803	7,566
Service change requiring policy change or consultation	0	850	0	850
Income generation	170	2,263	189	2,623
Transformational	0	750	0	750
Total	2,040	8,756	992	11,789

3.62 A summary of the budget savings are as follows:

Budget Savings	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000
Management action	0	4,060	(204)	3,856
Service change requiring policy change or consultation	80	615	460	1,155
Income generation	85	600	217	902
Transformational	-		750	750
Total	165	5,275	1,223	6,663

Future MTFS & Actions to Address Funding Gap

- 3.63 Based on the revised assumptions contained in the MTFS, the Council could have a base budget funding gap of £20.215 million over the two-year period to 2026/27, assuming all planned savings above of £6.663 million are delivered in full, a saving of £2.5 million is achieved via voluntary redundancy and the residual savings agreed last year of £0.460 million are achieved. For 2024/25, there is a balanced budget position, for 2025/26 a potential funding gap of £13.424 million and £6.791 million in 2026/27. These funding gaps exclude any service pressures currently reported as part of the budget monitor and are subject to future year settlements.
- 3.64 The month 9 Budget Monitor for 2023/24 includes a budget pressure of £16.283 million. The management actions developed to date total £11.8 million with approximately £2 million already incorporated in the current monitor for 2023/24. For the MTFS period 2024/25 to 2026/27, these management actions, in conjunction with the additional funding received for social care, should ensure that all services are delivered within available budgets. The MTFS assumes that all service pressures are resolved in full and do not contribute to the overall funding gap.
- 3.65 For 2023/24, the forecast overspend position will be funded from in-year underspends in corporate balances, a surplus from the eight

borough business rates pool and a draw down from Budget Strategy Reserve (BSR).

- 3.66 Although the latest MTFS funding gap is £20.215 million, there is a need to overachieve in any saving programme as:
- Current service pressures may not be mitigated in full by management actions.
 - Reserves have been utilised to fund the MTFS in recent years and to ensure long term financial sustainability, there is a need to replenish these balances.
 - There will be new pressures in the intermediate to long term, an example of this is the NLWA levy which is forecast to increase from £11 million to £17 million by 2027/28.
 - No confirmation of local authority funding has been received for 2025/26, 2026/27 and beyond. Current indications are that there could be a £20bn reduction in unprotected budgets nationally by 2028/29.
- 3.67 To respond to these potential funding gaps, the Council has agreed an approach at the direction of the Leader and the Chief Executive. This includes a focus on managing current service pressures, budget savings, voluntary redundancy and a transformation programme which will deliver the long-term financial sustainability for the Council while delivering on the vision set out in Mission Waltham Forest.

Transformation Programme

- 3.68 Whilst the Council has many strengths to build on, it is facing significant challenges in a time of ongoing instability and worsening funding for public services. The rising cost of living, the housing crisis, worries around community safety, the climate emergency and rising inequality have compounded, and point to the urgent need for transformation in the way we work as an organisation, and the way we work with communities, and our partners, to deliver the best outcomes for Waltham Forest. Most critically, this requires early, carefully targeted interventions and relentlessly focusing our efforts and resources on prevention and tackling the root causes of problems.
- 3.69 The scale and cross-cutting nature of the Council's ambitions to face these challenges through a mission-based approach requires a break from business-as-usual. To achieve long term goals that tackle inequality and improve services alongside financial sustainability, the Council has to transform and become an organisation that is more resilient, dynamic, and capable of adapting to the ever-evolving needs of the communities.
- 3.70 A programme to modernise the council is required, which unlocks savings, maximises income generation and accelerates work to tackle inequalities in the borough and improve the quality of resident experience in accessing local services. It is evident that more adults need help to improve their health and wellbeing at an earlier age; there is rising unaffordability of housing and household bills; and a lack of

good quality, secure and well-paid work which impacts this generation and potentially the next. Increasingly, this means that resident needs are not being met early enough, creating greater pressure on our most acute services. The transformation programme must drive a shift in ensuring that residents get the right support, at the right time.

3.71 To drive this shift, the Council will need to think about *how* it will work with residents and deliver services. How people access Council and partner services can be disconnected which means that many residents still have to tell their story multiple times, chase queries and not get the right help at the right time. To change this, the Council must further modernise to become data and insight-led, using data effectively to support residents at the right time. Furthermore, the culture of the council must improve as well as how it works with partners, so all are joined up in the aim to improve resident experience and are relentlessly focused on acting early through strength based approaches.

3.72 To enable this transformation, a cross-council programme will be mobilised and will focus on the following emerging areas:



3.73 A keystone within this transformation programme is the 'Stronger Communities', within the Deputy Chief Executive's portfolio. A new Stronger Communities Directorate which will bring together preventative services and levers across the council to supercharge a paradigm shift towards prevention, improving the health, wellbeing, and financial stability of our residents. A renewed Digital, Data and Technology service embedded in Stronger Communities will develop an insight and evidence-led approach to prevention and decision making across the whole council.

3.74 Each transformation programme is currently being developed through a comprehensive governance process. Individual business cases will be considered by Cabinet over the coming months.

- 3.75 The outcomes of these transformation programmes will also be incorporated within the refreshed 2024/25 MTFS, which will be prepared over the summer.
- 3.76 Included in paragraph 2.17 is a recommendation to Cabinet to agree funding of £2.518 million, as an initial mobilisation investment, to drive forwards work across the 12 identified transformation areas. The purpose of this investment is to; (1) begin to unlock any immediate savings opportunities related to each programme, (2) mobilise each programme through an initial discovery and design phase, including the development of robust business cases targeted at broader financial sustainability, and (3) ensure overall leadership and assurance across the programmes to enable monitoring and tracking of benefits and impact.
- 3.77 A minimum target of £15 million a year savings is set, with the expectations that this will rise as the scope of the programmes are fully defined. As programmes move from Discovery and Design to Implementation, further resource and transformational expertise may be released to support programmes. This will be articulated via a Full Business Case at a transformation focused Return on Investment Board. The Board will ensure that investment is focused on unlocking the scale of financial and non-financial benefits.

SERVICE UPDATES Peoples Directorate

Children's Social Care

- 3.78 Children's Social Care continues to experience cumulative and sustained pressure to the service budgets, despite continued actions by the service to manage additional demand and to maintain activity at similar levels to the prior year. Ongoing pressure from increases in placement costs, in particular residential, are partly due to inflation but also due to the increase in the complexity of need resulting in more expensive care.
- 3.79 The service was supporting 327 looked after children in December 2023 compared to 352 in December 2022 but 303 in March 2020; 216 children were subject to a child protection plan in December 2023 (232 in 2022-23); and there are 561 post-assessment children in need (763 in 2022-23).
- 3.80 These pressures will be mitigated by management action initiatives which will continue to improve the outcomes for children who maybe in care, or at risk of entering care, whilst reducing spend. These initiatives include; increasing the number of in-house foster carers, removing barriers for children with permanence plans for rehabilitation at home, ensuring residential care packages are only used where appropriate, and charging appropriately for residential and short breaks provisions.

- 3.81 Staff costs are also a significant pressure with the use of agency staff and there are actions in place to reduce these agency numbers by converting to permanent positions.
- 3.82 There also continues to be pressure relating to families with Unmet Housing Need and families with no recourse to public funds.

Special Educational Needs and Disability Service (SEND)

- 3.83 There are significant pressures in the SEND service including short breaks, domiciliary care, preparing for adulthood placements and Home to School Travel Assistance. Management actions have been identified to mitigate these pressures including a review of panels; refresh of the Short Breaks policy; and the review of a whole system approach around transitions.
- 3.84 There is also an ongoing pressure from the growth in statutory assessments for Education, Health and Care plans (EHCPs), commissioned by the SEND service. The number of EHCPs has been rising by around 10% each year over the last three years and has increased from 2,784 in September 2022 to 3,134 in September 2023. This increase is reflected in the increased burden in the High Needs Block of the DSG but also impacts on general fund services such as Education Psychology and the SEND service due to the increased number of referrals, assessments, and annual reviews.

Adults Social Care (ASC)

- 3.85 External placement and package costs for working age and older people continue to generate increased pressures. A combination of an ageing population, increasingly complex needs, and longevity of working age adults with learning disabilities, mental health issues, and comparatively high levels of deprivation and ill health are generating a net increase in the number of placements and care packages.
- 3.86 Due to the impact of Covid-19 on the health service and the requirement to facilitate timely discharges from hospital, there are further pressures on this service. The significantly higher demand for social care also results from people being discharged from hospital much sooner and with a higher acuity of need. For example, many people are requiring two carers, 4 times per day, or high-cost nursing care. The impact of the Fair Cost of Care policy work has also driven up provider costs. The service is tightly managing its budget by holding monthly budget boards chaired by the Director of Adult Social Care holding responsible managers to account; trying to maximise a person's independence by offering reablement, alternative community support reducing the need for long-term support, as appropriate and working closely with senior NHS partners to ensure that residents receive the health care they need.
- 3.87 The numbers of clients receiving funded support in 2023/24 is approximately 3,400 (as of November 2023) which represents an increase of 2.13% from last year (3,329 clients in 2022/23). The highest

increases are for Learning Disabilities and Physical Support needs. Approximately 709 new clients have received support in 2023-24, with 638 ending support, a net increase to date of 71 new clients (as of November 2023) in the system. This in-year increase is in addition to previous years' increases in volume (200 in 2021-22 and 179 in 2022-23).

- 3.88 The prices paid for care has changed over time, due to annual uplifts, and increasing rates. Typically, the unit costs for a newly arranged service are higher than the unit costs of services for existing service users, even for the same type and level of service. The average weekly fee by client across all external placements increased by 18% from pre-covid to current year.
- 3.89 The breakdown of placements gross expenditure forecast for 2023/24 between the adults age is 52% for 18 to 64 year-olds and 48% for over 65's. In the working age adults (18 to 64 age band), the largest proportion of spend falls in the Learning Disabilities need category. In the over 65 band, the largest proportion of spend is in the Physical Support need category.
- 3.90 In addition to net new placements costs, pressures are also being generated through market price increases resulting from limited supply, market failure and provider cost pressures such as the London Living Wage and property related costs.
- 3.91 The service needs to find sustainable solutions to manage the continuing pressures. Mitigation actions that are currently in progress include:
- Focus on independence and helping our residents to live independently in their own homes for longer, ensuring right sizing of packages and value for money. Whilst ensuring the appropriate outcome for the client, this should reduce admissions into care homes.
 - Support the process of discharging patients from hospital, providing reablement to those requiring health and care support to improve their outcomes and minimise the need for long-term care.
 - Maximising Income – Adult Social Care requires service users to contribute to the cost of their care based on the outcome of a Financial Assessment. The review of client contributions is to ensure that the Council is maximising income. The review will look at both existing service users in the system and new service users entering the system. The expectation is that all service users are assessed in a timely manner and that any income is billed and collected accurately. This should increase the income overall and mitigate some of the existing funding pressure.
 - Commissioning and Market Sustainability – A review of current commissioning and purchasing arrangements (existing placements

and packages as well as new ones) to ensure maximum value for money. This includes the potential introduction of different commissioning models, new frameworks and joint commissioning arrangements with Health and other local authorities in the Northeast London region (NEL). Exploring the use of step-down beds and other alternatives, empowering social workers in the decision-making process.

- Prevention and Early Intervention - A review of prevention and early intervention services, as part of the new directorate, Stronger Communities. This should improve outcomes in population health and healthcare, as well as tackle inequalities in outcomes, experience and access.
- Exploring the use of assistive technology, working with health, other council departments and the voluntary sector. These measures could help keep service users independent for longer and reduce or stabilise the demand for services.
- Long term plans to reconfigure the Council's four existing care homes to provide more affordable placements for working age and older people, in areas of need where the market has more limited capacity and/or does not deliver sufficient value for money.
- Recommissioned homecare provision with a stronger link to outcomes and maintaining client independence.

Schools Funding

3.92 The National Funding Formula (NFF) was introduced in 2018/19, and there is currently a transition towards removing the role of the Local Authority Formulae in determining schools' funding allocations. When this is achieved, the programme of reforms to the funding system will be complete. The majority of Local Authorities have moved towards the NFF and the Council together with the Schools Forum decided to move towards the NFF in 2019/20.

Dedicated Schools Grant

3.93 School's budgets are primarily funded through the Dedicated Schools Grant (DSG), comprising four funding elements:

- Schools Block: allocates funding for pupils in Reception to Year 11 in state-funded mainstream schools and academies.
- High Needs Block: supports provision for vulnerable children and young people, mainly those with special educational needs and disabilities from 0 to 25 years.
- Central School Services Block: funding for historic commitments and ongoing statutory responsibilities
- Early Years Block: funds free early education entitlements for 2, 3 and 4.

3.94 The gross DSG (including the allocation for academies) has increased by £24.22 million from £311.23 million in 2023/24 to £335.45 million in

2024/25. £11.5 million of that increase relates to the Early Years Block, reflecting the expansion in free early education. The net funding received by the Council is lower as the Education Skills and Funding Agency (ESFA) make deductions for academies and post-16 high needs places, which the ESFA pays direct, for 2024/25 Waltham Forest will receive £193.940 million.

Schools Block

- 3.95 The Schools Block, excluding the Growth Fund, has increased by £10.69 million from £228.8 million to £239.6 million, a 4.7% base increase.
- 3.96 The Council maintained schools had brought forward opening balances totalling £9.8 million in April 2023 and as per the latest projections, these balances are projected to decline by 35% to £6.5 million by the end of 2023/24. In 2022/23, 9 of 42 schools were in deficit and these are projected to increase to 11 in 2023/24. The Education Finance Team, together with Education Business Effectiveness officers are working together with these schools to bring them back in a positive reserves position.

High Needs Block and DSG deficit

- 3.97 The High Needs Block has increased by £1.5 million from £56.7 million in 2023/24 to £58.23 million in 2024/25, a 2.7% base increase. The increase in funding is unlikely to be sufficient to fund the projected increase in EHCPs and other inflationary pressures and there is a significant risk of an in-year deficit in 2024-25.
- 3.98 The cumulative net DSG deficit is £2.6 million comprising the High Needs Block deficit of £4.5m offset by surplus balances on the other Blocks. While the DSG deficit is relatively small and has been relatively stable compared to many other local authorities, the risks of unfunded demand may lead to the cumulative deficit increasing. While the Council is not in an ESFA intervention programme, ESFA officers have met with LA officers to keep the position under review and to check on the LA's management of the DSG.
- 3.99 In 2020, the government introduced a statutory override which separates local authorities' DSG deficits from their wider financial position and does not allow an authority to charge any such deficit to its revenue account. The government has extended the statutory override until March 2026 but there is an expectation that authorities need to plan for the end of these arrangements and consider their position.
- 3.100 The Education service is implementing a series of management actions to mitigate this risk and has prepared a draft strategic deficit management plan. The proposed mitigations in the draft plan are predominantly based around: reducing the number of requests to assess children whose needs can be met outside the statutory framework; more cost-effective provision and closer financial management; and improving the workforce capacity to support children

with SEND or at risk of exclusion, through work around Ordinarily Available Provision, training and development across the local system.

Central School Services Block

- 3.101 The Central School Services Block has increased by 2.68%, up to £1.61 million from £1.57 million.

Early Years Block

- 3.102 The Early Years Block indicative budget for 2024/25 is £36 million, an increase of £11.59 million (47.87%) on the 2023/24 indicative budget of £24.21 million. This does not include the full allocation for Early Years Pupil Premium and Disability Access Funding, as this entitlement will be expanded to children from 9 months old to 2 years old during 2024/25.

- 3.103 The majority of the 2024/25 budget increase is a result of the Government expanding the free early education entitlement (FEEE) offer to working families in phases from April 2024: 15 hours per week for 2 year-olds in April 2024 (£5.7 million), with a further expansion to children from 9 months old to two years old from September 2024 (£3.9 million). In addition, there have been increases to the hourly rates payable for 2 year olds; 3&4 year olds; the Maintained Nursery School Supplement Funding; and the Early Years Pupil Premium. The annual rate for the Disability Access Fund rate has also increased.

- 3.104 Full details of allocations to providers will be presented to Cabinet in March 2024.

- 3.105 The 2024/25 Early Years Block budget is an indicative budget based on the numbers of children recorded in the January 2023 Census taking up a free early education place based on current criteria (a universal entitlement of 15 hours per week for all 3&4 year old children; an additional 15 hours per week for 3&4 year old children from working families; and 15 hours for 2 year olds who meet benefits related criteria).

- 3.106 As the free early education entitlement (FEEE) offer is being expanded to working families (15 hours per week for 2 year olds in April 2024, with a further expansion to children from 9 months old to two years old from September 2024), the DfE have used their estimate of the number of families that they think will take up this expanded offer to inform the indicative budget for these entitlements as there is no previous census data to base this on. The DfE will carry out an additional census in the summer term 2024 to capture data on the actual take up of places.

Place Directorate

- 3.107 The Council's Commercial Property income is the main risk to the Property and Delivery Service in 2023/24. The Commercial Estate has an expected rent roll of c. £4.5 million p.a. (taking into account a projected 5% voids rate). Therefore, a key objective is maximising commercial rental income, in year, protecting long-term investment,

alongside supporting tenants and the borough's economic recovery from the pandemic.

- 3.108 The service also has the delivery responsibility for the Council's largest development and capital schemes, including the Fellowship Square programme, the Coronation Square development and the Soho Theatre Walthamstow refurbishments. The main risks here are protecting the value of anticipated land receipts and controlling capital costs. More broadly, the service also manages the Council's Capital Investment Portfolio. Continuing to deliver the Capital Portfolio to time, cost and quality will also remain a priority for the Service.
- 3.109 Regeneration, Planning and Delivery (RPD) service continues to deliver services to facilitate and increase growth in the borough, support local businesses and upskill residents to enable employment in the borough.
- 3.110 The RPD service is predominantly funded from external sources of income and grant funding with approx. 10% of the cost of service funded from the Council's general fund budgets. With the focus on reducing reliance on general fund budgets and increasing commercial opportunities there are risks associated with the fluctuation of demand-led income and annual funding rounds. The Planning service depends on income from planning related income such as planning application fees, Planning Performance Agreements (PPAs), CIL and s106 contributions. The Employment Business and Skills service receives significant external funding including £3 million Adult Education Budget.
- 3.111 Culture and Destinations Service's venues continue to recover from reduced bookings and attendance during Covid. However, retail spend, particularly at the William Morris Gallery has exceeded expectations, and there is continued growth in licensing and on-line sales. A new Destination's Business Plan aims to commercialise venues and attract a range of operators to host cultural activities, increase revenues and funding opportunities. This will also enable the team to contribute further to the economic recovery and jobs recovery programmes for the borough.

Housing General Fund (HGF)

- 3.112 The number of households in Temporary Accommodation (TA), which is the driver for approximately 40% of the HGF budget, has begun to increase in 2023/24. Data from 28 London Boroughs shows a worsening homelessness situation across a range of key performance measures. For the 10 months to January 2023, Homelessness presentations increased by 8.3% across the 28 London Boroughs compared to the previous year and in Waltham Forest presentations increased by over 67% between May 2023 and November 2023.
- 3.113 The current forecast exercises caution regarding the expectation that there will be an increase in the number of households presenting as homeless due to the ongoing cost of living crisis. Demand increases in

the range of 10%-25% have been modelled and are projected to result in an increase in cost of £1 million to £1.3 million. The key mitigation for any increases will be the delivery of housing supply to discharge duty via a number of initiatives being pursued by the service. These include the More Homes Waltham Forest joint venture with Mears which has successfully discharged homeless families into secure accommodation. A second joint venture is now being considered. These schemes continue to generate cost for the HGF budgets but at a substantially reduced level in comparison to the cost of providing TA.

3.114 In addition, the “true rent loss” per placement (which is the average difference between weekly rental income and the weekly cost of procuring accommodation plus the unsubsidised housing benefit) is increasing in line with the private rental market. Data shows a worsening situation for councils in procuring and retaining suitable accommodation, driving an increase in B&B usage which increased by 167% for London Boroughs in February 2023 when compared with the previous year. Increased costs are a significant risk both in terms of procuring and sustaining placements and the lack of supply forces the Council to use more expensive types of accommodation.

3.115 Although the Local Housing Allowance (LHA) has been increased, the subsidy paid (via Housing Benefit (HB)) to Councils remains at 90% of Jan 2011 LHA. There is a greater cost to the council for tenants on HB as the council funds the gap between the subsidy rate and the cost of TA.

Housing Revenue Account (HRA)

3.116 A report setting out the detailed proposals for the HRA Budget and the level of tenants’ rent and service charges from April 2024 went to Housing Scrutiny on 13th December 2023 and was considered by the Strategic Tenant and Resident (STAR) Panel in January 2024. It is also being presented to Cabinet on the same agenda as this report (in February 2024).

3.117 In 2019, the government set a rent policy for social housing that would permit rents to increase by up to CPI plus 1 percentage point (CPI+1%) per annum and made clear its intention to leave this policy in place until 2025.

3.118 In 2023/24, social rent increases were capped at 7% due to the high levels of inflation in 2022. Over the past year, inflation has reduced and therefore the social rent increase for 2024/25 will revert to the rent policy and increase by CPI+1%.

3.119 The ability for local authorities to increase rents is essential for securing the long-term viability of the HRA. The 2024/25, HRA business plan reflects the changes in rental policy and includes assumptions about on-going rent increases.

- 3.120 The recommended increase is essential to allow the HRA to remain financially viable, and more importantly, to help it work towards its objectives of sustaining the capital investment needed to maintain the stock. This includes fulfilling its programme of capital delivery and ensuring compliance with health and safety regulations within its existing stock portfolio are maintained. Inflationary and cost pressures mean that the HRA's expenditure (on both revenue and capital) is forecast to rise faster than rental income available to it, creating a funding gap.
- 3.121 Overall, the medium-term outlook for the HRA is extremely challenging, but the financial strategy will remain focused on delivering efficiency improvements to protect front-line services, invest in housing stock and build in longer-term financial resilience by increasing reserves.
- 3.122 The proposed rent increase of 7.7% and the additional income from a 53-week rent year will generate approximately £5.5 million worth of additional resources into the HRA for 2024/25. These additional resources can finance revenue activities and assist in rebuilding the reserves to provide greater financial resilience.
- 3.123 The forecast reserves position for the HRS is low compared to other London authorities and is expected to fall further over the next two years due to the increased cost of borrowing and the delivery of the capital programme. There is a need to strengthen the financial resilience of the HRA and bolster this reserve position, to ensure risk mitigation for future regeneration programmes or other operational issues. The service has committed to an efficiency programme to reduce the net cost and therefore to contribute to the replenishment of reserves. Efficiencies saving of £300k per year have been identified without affecting the delivery of the housing service.

Deputy Chief Executive

- 3.124 The proposed 'Stronger Communities', within the Deputy Chief Executive's portfolio, which is subject to a separate report, is a key component of the transformation programme, outlined further in paragraph 3.68. The new Stronger Communities Directorate will bring together preventative services and levers across the council to supercharge a paradigm shift towards prevention, improving the health, wellbeing, and financial stability of our residents. A renewed Digital, Data and Technology service embedded in Stronger Communities will develop an insight and evidence-led approach to prevention and decision making across the whole council. The key areas which will have a particular focus through Stronger Communities are as follows:
- Data & Insight
 - Community Front Door & Assets
 - Strategic Commissioning
 - Community Action & Resilience
 - Resident Experience & Making Every Contact Count.

Neighbourhoods and Environment Directorate

- 3.125 The Council's Leisure Centres are mainly operated by GLL (Greenwich Leisure Limited) as part of a long term contract. GLL take the main risk on operating costs and income for the centres, but the contract allows for a share in profits and specific risk items.
- 3.126 Highways are maintained and improved from funding from TfL (Transport for London) with some contribution from the Council.
- 3.127 Waste Services, Grounds Maintenance and Street Cleansing contracts totalling £14.6 million are provided by Urbaser. During 2024/25, the Council is introducing a separate food waste collection service as part of the requirements of the Environment Act 2021. The funding requirements for this additional service requirement was approved by Cabinet in October 2023 but will be reviewed again following the recent acknowledgement of part funding from Defra.
- 3.128 The Parking Service generates surpluses to support Highways and Transport related General Fund expenditure. In 2022/23 the surplus was £12.7 million and the sum of the allowable expenditure was c.£20.5 million (£6.1 million concessionary fares, £0.316 million cost of off-street parking, £14.1 million highways maintenance).
- 3.129 Community safety remains a top concern for residents and the administration, heightened by a spike of youth violence last summer; issues with open drug dealing and drug use in Leyton; and low levels of trust and confidence in the police and challenges highlighted in the Casey review into the Metropolitan Police. Measures have been put in place to address these immediate issues and progress has been made in strengthening the overall approach, through publication of an interim action plan on serious violence (complying with our duties under the Serious Violence Action Plan), the Waltham Forest Drugs Strategy, the operation of the Safe Streets pilot in South Leytonstone in Chingford Mount and the establishment of a Citizens Assembly on neighbourhood policing. Over the next year there is an opportunity to put this area on the best possible footing, including through the publication of a serious violence strategy; development of a community safety framework which captures how the Council can drive this mission forward across the council and its partners; and taking forward the findings from the Citizens Assembly, which will make recommendations for the police and the Council. An over-reliance on uncertain and short-term external funding means the area is on a fragile footing and will see significant funding gaps emerge in 2024/25 and beyond if not addressed. There will be a need to invest in addressing this fragility and ensuring that the increased ambitions to step up work on serious violence and neighbourhood-driven problem-solving approaches are resourced adequately.

3.130 Regulatory Services provide a range of services, the most significant is the Property Licensing Scheme. The scheme, aimed at improving the standards in private rented properties, is for 5 years expiring in 2025. Income from the 5 year licenses should fund the scheme for 5 years, with penalty charges issued to landlords that don't comply or don't apply for licenses. There is currently an income budget pressure for this service.

North London Waste Authority Levy

3.131 The levy charges from the North London Waste Authority (NLWA) are projected to rise significantly from 2027/28, as the number of households increase and the planned go-live of the new incinerator plant in Edmonton. Projected increases have been built into the MTFs and this will be kept under review as and when further growth is necessary.

3.132 The provisional levy for 2024/25 is £10.883 million, this is an increase of £1.313 million on the 2023/24 levy. This additional cost is being funded in 2024/25 only from the levy equalisation reserve which was put in place to reduce the impact of sudden rises over the period of the MTFs.

PRECEPTS AND LEVIES

3.133 Precepts and levies can be divided between those which are:

- (1) deemed by the Government to be 'local' and are included in the Council's total for RSG; and
- (2) the Greater London Authority precept.

The 'local' group comprises the following:

LEVYING BODY	2023/24 £'000	2024/25 £'000	% Change
Environment Agency*	189.5	207.4	9.5%
Lee Valley Regional Park Authority (LVRPA)*	195.3	213.8	9.5%
London Pension Fund Authority (LPFA)*	238.2	260.7	9.5%
North London Waste Authority (NLWA)	9,570.0	10,883.0	13.7%
TOTAL LEVIES	10,193.0	11,564.9	13.5%

*Levy for 2024/25 still to be confirmed

Concessionary Fares

3.134 The cost of Concessionary Fares in 2024/25 is £9.295 million, this is less than the base budget and as such a budget saving of £0.750 million has been built into the MTFs as a one off saving as the cost of concessionary fares is anticipated to return to pre-pandemic levels from 2025/26 onwards. Funding of concessionary fares is permitted as allowable expenditure under Section 55 of the Road Traffic Regulation Act (1984). Therefore, any parking surplus generated can be used towards the cost of concessionary fares.

Earmarked Reserves

- 3.135 The Council holds earmarked reserves for a variety of purposes, in particular to provide for expected or uncertain cash flows and helps mitigate against known budget risks. The Reserves Strategy is attached at Appendix 6.
- 3.136 A summary of Provisions and Reserves as at 31 March 2023 is included in Appendix 7, together with an estimate of the levels at the end of 2023/24 and 2024/25.
- 3.137 The following table summarises the information contained in Appendix 7 by setting out the total level of reserves held as at 31 March 2023; the estimated level held at 31 March 2024 and those expected to be held at 31 March 2025.

Reserves	31 March 2023	31 March 2024	31 March 2025
	actual £'000	est. £'000	est. £'000
Capital programme related	2,209	1,380	1,380
Contingencies for known risks / Committed revenue	21,341	10,154	6,254
To Support the Budget Strategy	14,129	22,463	15,521
Technical Reserves	27,434	16,331	15,106
Operational Reserves	3,600	2,180	2,110
Statutory Accounts	682	238	168
External Income Related	8	0	0
Earmarked Reserves	69,402	52,744	40,538

- 3.138 The above analysis does not take into account the recommendation to Cabinet to agree funding of £2.518 million, as an initial mobilisation investment, to drive forwards work across the 12 identified transformation areas. The purpose of this investment is to; (1) begin to unlock any immediate savings opportunities related to each programme, (2) mobilise each programme through an initial discovery and design phase, including the development of robust business cases targeted at broader financial sustainability, and (3) ensure overall leadership and assurance across the programmes to enable monitoring and tracking of benefits and impact.
- 3.139 The Strategic Director of Resources considers the level of reserves to be appropriate and refers to this in the S25 Report included within Appendix 2.
- Budget Strategy Reserve (BSR)
- 3.140 The Council's reserves strategy is noted in Appendix 6 of this report.
- 3.141 The BSR is available to support the MTFs and as a source of investment to achieve savings and/or assist with securing the planned savings and the Transformation Process going forward.
- 3.142 A review of reserves was undertaken during 2023/24 and as a result, £11.564 million was identified as no longer being required for its original purpose and was transferred into the Budget Strategy Reserve. Analysis of these reserves are included within Appendix 6.

- 3.143 For 2024/25, a drawdown of £4.593 million will be required from the BSR to fund the budget gap in year. This is due to the level of inflationary pressures and service demands in particular within Social Care. However, any use of reserves is on a one-off basis to help manage these pressures whilst longer term projects will generate the necessary reduction in spend or increased income to close this funding gap.
- 3.144 A balance of £22.463 million for the Budget Strategy Reserve is forecast to be carried forward into 2024/25. This reserve will be used to support the budget and manage service budgetary risks over the full MTFS period.
- 3.145 It is recommended that the BSR is safeguarded to ensure that the Council has the resources to manage potential risks around the resource levels in the latter period of the MTFS.
- 3.146 There are sufficient resources in the BSR to support the MTFS over the whole of the period if required, assuming all planned savings are delivered in full and on time.

General Fund Balance

- 3.147 At 1 April 2023, the General Fund revenue balance amounted to £14.905 million. The Strategic Director of Resources will seek to ensure that balances do not fall below the level required for good financial management purposes, and that any temporary use of balances will be replenished as soon as practically possible.
- 3.148 The projected balance of £14.905 million at 31 March 2024 is equivalent to c6% of the net expenditure (excluding schools) projected for 2024/25. At Cabinet in September 2009, Members agreed a minimum level of General Fund reserves of £10m and a maximum of £15m. The projected balance as at 31 March 2024 is therefore within these parameters.

Risks To 2022/23 Budget And MTFS

- 3.149 The MTFS is reviewed and updated throughout the year so that the Council is well placed to consider its financial standing and associated budget risks. In addition, the regular review of balances and the rigorous monthly monitoring of the revenue budget are formally reported to Cabinet. This contributes to an assessment and understanding of budget risks. A summary is provided in Appendix 8.
- 3.150 It is important to emphasise key risks facing the Council due to the lack of certainty in funding, as a result of one-year settlements and the continued delay to local government funding reforms.

CAPITAL PROGRAMME 2023/24 – 2033/34

- 3.151 The Capital Investment Strategy demonstrates the delivery of our investment programme and plans, recognising the vital role that the Council plays in ensuring Waltham Forest continues to build for the future. It sets out the Council's capital programme with £745.9 million of planned investment over the 11 years to 2033/34.
- 3.152 The Capital Programme at Appendix 9 sets out the eleven-year period 2023/24 to 2033/34. The Capital Programme summarises anticipated capital spending and estimated resources available for financing. These resources include government grants, capital receipts, prudential borrowing, direct revenue funding (including reserves) and other capital income.
- 3.153 The Capital Programme is based on an estimate of achieving a total of £36.736 million in capital receipts and self-financing via future disposal of £23.185 million over the period to 2033/34. The anticipated receipts will also be applied to reduce the Capital Financing Requirement. The Council continues to monitor the current and long-term macroeconomic forecast, and in particular models any impact on anticipated future capital receipts and interest rates to ensure that the Council remains fiscally prudent.
- 3.154 External resources, in particular grant allocations, are usually announced over a one or two-year timeframe; therefore, the majority of schemes will only be forecast over this period. The programme is updated quarterly for any changes in resources and refreshed annually.
- 3.155 The Capital Strategy 2023/24 – 2023/34 sets out how the various schemes and projects comprising our investment programme that meets the Council's objectives and priorities, as well as how the schemes fit within the agreed prioritisation framework. This agreed framework means that our capital investment must meet one or more of the following indicators:
- Continued investment in the delivery of capital schemes that are in construction phases and/or which the Council is contractually obliged to deliver.
 - Continued delivery of new affordable housing and our residents' priorities, where they are deliverable within the financial affordability parameters of the Council. Affordability assessments would need to be considered on a scheme-by-scheme basis and consider capacity for additional investment within both the General Fund and HRA.
 - Continued investment into initiatives which ensure the Council meets its legal and statutory and health and safety obligations (e.g. Decent Homes standards and the Building Safety Act requirements), or small-scale infrastructure requirements that are

essential to delivering Council services, such as ICT service upgrades.

- For any new investment not meeting the above criteria, that it protects the Medium Term Financial Strategy (MTFS), based on the principle that all investment decisions should deliver a positive financial return or have a positive impact by alleviating the Council's current or future financial pressures.
- Projects and programmes which are fully, or majority funded by external grants and other funding sources should continue to deliver on the basis they do not impact the MTFS. This includes initiatives such as the Schools Capital Programme and Levelling Up Fund programme.

3.156 When planning new capital projects, services are required to produce a business case demonstrating viability and specific funding details as well as demonstrating how value for money and social value will be achieved. The business cases also identify the key risks relevant to that scheme and how they might be mitigated, these include managing the overall viability of the scheme. The keys risks that schemes have encountered over recent years are inflation, financing costs, rise in construction costs and delays or reductions in receipts.

3.157 A summary of the Capital Programme is shown below. Further details can be found in Appendix 9.

CAPITAL PROGRAMME

DIRECTORATE	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	TOTAL £'000
STRONGER COMMUNITIES DIRECTORATE												
ICT	6,571	5	0	0	0	0	0	0	0	0	0	6,576
COMMUNITIES	592	220	0	0	0	0	0	0	0	0	0	812
Subtotal	7,164	225	0	0	0	0	0	0	0	0	0	7,389
PEOPLE DIRECTORATE												
ADULT SOCIAL CARE	171	0	0	0	0	0	0	0	0	0	0	171
Subtotal	171	0	0	0	0	0	0	0	0	0	0	171
NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE												
NEIGHBOURHOODS	13,434	5,675	600	600	723	0	0	0	0	0	0	21,032
CLIMATE EMERGENCY FUNDING	1,547	1,000	1,448	0	0	0	0	0	0	0	0	3,995
Subtotal	14,981	6,675	2,048	600	723	0	0	0	0	0	0	25,027
PLACE DIRECTORATE												
REGENERATION, PLANNING AND DELIVERY	7,704	18,281	9,570	348	0	0	0	0	0	0	0	35,903
PROPERTY AND DELIVERY	35,924	34,982	13,729	176	176	0	0	0	0	0	0	84,987
SCHOOLS PROGRAMME	13,837	16,718	11,164	18,768	0	0	0	0	0	0	0	60,486
HOUSING DELIVERY/OPERATIONS (GF)	7,511	2,203	0	0	0	0	0	0	0	0	0	9,714
HOUSING DELIVERY/OTHER (HRA)	50,131	56,841	6,754	2,628	1,500	1,500	500	500	500	500	500	121,854
HOUSING ASSETS (HRA)	91,978	27,786	31,966	32,902	33,866	34,528	35,203	35,892	36,595	37,311	38,042	436,069
Subtotal	207,085	156,812	73,183	54,822	35,542	36,028	35,703	36,392	37,095	37,811	38,542	749,015
CONTINGENCY												
CONTINGENCY (GF)	342	18,993	665	0	0	0	0	0	0	0	0	20,000
Subtotal	342	18,993	665	0	0	0	0	0	0	0	0	20,000
TOTAL CAPITAL PROGRAMME	229,743	182,705	75,896	55,422	36,265	36,028	35,703	36,392	37,095	37,811	38,542	801,602
Adjustment - Sales from GF to HRA	(32,479)	(23,220)										(55,699)
CAPITAL PROGRAMME EXCL. SALES FROM GF TO HRA	197,264	159,485	75,896	55,422	36,265	36,028	35,703	36,392	37,095	37,811	38,542	745,903

RESOURCES	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	TOTAL £'000
Government Grant	(44,922)	(42,586)	(21,444)	(21,136)	(1,000)	(1,000)	0	0	0	0	0	(132,088)
Other Contributions	(27,697)	(23,016)	(16,719)	(16,653)	(16,896)	(16,479)	(16,791)	(17,109)	(17,434)	(17,765)	(18,103)	(204,663)
Revenue Contributions	(4,640)	(6,540)	(3,160)	(3,236)	(3,310)	(3,376)	(3,444)	(3,513)	(3,583)	(3,655)	(3,728)	(42,183)
Capital Receipts	(20,104)	(6,329)	(5,153)	(500)	(500)	(1,058)	(500)	(500)	(500)	(500)	(1,092)	(36,736)
Self-Finance via Future Disposal	(16,823)	(5,748)	(614)	0	0	0	0	0	0	0	0	(23,185)
Prudential Borrowing - General Fund	(34,956)	(45,590)	(13,431)	(176)	(176)	(45,590)	0	0	0	0	0	(94,329)
Prudential Borrowing - HRA	(80,602)	(52,895)	(15,375)	(13,721)	(14,383)	(14,115)	(14,969)	(15,270)	(15,578)	(15,891)	(15,619)	(268,419)
TOTAL RESOURCES	(229,743)	(182,705)	(75,896)	(55,422)	(36,265)	(36,028)	(35,703)	(36,392)	(37,095)	(37,811)	(38,542)	(801,602)
Adjustment - Sales from GF to HRA	32,479	23,220	0	0	0	0	0	0	0	0	0	55,699
CAPITAL PROGRAMME EXCL. SALES FROM GF TO HRA	(197,264)	(159,485)	(75,896)	(55,422)	(36,265)	(36,028)	(35,703)	(36,392)	(37,095)	(37,811)	(38,542)	(745,903)

4. Options & Alternatives Considered
 - 4.1 The Council has a legal duty to set a balanced budget and to develop a financial strategy for the medium term. The revised MTFs sets out potential challenges facing the Council in future years.
 - 4.2 The Council is creating a new Transformation programme to address any future financial challenge, including the MTFs gap in 2025/26 and 2026/27. Therefore, any recommendations from this programme will feature in future reports to Cabinet over the next year.
5. Council Strategic Priorities (and Other National or Local Policies or Strategies)
 - 5.1 The budget setting process aligns resources to the Council's priorities. This is essential to ensure that the Council's reduced financial resources are targeted to meet the needs of our residents.
6. Consultation
 - 6.1 Reviewing and updating the MTFs is a significant part of the process that leads up to the setting of the council tax for 2024/25. Appropriate consultation has taken place during the course of this process, through the authority's consultation mechanisms.
 - 6.2 In addition, the Council engages with the business rates sector on the overall budget strategy ahead of the council tax setting process. There is also regular engagement with residents through various fora on the overall council priorities and financial strategy.
7. IMPLICATIONS
 - 7.1 Finance, Value for Money and Risk
 - 7.1.1 Local authorities are required by law to have a balanced budget. However, what is meant by 'balanced' is not defined in law and this has meant Chief Finance Officers using their professional judgement to ensure that the local authority's budget is robust and sustainable. The annual budget report contains a statement from the CFO confirming the reasonableness of the financial plans.
 - 7.1.2 Under the Local Government Finance Act 1988, the Section 151 officer has a duty to issue a Section 114 report if they judge that the Council is unable to set a balanced revenue budget or to bring the budget back to a balanced situation during the year.
 - A prudent definition of a sustainable balanced budget for local government would be a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. Plans would take into account deliverable cost savings and/or local income growth strategies as well as useable

reserves. Legislation provides a description to illustrate when a budget is considered not to balance, which is:

- where the increased uncertainty leads to budget overspends of a level which reduces reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

7.1.3 This report proposes a balanced 2024/25 budget position and the Chief Finance Officer is therefore not required to issue an s114 notice.

7.2 Legal

7.2.1 As in previous years the purpose of the MTFs is to pull together in one place known factors affecting the Council's financial position and financial sustainability over the medium term. The attached MTFs sets out the proposals to balance the financial implications of the Council's objectives and policies against national and local constraints in resources. This in turn feeds into services plans for delivery. Looking in such detail now at the financial challenges provides a sufficient timescale against which to assess the options for service delivery, consult as necessary and carry out such other steps as may be required to implement the proposals.

7.2.2 Once the budget is agreed pursuant to the Local Government Act 2000 and Regulations made thereunder Cabinet decisions must remain within the budgetary framework agreed. Any indicative proposals for future years are not binding until agreed within the relevant budget framework.

7.2.3 Decisions flowing from this report to implement the Council's budget strategy will require adherence to the relevant decision-making processes. In making any decision regard must be had to any relevant statutory provisions and administrative rules by taking into account relevant considerations and ignoring those which are irrelevant.

7.2.4 Regard must also be had to the Council's fiduciary duties which require the interests of Council/Business Taxpayers to be fairly balanced against the benefit/beneficiaries of a course of action. Additionally, increasingly in public decision making the concept of proportionality is a factor. This will form the overarching framework for formulating and implementing the courses of action required to achieve savings and deliver the Council's outcomes within the budget.

7.2.5 Where there are proposals for a reduction to a service which the Council is either under a statutory duty to provide, or which it is providing in the exercise of its discretionary powers and there is a legitimate expectation that it will consult, then consultation with all service users will be required before any decision to implement the proposed saving is taken. Consultation should occur when proposals are at a formative stage, give sufficient reasons for any proposal to

permit consideration and allow adequate time for consideration and response. Whilst the Council does not have to follow the outcome of the consultation it must be able to show that the decision maker has considered the consultation responses before taking the decision.

- 7.2.6 Whether to consult will depend on the issues, the nature and the impact of the decision and whether interested groups have already been engaged in the policy making process. Consultation may not be required for minor changes or matters with minimal impact or where adequate consultation has already taken place. However, where there is a more significant impact such as services are stopping or reducing then the more likely it is that the views and concerns of those affected should be consulted upon before a decision is taken. Likewise if we have either promised to consult or ordinarily would do so that may give rise to a legitimate expectation that we will do so again.
- 7.2.7 Where the proposed savings will have an impact affecting staff, the Council will consult the staff affected and their representatives under its change management policies.
- 7.2.8 The Secretary of State has the power to designate two or more "relevant authorities" as a pool of authorities for the purposes of the provisions of Schedule 7B of the Local Government Finance Act 1988. The Council is a 'relevant' authority for the purposes of the Act.
- 7.2.9 Local authorities have a power to enter into arrangements between them including under section 111 of the Local Government Act 1972 which provides that, subject to any other restrictions, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 7.2.10 Section 67 of the Local Government Finance Act 1992 specifies that certain functions, including the setting of the council tax, are only to be discharged by the Full Council.
- 7.2.11 Section 67(3) nonetheless contains a power enabling an authority to appoint a committee of members to carry out the function of determining the amount of council tax (the number of members to be appointed to the committee and their term of office being a matter for the authority). Part VA of the Local Government Act 1972 (containing the provisions regarding meetings and documents of committees and sub-committees) will apply to the committee.
- 7.3 Equalities and Diversity
- 7.3.1 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The Council must further take into account its wider Public Sector Equality Duty (PSED) under s.149 of the Equality Act 2010

when making its decisions. The public sector equality duty (s.149, Equality Act 2010) requires the Council, when exercising its functions, to have “due regard” to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited under the Act, advance equality of opportunity between those who share a “protected characteristic” and those who do not share that protected characteristic and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (this involves having due regard, in particular, to the need to (a) tackle prejudice, and (b) promote understanding).

- 7.3.2 The proposed new corporate framework, Mission Waltham Forest sets out a new strategic direction for the Council. It is expected to have a positive impact on improving equality in the borough and advancing equality and inclusion across the organisation. This budget is designed to support the Council in meeting the significant challenges it faces in providing services for residents as well as supporting those in most need and protecting vulnerable communities. Mission Waltham Forest will result not only in a realignment of resources but also how they are used. Ultimately, it will put the Council on a firm financial footing by ensuring that there is on-going financial sustainability, budgets are balanced, and all investments are credible.
- 7.3.3 The Council will assess and consider the impact of changes that might arise as a result of implementing the proposals for change arising out of its budget strategy on those with protected equality characteristics, in particular, where there is likely to be an impact on residents or service users from changes or any decommissioning of existing services. Certain savings proposals are already identified as being subject either to a statutory or common law duty to consult before the taking of any decision. Equality impact assessments will be completed and/or where applicable updated and due regard given to any equality impacts identified before the taking of decisions. Individual proposals subject to a full equality impact assessment will identify and consider what action can be taken to mitigate any potential adverse impact on protected groups, and the duties set out in 12.2.1. Savings proposals which have not been identified as being subject to consultation relate to operational and administrative processes for the assessment of and charging for services in line with existing policy and existing eligibility criteria. Those savings proposals do not change existing policies such as the Council’s Fairer Charging Policy that the Council has already scrutinised and adopted. Charging for social care services is a process which provides for financial assessments to be carried out which ensure that no service user is charged more than they are assessed as being able to afford to pay. No additional adverse equality impacts have been identified by applying charging in accordance with existing policies. Where there is any potential impact on staff, the agreed HR procedures will be followed.”
- 7.3.4 In terms of the Council Tax increase, a Full Equality Impact Assessment (EIA) has been completed (see Appendix 11). This EIA sets out information regarding the impact upon residents with reference

to equality groups based on data available to the Council regarding the make-up of its' population. The proposal will impact on all Council Tax payers in the borough. The profile of Council Tax payers in Waltham Forest will generally reflect the wider community. However, the profile of households in receipt of Council Tax Support (CTS) differs from the wider community profile. This is a consequence of the nature of the support scheme, which provides help for Council Tax payers whose financial circumstances are not adequate to cover the charge. Therefore those households with larger outgoings, such as disabled households or families with children, and those households who are not working or are in low paid employment may be over represented within the CTS caseload.

- 7.4 Sustainability (including climate change, health, crime and disorder)
 - 7.4.1 The budget provides resources to the Council's ongoing work of the Council's Climate Emergency Commission.
 - 7.4.2 A key component of the capital investment plans is to ensure construction schemes are built to the highest possible green standards. The cross-cutting nature of the Capital Investment Strategy also supports the Council's key priorities of promoting a greener, more resilient borough, thereby enhancing biodiversity, climate adaptation and transport infrastructure. Investment will also support retrofitting of Council-owned homes to reduce their carbon footprint and energy costs for residents.
Council Infrastructure
- 7.5 None at this stage.

Background Information (as defined by Local Government (Access to Information) Act 1985)

None