


## London Borough of Waltham Forest

Report Title	<b>Budget and Council Tax Setting 2025/26</b>
Meeting / Date	Cabinet, 20 <sup>th</sup> February 2025
Cabinet portfolio	Councillor Paul Douglas, Portfolio Lead Member for Finance and Resources
	 [on behalf of Cllr Douglas]
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Wards affected	None specifically
Public access	Open
Appendices	<ol style="list-style-type: none"> <li>1. Proposed Budget 2025/26</li> <li>2. Section 25 Local Government Act 2003 Report</li> <li>3. Medium Term Financial Strategy 2024 to 2028</li> <li>4. Budget Reductions</li> <li>5. Proposals to Reduce Overspend</li> <li>6. Fees and Charges</li> <li>7. Reserves Strategy</li> <li>8. Reserves and Balances</li> <li>9. Risk Assessment</li> <li>10. Capital Programme 2024/25 to 2034/35</li> <li>11. Advice from Monitoring Officer</li> <li>12. Equalities Assessment</li> </ol>

### 1. Summary

- 1.1 This report sets out the Council's proposed 2025/26 budget, building on the Medium-Term Financial Strategy (MTFS) that was presented to Cabinet in November 2024. It also outlines the proposed Council Tax levels for next year before being taken to Full Council on 27 February 2025.
- 1.2 The MTFS provides the overarching resource plan beneath which the Council's Corporate Plan; Mission Waltham Forest operates. Mission Waltham Forest responds to the significant challenges that the Council and its residents are facing which include uncertainty about local government finances, rising demand for services, cost of living pressures and stark inequality in our borough.

- 1.3 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.
- 1.4 This report provides the budget proposals and council tax setting for 2025/26 financial year, providing the following outcomes;
- The Council's precept on the Collection Fund is £147.956 million, which results in a band D council tax of £1,787.27, a 4.99% increase on 2024/25.
  - 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.
  - Confirmation of the funding levels set out in the final settlement.
  - Funding for earmarked services pressures of £3.029 million.
  - Budget Reductions totalling £9.134 million.
  - A general fund reserve of £14.905 million, for 2025/26, is held to provide a buffer against unforeseen events.
  - A capital Programme to provide investment in Waltham Forest over the period 2024/25 to 2034/35. The Capital Programme over 11 years will be £712.035 million.
- 1.5 A summary of the proposed budget is shown in Appendix 1. The table below shows the projected budget in 2025/26 and the Council Tax Requirement.

<b>Budget Forecast Summary</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Service Base Budgets including DSG	505,261	550,724
Interest and Capital Charges	-23,386	-23,386
	481,875	527,338
Contribution to reserves	0	0
Contribution from reserves	-6,906	-4,707
Total LBWF expenditure	474,969	522,631
(Surplus)/Deficit on Collection Fund	-1,153	1,353
Business Rate Retention including S31	-37,861	-37,367
Business Rate Top UP Grant	-51,912	-52,405
Central Government Funding	-30,512	-38,557
Public Health Grant	-17,855	-17,855
Dedicated Schools Grant and Pupil Premium	-208,805	-243,301
	<b>126,871</b>	<b>134,499</b>
Add: Levies	11,565	13,457
<b>Council Tax Requirement</b>	<b>138,436</b>	<b>147,956</b>
<b>Council Tax Base</b>	<b>81,322</b>	<b>82,783</b>
Council Tax Requirement divided by Council Tax Base	£1,702.32	£1,787.27
GLA Precept	<u>£471.40</u>	<u>£490.38</u>
<b>Total Council Tax</b>	<b><u>£2,173.72</u></b>	<b><u>£2,277.65</u></b>

Total reduction/increase in Council Tax	5.75%	4.78%
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- 1.6 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, another one-year settlement for 2025/26, has resulted in a budget gap for future years in the MTFs. The Government has launched a consultation on changes to the way local government is funded alongside the settlement consultation however at this point, there has been no clear indication of funding levels for local government beyond 2025/26. The MTFs also assumes increases of 4.99% for council tax in 2026/27 and 2027/28.

## 2. Recommendations

- 2.1 Cabinet is recommended to:
- 2.1.1 **recommend to Full Council** that the Waltham Forest basic amount of council tax, including the levying bodies, will be increased by 2.99% in 2025/26;
- 2.1.2 **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 £1,787.27 per Band D property in 2025/26;
- 2.1.3 **note** that the element of council tax charged by the Greater London Authority will be £490.38 per Band D property in 2025/26 which reflects an increase of £18.98 (4.03%);
- 2.1.4 **recommend to Full Council** that the overall council tax to be set for 2025/26 will be £2,277.65 per Band D property, which represents an overall increase of 4.78%;
- 2.1.5 **recommend to Full Council** that the projected budget (as set out in Appendix 1) for 2025/26 of £522.631 million is approved;
- 2.1.6 **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”;
- 2.1.7 **note** the amount of 82,783 (an increase of 1,461 over the previous year), as the Council Tax Base for the Council for 2025/26, 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);

2.1.8 **recommend to Full Council** that the following amounts to be approved for 2025/26 in accordance with sections 31 to 36 of the Local Government Act 1992, as amended (the Act);

2.1.8.1 **Gross Expenditure**

£1,027.564 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (2) of the Act;

2.1.8.2 **Gross Income**

£879.608 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (3) of the Act;

2.1.8.3 **Net Expenditure**

£147.956 million – being the amounts by which the aggregate at 2.1.8.1, exceeds the aggregate at 2.1.8.2 above, calculated by the Council in accordance with Section 31A (4) of the Act as its council tax requirement for the year.

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

£1,787.27 – being the amount at 2.1.8.3 above, divided by 82,783 (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 £280.05.

2.1.8.5 **Valuation Bands**

Band		A	B	C	D	E	F	G	H
Basic	£	1,004.81	1,172.28	1,339.76	1,507.22	1,842.16	2,177.09	2,512.03	3,014.44
Social Care	£	186.70	217.82	248.93	280.05	342.28	404.52	466.75	560.10
<b>Total LBWF</b>	<b>£</b>	<b>1,191.51</b>	<b>1,390.10</b>	<b>1,588.69</b>	<b>1,787.27</b>	<b>2,184.44</b>	<b>2,581.61</b>	<b>2,978.78</b>	<b>3,574.54</b>

Being the amounts given by multiplying the amount at 2.1.8.4 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;

2.1.8.6 **Note** that for 2025/26 the Greater London Assembly (GLA) has stated that (with formal ratification on 25 February 2025) 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
<b>Total</b>	<b>£</b>	<b>326.92</b>	<b>381.41</b>	<b>435.89</b>	<b>490.38</b>	<b>599.35</b>	<b>708.33</b>	<b>817.30</b>	<b>980.76</b>

2.1.8.7 **recommend to Full Council**, that, having calculated the aggregate in each case of the amounts at 2.1.8.5 and 2.1.8.6 above, the Council, in accordance with Section 30(2) of the Local Government

Finance Act 1992 sets the following amounts of council tax for 2025/26 for each of the categories of dwellings shown:

Band		A	B	C	D	E	F	G	H
Total	£	1,518.43	1,771.51	2,024.58	2,277.65	2,783.79	3,289.94	3,796.08	4,555.30

- 2.1.8.8 **note** that the relevant basic amount of council tax for a Band D property (excluding precepts but now including levies) for the financial year 2025/26 be £1,787.27, which reflects a 2.99% increase, plus 2% Adult Social Care precept permitted increase for 2025/26 and therefore does not require a referendum;
- 2.1.9 **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;
- 2.1.10 **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 2025;
- 2.1.11 **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 2025;
- 2.1.12 **agree** in accordance with the Levelling Up and Regeneration Act 2023 (Clause 76) to maintain a premium of 100% on dwellings that have been empty for one year from 1 April 2025;
- 2.1.13 **agree** in accordance with the Levelling Up and Regeneration Act 2023 (Clause 77) to charge a premium of 100% on dwellings which are "substantially furnished" but have no "resident" (e.g., second homes) from 1 April 2025;
- 2.1.14 **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.
- 2.1.15 **recommend to Full Council** the amended fees and charges for 2025/26 as shown in Appendix 6;
- 2.1.16 **agree** the Capital Programme for 2024/25 to 2034/35 as set out in Appendix 10;
- 2.1.17 **agree** the reserves strategy at Appendix 7 and note that the Strategic Director of Resources has delegated responsibility for the use of reserves throughout the year;
- 2.1.18 **agree** the continuation of the eight Borough Business rates pool for 2025/26.

- 2.1.19 **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 2025/26.
- 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 Section 151 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 (i.e. 2025/26 to 2027/28) – 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 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 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 2025/26 with service directorates developing robust options to maintain their services within available funding for the remaining MTFS period to 2027/28 and beyond.
  - Invest in initiatives that will deliver efficiencies and service improvement aligned to the Corporate Plan, Mission Waltham Forest. 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 £5.402 million increase in grants for social care, (including £1.345 million specifically for Children’s Social Care Prevention) received as part of the Financial Settlement and additional Adult Social Care (ASC) precept of £3.178 million, to mitigate demographic demand, inflationary pressures and new unfunded burdens.
  - 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 2028, 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, as well as the impact of the reforms to local government funding.
  - 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.

## **Council’s Current Financial Position**

- 3.7 The Council’s current financial positions both in-year for 2024/25 and for 2025/26, are extremely challenging and this position is consistent with local authorities across the country. However, for 2025/26, this report is

recommending a balance budget position but this is dependent upon the delivery of planned savings and the management of current service pressures. The remaining two years of the MTFS, 2026/27 and 2027/28, are currently predicting a funding gap of approximately £10.646 million but this is predicated on a range of assumptions, in particularly the outcome of the funding reforms for local government.

- 3.8 The Council is also forecasting a £20.522 million in-year service overspend as at Month 9. Plans were developed to respond to this overspend and in-year savings of £5.033 million have been delivered but were offset by increased pressures in Temporary Accommodation (TA) and Adult Social Care. The financial pressures are driven by sharp rises in costs and demand for vital services that support and protect residents, combined with a significant reduction in funding over the last fourteen years.
- 3.9 Across London, councils are supporting more people at risk of being homeless, at the same time as costs of securing temporary accommodation are increasing, including the use of commercial hotels. The average unit cost of TA to the Council after subsidy was £246 in November 2024 and peaked at £378 in May 2024 but in comparison was £199 in December 2023. In recent years, the Council has done a remarkable job in keeping numbers in TA low when compared to peers. However, current pressures are threatening this record. The number of households in TA between November 2023 and November 2024 has increased by 56% from 990 to 1,549 and is as a result of a slight increase in admissions but predominantly due to a decrease in households leaving TA. The Council's overspend on TA in 2023/24 was £1.2 million and is currently forecast at £11.376 million for 2024/25 with £4.838 million funding from a specific reserve and a net pressure of £6.538 million included within the overall forecast. In response to this increasing pressure, the Council is investing more in preventative services but also sourcing alternative accommodation for use as TA such as the recent lease of a local hotel to provide an addition 221 units at significantly reduced cost in comparison to commercial hotels.
- 3.10 The largest proportion of the Council's budget goes into caring for older and disabled people and supporting children in care or those with special educational needs or disabilities. The number of people needing support is rising, alongside the costs of providing this support. For Adult Social Care (ASC), the numbers of clients receiving funded support in 2024/25 is approximately 3,558 (as of November 2024) which represents an increase of 4.6% from last year (3,400 clients in 2023/24). This in-year increase is in addition to previous years' increases in volume (179 in 2022/23 and 144 in 2023/24).
- 3.11 The Council is doing everything in its power to meet its responsibilities and support residents who most need help and safeguard essential services. The council anticipates that it will fund the in-year forecast overspend of £20.522 million from a combination of one-off funding, corporate balances and some drawdown from reserves.



- 3.12 The Council has historically been well managed financially, ensuring that it has a level of reserves to mitigate service pressures in the short-term. However, the Council recognises that these reserves are only one-off in nature and must be replaced with permanent savings that will ensure the Council achieves financial sustainability. The Council's total reserves at 31st March 2024 was £91.717 million, including £64.813 million in earmarked reserves and the forecast position for 31st March 2025 is £55.758 million and £44.356 million respectively. This excludes a general fund working balance of £14.906 million which the Council is required to hold in accordance with agreed policy.
- 3.13 For future years, total draft savings proposals of £23.200 million have been developed and are included within this Budget Report. This includes proposals to mitigate the current service overspends totalling £9.601 million by 2027/28 with £5.425 million in 2025/26 and to reduce the MTFs budget gap totalling £13.697 million by 2027/28 with £9.134 million in 2025/26.
- 3.14 Despite the financial settlement on the 3 February, the financial outlook for local authorities remains challenging and this has been evident with the several high-profile financial failures of councils across England, where S114 Notices have been issued. The Council recognises this and is determined to ensure that it puts financial sustainability at the centre of all decision-making.

### **Economic Outlook**

- 3.15 The level of inflation (consumer price index, CPI) has reduced over the past year with 2.5% for the 12 months to December 2024 compared to 4% in December 2023. However, inflation is set to rise further in the medium term due to higher energy costs, the increases in employers' national insurance and global trade frictions. The Bank of England is forecasting average inflation of 2.7% for 2025/26, 2.2% for 2026/27 and 1.8% for 2027/28. These inflation levels continue to have a significant impact on the Council's finances as well as residents. Any reduction should mean that prices will not increase as sharply but will stabilise at a higher level.
- 3.16 From 1<sup>st</sup> April 2025, there will be a 6.7% increase in the national minimum wage for those aged 21 and over plus a 16.3% 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.
- 3.17 Domestic energy bills will increase over the next year as the Price Cap rose by 1% on the 1 January and a further rise is anticipated in April 2025. There is no price cap on non-domestic energy so increases in business energy bills, including Local Authorities', remain high but following a procurement exercise, it is anticipated that the costs will reduce for the Council over 2025.
- 3.18 The gross domestic product (GDP) did not show any growth for the three months to November 2024. However, it is anticipated the GDP should

improve in 2025 because of higher public spending but this is unlikely to be replicated across all sectors. Following the Autumn, estimates for the next spending review period to 2028/29 includes increases in public spending of 2.6% (real terms) in 2025/26 and then 1.3% (real terms) to 2028/29 compared to 1% (real terms) from 2025/26 included within the Spring Budget. Public spending forecasts are forecast to remain at approximately 44.5% of GDP which is 5.7% higher than in 2019/20, before the pandemic. For unprotected services, which includes local government, spending will reduce by 1.1% (real terms) from 2025/26 which is better than the Spring Budget at 2.3% reduction.

- 3.19 The current interest rate is 4.50% and it is anticipated that it will reduce further over the next year, but the timing could become increasingly complex, given growing domestic and international inflation risks combined with stagnant economic growth. The Council's financial advisors currently indicate that the interest rates will reduce gradually over the next 2 years, to 4% by December 2025 and 3.5% to December 2026. The cost of borrowing has been incorporated within the MTFS for both the general fund and the Housing Revenue Account.

## **Financial Context**

### **Local Government Finance Settlement 2025/26**

- 3.20 On the 3 February 2025, the Government announced its Final Financial Settlement for Local Government laying out the funding allocations for local government next year. The changes since the 2024/25 Final Settlement included an additional £4.057 million in Social Care grant, alongside two new grants; The Recovery Grant (£4.829 million) and The Children's Social Care Prevention Grant (£1.345 million).
- 3.21 The key points from the settlement for the Council are set out below.
- Core Spending Power (CSP) will increase by £4.4bn in 2025-26 compared to 2024-25. This is a 6.8% increase across England, higher than the 6% announced as part of the provisional settlement, as it now includes the funding for the increases in Employers' National Insurance. The Council's increase is £21.691 million or 7.4%.
  - The Council Tax referendum threshold will remain at 2.99% and the Social Care Precept will remain at 2%. Council Tax represents 46.6% of the CSP if an increase of 4.99% is agreed by Full Council.
  - 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 £1.157 million (1.2%) but this is an indicative figure and the actual figure is dependent on our retained share of actual business rates income.

- The final settlement includes an increase of £4.057 million in the Social Care Grant, bringing it to a total of £27.548 million. This is an increase of £6.325 on that estimated in the Council’s MTFS refresh, as it had been assumed that the additional £2.268 million allocated in the final settlement for 2024/25 had been a one-off amount. The additional grant will be used across both Children’s Social Care and Adults Social Care to support both cost and demand increases.
  - The Improved Better Care Fund (IBCF) has been renamed the Local Authority Better Care Grant and the Adult Social Care Discharge grant has been rolled up into this grant. The overall amount remains unchanged at £11.703 million.
  - The Adult Social Care Market Sustainability grant remains unchanged at £4.763 million.
  - As anticipated the Services Grant has been abolished.
  - A new Recovery Grant has been allocated for 2025/26 totalling £600 million with London boroughs expected to receive £69.2 million and targeted to 15 boroughs. The grant is targeted towards authorities with the highest levels of deprivation and relatively low ability to generate council tax income. The Council’s allocation is £4.829 million or 7% of the total allocation for London. It is assumed that this funding will only be in place for 2025/26 as it will be superseded by the reforms to local government funding.
  - A new Children’s Services Prevention Grant has been announced totalling £270 million nationally and is distributed using a new children’s funding formula. The Council’s allocation has been confirmed at £1.345 million, as part of the final settlement.
  - The New Homes Bonus will continue in 2025/26 but it has been confirmed that it is the final year. The Council did not meet the threshold for receiving the element of the grant relating to new homes and will only receive £0.221 million in relation to the affordable homes element.
  - A fund of £515 million was made available in the provisional settlement to compensate local authorities for the impact of increased Employers’ National Insurance contributions announced as part of the Autumn Budget. As part of the final settlement, the Council’s allocation has been confirmed at £2.387 million. This funding is also now included within the CSP.
- 3.22 The 2025/26 settlement is another one year settlement pending reforms to the way Local Government is funded. For 2026/27, the intention is that the local government funding landscape will be radically simplified. The reforms will “build on the framework set out in the previous government’s abandoned review of Relative Needs and Resources (originally Fair Funding Review)”.
- 3.23 In conjunction with the provisional settlement, the Government has launched a consultation on the funding reform. The consultation will include transitional support.

- 3.24 The Government is also keen to make changes to the Business Rates Retention System (BRRS). There will be a consultation on the baseline reset. Ministers also seem keen to have a more formal role for Mayoral Combined Authorities and Strategic Authorities in the BRRS.

### **Changes since November 2024 - Medium-Term Financial Strategy (MTFS)**

- 3.25 The MTFS is shown in Appendix 3. The MTFS Refresh position was reported to Cabinet in November 2024. Since then, the financial settlement announcements outlined in paragraphs 3.20 and 3.21 have been incorporated within the budget. The specific changes are outlined below:

- The new Recovery Grant of £4.829 million allocated for 2025/26 as part of the provisional settlement.
- An increase in the Revenue Support by £0.439 million to £23.653 million as part of the final settlement.
- Additional Sales, Fees & Charges of £0.416 million as agreed by Full Council in December.
- A reduction of £0.979 million in New Homes Bonus from £1.200 million to £0.221 million.
- An increase of £1.005 million on the estimated North London Waste Authority Levy from £11.750 million to £12.755 million.
- The final confirmation of Concessionary Fares which included a cost reduction of £0.220 million on the previous estimate.
- An increase in inflation assumptions for both Pay and Contracts from 2% to 3% but partly offset by the release of provision for contract inflation of £2.2 million not utilised in 2024/25. The net impact is an increase of £1.041 million.
- The inclusion of the increased cost of Employers' National Insurance to the Council of £2.718 million and partly offset by compensation of £2.183 million. Total funding of £2.387 million was confirmed as part of the final settlement but £0.204 million will be allocated to the Housing Revenue Account, as a contribution to their increased national insurance costs.
- A reduction in the collection rate for Council Tax from 98% to 97.5% with an impact of £0.759 million. This was evident over the Covid period and is also potentially due to the increased cost of living.
- An increase of £0.822 million in the deficits within the collection funds for both Council Tax and Business Rates, £0.058 million and £0.764 million respectively. Similar to the amendment to the collection rate, this is because of the increase in the cost of living in prior years and in backdated Business Rates appeals. The total deficit of £1.352 million will be funded through a drawdown from the taxation fluctuation reserve.
- Earmarked Service pressures requiring net funding of £2.637 million for 2025/26 across a range of additional service areas including:
  - The Hardship Fund to support the Council Tax Support Scheme £0.750 million.

- Investment in the Housing Prevention and Assessment Team £0.556 million in 2025/26 and a further £0.400 million in 2026/27.
  - Investment in Community Safety £0.500 million including £0.258 million for 3 years only.
  - Investment of £0.208 million in Business Intelligence resourcing across 3 years only (assumed as part of the Refresh).
  - Cost pressures of £0.450 million to maintain the Council's property base due to raising costs in the construction industry. Further efficiencies will be feasible from year 2, to mitigate this pressure.
  - Costs pressures of £0.320 million in the Oracle solution's ongoing license and support costs.
  - Staff resource pressures of £0.075 million to support Emergency Planning and Early Help.
- Planned savings of £9.134 million to be delivered for 2025/26 and included in Appendix 4. The total impact of the savings over 3 years is £13.698 million.
- Planned draw down of £3.354 million from the Budget Strategy Reserve.

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

	£'000	£'000
<b>Budget Gap in November 2024 MTFS</b>		<b>11,201</b>
Local Government Settlement movements:		
1. Increase in Revenue Support Grant (RSG)	(439)	
2. Reduction in New Homes Bonus Grant	979	
3. New Recovery Grant	(4,829)	
4. Increase in Social Care grant	(6,325)	
5. New Childrens Social Care prevention grant	(1,345)	
6. Employers National Insurance grant	(2,183)	
<b>Final Settlement sub-total</b>		<b>(2,941)</b>
7. Inflation (Pay & Contract) - increase from 2% to 3%	1,041	
8. Sales Fees and Charges additional income	(416)	
9. Changes to Earmarked Services Pressures	2,637	
10. Reduce Concessionary Fares Growth	(220)	
11. Increase in Employers National Insurance Contributions	2,718	
12. Changes to Existing MTFS savings	856	
13. New Savings Proposals	(9,134)	
14. Passport Social Care Grant	6,325	
15. Passport Children's Social Care Prevention Grant	1,345	
16. Increases to the North London Waste Authority (NLWA) Levy	1,005	
17. Additional council tax income due to taxbase increase	(270)	
18. Council Tax collection rate reduced from 98% to 97.5%	759	
19. Passport additional ASC precept from taxbase increase	179	
20. Collection Fund Deficit	822	
21. Transfer from Taxation Fluctuation Reserve to fund deficit	(1,352)	
22. Transfer from the BSR	(3,354)	
<b>TOTAL FUNDING GAP 2025/26</b>		<b>(0)</b>

## Council Funding

3.27 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

3.28 The MTFS assumes a council tax increase of 4.99% per annum across the 3 years covered by the MTFS i.e. 2025/26 to 2027/28.

3.29 The Council proposes to increase its core council tax by 2.99% in 2025/26 which will be an increase of £50.90 per annum for a Band D property. The proposed core Council Tax level for a Band D property will therefore be £1,507.22.

3.30 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 £280.05 for a Band D property. This will raise an additional £3.178 million in 2025/26.

3.31 Taking account of the core and Adult Social Care precept elements of the increase, a Band D council tax of £1,787.27, is therefore proposed in the table below.

3.32 The equivalent Band C level is also noted in the table below:

Council Tax 2025/26 (excluding GLA)	Council Tax Band D	Council Tax Band C
	£	£
2024/25 (A)	1,702.32	1,513.18
2.99% Core increase	50.90	45.25
2.00% ASC increase	34.05	30.26
2025/26 (proposed) (B)	1,787.27	1,588.69
LBWF increase (B-A)	84.95	75.51
Weekly increase LBWF	1.63	1.45

3.33 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 2025/26, 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 2024/25.

3.34 The Council Tax Requirement includes amounts attributable to levies issued to the authority. The relevant figures for determining whether the 2025/26 council tax increase is excessive are set out in the following table:

	2024/25	2025/26
Council Tax Requirement	£138.436	£147.956
Council Tax Base	81,322	82,783
<b>Relevant Basic Amount</b>	<b>£1,702.32</b>	<b>£1,787.27</b>
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%

3.35 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.

3.36 The Mayor of London has proposed that the Greater London Authority (GLA) precept is increased by £18.98 from £471.40 to £490.38 per band D property for 2025/26 which represents an increase of 4.03%. This budget will be formally ratified by the GLA at its Assembly meeting on 25 February 2025. The Council is required to incorporate the GLA precept within the Council Tax bands and all receipts collected are passed directly to the GLA.

### **Council Tax Base**

3.37 There has been a tax base increase in the number of Band D equivalents during the year of 1,461. The overall tax base has increased from 81,322 to 82,783 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 percentage is shown below for each band.

Band	Council Tax 2024/25 £	Number of Dwellings	Percentage of total dwellings %	Council Tax 2025/26 £
A	1,449.15	4,050	4.4%	1,518.43
B	1,690.67	25,291	27.2%	1,771.51
C	1,932.20	33,413	36.0%	2,024.58
<b>D</b>	<b>2,173.72</b>	20,388	22.0%	<b>2,277.65</b>
E	2,656.77	7,536	8.1%	2,783.79
F	3,139.82	1,735	1.9%	3,289.94
G	3,622.87	411	0.4%	3,796.08
H	4,347.44	22	0.0%	4,555.30
<b>TOTAL PROPERTIES</b>		<b>92,846</b>		

- 3.38 The MTFs has assumed that council tax will yield £147.956 million in 2025/26 and accounts for approximately 49% of total resources (excluding schools).

### **Collection Fund**

- 3.39 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.
- 3.40 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.
- 3.41 Estimates at 15 January 2025 show that there is expected to be a Council Tax deficit of £0.938 million at the end of 2024/25, split between the Council and the Greater London Authority (GLA) with the Council's share being £0.735 million.
- 3.42 A similar process is undertaken for Business Rates with estimates made in respect of surpluses or deficits expected to arise by 31 March 2025. 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 deficit for Business Rates in 2024/25 is £2.058 million, with the Council's share being £0.617 million.
- 3.43 The forecast deficit for both Council Tax and Business Rates will need to be funded as a one-off amount in the 2025/26 budget. The table below, shows the deficit for both National Non-Domestic Rates (NNDR) and council tax as at 31 March 2024 as well as the estimated deficit as at 31 March 2025.

	Year End*	In Year Est	To be Funded in
	2023-24	2024/25	2025/26
	£'000	£'000	£'000
NNDR	(128)	745	617
Council Tax	677	57	735
<b>Total</b>	<b>549</b>	<b>802</b>	<b>1,352</b>

*\*takes into account estimated surplus/deficit paid out in 2024/25 in relation to 2023/24*

### **Adult Social Care Precept**

- 3.44 The other major source of funding for social care since 2016/17 has been the Council Tax precept. Up to 2024/25, the Council has used this mechanism to raise £20.00 million over nine years specifically for adult social care needs.
- 3.45 The government has confirmed that an additional maximum of 2% can be levied on Council Tax in 2025/26 and including changes to the Council Tax base, this is £3.178 million in the base budget. The Council



is proposing to implement this in 2025/26, as social care pressures continue to rise.

ASC Precept		Cumulative 2021/22	Cumulative 2022/23	Cumulative 2023/24	Cumulative 2024/25	Cumulative 2025/26
	£'million	£'million	£'million	£'million	£'million	£'million
2016/17	2%	1.66	12.86	14.36	17.11	20.00
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	23.18			
2022/23	1%	1.50				
2023/24	2%	2.75				
2024/25	2%	2.89				
2025/26	2%	3.18				

### **Council Tax Support**

- 3.46 On the 12<sup>th</sup> December 2024, the Council agreed to move away from the current council tax support scheme which has been in place since 2023/24 and move towards a banded scheme
- 3.47 A budget allocation of £0.750 million has been included in the MTFs, in order to top up the earmarked reserve for the 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. This was also agreed at Council on 12<sup>th</sup> December 2024.

### **Housing Benefit/Support to Veterans**

- 3.48 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**

- 3.49 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).

- 3.50 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 2025/26 and over the previous five years can be seen in the table below:

Illustrative Core Spending Power of Local Government:	2020-21	2021-22	2022-23	2023-24	2024-25	2025/26
	£'m	£'m	£'m	£'m	£'m	£'m
Settlement Funding Assessment	89.0	89.1	89.6	94.6	98.7	99.9
Compensation for under-indexing the business rates multiplier	2.8	3.7	7.2	12.4	15.2	16.0
Council Tax Requirement excluding parish precepts	110.3	115.0	121.4	129.9	138.4	147.2
Improved Better Care Fund	9.2	9.2	9.5	9.5	9.5	11.7
New Homes Bonus	3.0	2.1	2.2	1.2	1.4	0.2
Social Care Grant	6.4	7.9	10.8	18.1	23.5	27.5
Market Sustainability and Fair Cost of Care Fund	0.0	0.0	0.7	0.0	0.0	0.0
ASC Market Sustainability and Improvement Fund	0.0	0.0	0.0	2.5	4.8	4.8
Lower Tier Services Grant	0.0	0.6	0.7	0.0	0.0	0.0
ASC Discharge Fund	0.0	0.0	0.0	1.3	2.2	0.0
Services Grant	0.0	0.0	0.0	2.8	0.5	0.0
Domestic Abuse Safe Accommodation Grant <sup>6</sup>	0.0	0.0	0.0	0.0	0.0	0.0
Recovery Grant	0.0	0.0	0.0	0.0	0.0	4.8
Children's Social Care Prevention Grant	0.0	0.0	0.0	0.0	0.0	1.3
Employer National Insurance Contributions Grant	0.0	0.0	0.0	0.0	0.0	2.4
Funding Floor	0.0	0.0	0.0	0.0	0.0	0.0
Grants rolled in	0.0	0.0	0.0	0.0	0.0	0.0
<b>Core Spending Power</b>	<b>220.7</b>	<b>227.6</b>	<b>242.2</b>	<b>272.4</b>	<b>294.2</b>	<b>315.9</b>

### **Specific Grant Funding not included in the Settlement.**

#### ***Household Support Fund (HSF)***

- 3.51 The current phase of the HSF runs from April 2024 to March 2025 and the total award was £4.655 million. The Autumn Budget confirmed the extension of the HSF by a further year, from 1 April 2025 until 31 March 2026. This will ensure that low-income households can continue to access support towards the costs of essentials, such as food, energy and water. The Council's allocation for this grant has yet to be confirmed.

#### ***Public Health Grant***

- 3.52 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.
- 3.53 The Government has not announced an indicative allocation for 2025/26. The Public Health Grant allocation for 2024/25 is £17.855 million and has been kept flat for the purposes of this budget.

#### ***Homelessness Prevention Grant***

- 3.54 On the 18th of December 2024, the government announced that the funding to tackle homelessness and rough sleeping would increase in 2025/26 by £233 million compared to 2024/25. This brings the total

spend on homelessness and rough sleeping to nearly £1 billion in 2025/26. The funding aims to prevent rises in the number of families in Temporary Accommodation (TA) and to help prevent rough sleeping.

- 3.55 London boroughs will receive £278 million in Homelessness Prevention Grant (HPG) in 2025/26, a £79 million or 40% increase on 2024/25. However, London's share of the grant has increased by a smaller share than the national increase of 44% or £193 million as a new allocation methodology introduced in 2024/25 allocates a smaller share of funding to London.
- 3.56 The Council's allocation of HPG for 2025/26 is £8.898 million, an increase of £3.258 million compared to 2024/25 or £1.816 million, if the one-off top up received in-year is also included. Overall, the increase is 26% compared to 2024/25.
- 3.57 The Government have introduced a new requirement that 49% of the HPG is ringfenced for prevention, relief and staffing, and explicitly not TA costs. London boroughs typically exceed this ringfence for TA costs. In 2024/25, the Council currently allocates approximately 68% of the HPG against TA costs, therefore this new requirement could add further pressure to the general fund.

#### ***Employers' National Insurance Increase Compensation***

- 3.58 The direct costs to local authorities, because of the increases to Employers' National Insurance contributions announced as part of the Autumn Budget, will be funded. However, this funding will not include third-party additional Employers' National Insurance contributions, which could be in the region of £4 million to £6 million for social care and will need to be considered an unfunded burden in the social care budget.
- 3.59 The final settlement confirmed an allocation of £2.387 million allocation to the Council. However, if £0.204 million is allocated to the Housing Revenue Account, the balance of £2.183 million can be utilised to fund, in part, the forecast general fund pressure of £2.718 million. Therefore, there is a residual pressure of £0.535 million incorporated within the MTFS.

#### ***Extended Producer Responsibility for Packaging (pEPR) Scheme***

- 3.60 This is a new grant for 2025/26 from fees paid by packaging producers. The provisional allocation for the Council, issued by the Department for Environment, Food and Rural Affairs, is £3.2 million. This income will fund the existing costs local authorities incur for managing household packaging waste but it is envisaged that it will reduce over time when producers develop strategies to reduce packaging.
- 3.61 This grant is not ring fenced to waste. For 2025/26, this grant will be held in reserve and utilised on initiatives to reduce the impact of future impacts of the national policy changes on waste disposal, recycling and the UK Emissions Trading Scheme (ETS).

### ***Children and Families Grant***

- 3.62 The policy statement in November confirmed that several existing DfE Children's social care programmes would be consolidated into one grant i.e. Children and Families Grant. The allocated funding for this new consolidated grant was confirmed at £2.723 million as part of the provisional settlement. This grant now consolidates the following grants; Supporting Families, Supported Accommodation Reforms, Staying Put, Virtual School Heads Extension for Previously Looked after Children, Leaving Care Allowance and Personal Advisors.

### **Fees and Charges**

- 3.63 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.
- 3.64 The Council's General Fund has budgeted to collect just under £48 million in 2024/25. On 12th December 2024, Full Council approved its fees and charges schedule for 2025/26. It is estimated that the additional annual income generated as a result of the fees and charges review is £1.658 million.
- 3.65 There are changes in relation to Parking and Highways, since the Cabinet in December. This is due to a change in relation to fees and charges associated with Filming income, whereby such charges should be charged with standard VAT applied. The revised schedules are shown in Appendix 6, with the new fees inclusive of VAT shown.

### **Cost Pressures**

- 3.66 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.
- 3.67 The cost pressures from demographic demand are evident in the increase in client numbers across Adult Social Care, Children Services, in particular for Special Educational Needs and Disabilities (SEND), and Temporary Accommodation. These cost pressures are explored further in the services issues section of this report.
- 3.68 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. Where demand cannot be mitigated, specific service funding, including the social care grant and any Housing related grants, are reviewed to maximise the resources available.

- 3.69 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. There is some contingency budget and specific reserves, in particular the Budget Strategy reserve, held corporately to fund any demographic pressures that cannot be funded by services. However, ultimately, these increases in services drive the need for further savings,
- 3.70 Specific service pressures identified in the 2025/26 budget total £3.529 million, including £0.5 million approved in prior years MTFS. If these pressures do not materialise then the budget will be released as part of the MTFS Refresh.

### **Leader's Fund**

- 3.71 For 2025/26, it has been agreed that the Leader's fund will cease, as the available budget will be allocated to specific services' budgets. The fund is held within corporate balances and totals £0.398 million but will be allocated as follows; £0.072 million for three-year pilot for Care Leavers, Space4all £0.200 million and £0.126 million for Civic and Community Events.

### **Pay and Contract Pressures**

- 3.72 The 2024/25 budget assumed pay and contract inflation of 4%. The total final pay award was funded from this provision but the contract provision has not been utilised in full so £2.2 million is being released as part of the latest MTFS.
- 3.73 For this budget, a pay and contract inflation of 3% has been assumed for 2025/26 and 2% for the following two years. The budget for inflation will be held in contingency until called upon.
- 3.74 As a result of the increases in Employers' National Insurance following the Autumn Budget, councils will receive funding to mitigate the cost for direct staff cost but not for third contracts. This funding will be confirmed as part of the final settlement but there is a risk that it will not be sufficient to cover the total additional cost.
- 3.75 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.
- 3.76 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.

### **Capital Financing and Borrowing**

- 3.77 The Council's ambitious capital programme has budgeted expenditure over eleven years of approximately £712.035 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.
- 3.78 The total anticipated capital financing requirement (CFR) or the Council's underlining need to borrow (either internally or externally) for capital purposes will be £735.716 million by 2034/35, an increase of £60.346 million compared to 2024/25. This includes the general fund of £243.278 million which has reduced from £329.997 million in 2024/25 and the HRA at £492.438 million which has increased from £345.372 million in 2024/25. The CFR is an indication of the total financing requirement but not its actual level of borrowing. The Council under borrows as it utilises internal balances as part of its total funding requirement. The Council's strategy for borrowing and investments is covered in the Treasury Strategy.
- 3.79 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.

### **Future MTFS & Actions to Address Funding Gap**

- 3.80 For 2025/26, there is a balanced budget position, for 2026/27 a potential funding gap of £10.322 million and £0.324 million in 2027/28. However, these funding gaps are dependent upon:
- All new planned savings totalling £23.3 million delivered in full including all residual future year savings agreed as part of the 2024/25 Budget.
  - The outcome of the Spending Review and the reforms to local government funding which will be reflected in future financial settlements.
  - Council Tax increases of 4.99%, including 2.99% for core services and 2% for the Adult Social Care (ASC) precept.
  - Pay and contract inflation of 2% and no new service pressures.
  - All services are delivered within available budget envelopes by ensuring that appropriate management actions are in place and for social care, utilising the additional grant funding or ASC Precept received to mitigate any potential pressures.
- 3.81 Although the latest MTFS funding gap is £10.646 million, there is a need to overachieve in any saving programme:
- To ensure long term financial sustainability, the reserves balances must be replenished, as these have been utilised to fund gaps in the MTFS in recent years.

- 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 £16 million by 2027/28.
  - To mitigate future funding risks which could include the outcome of the Spending Review as well as the reforms to local government funding.
- 3.82 Due to the anticipated level of changes for the next MTFS period, 2026/27 to 2028/29, in particular as it will be a three-year settlement, the MTFS refresh process will commence early summer and report to Cabinet in the Autumn.
- 3.83 The month 9 Budget Monitor for 2024/25 includes a budget pressure of £20.522 million. The in-year savings to date total £5.033 million of which £6.574 million have been incorporated into the month 9 forecast. This 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).
- 3.84 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 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.

### Budget Savings

- 3.85 As part of the 2024-25 budget process, savings were proposed for both financial years 2024-25 and future years. The ongoing savings in 2025-26 have been reviewed and are summarised by Directorate in the table below.

Existing MTFS savings (Budget Reductions)	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Adult Social Care	400	0	0	0	<b>400</b>
Chief Executive	30	0	0	0	<b>30</b>
Place	(1,140)	190	245	145	<b>(560)</b>
Resources	868	0	0	0	<b>868</b>
Stronger Communities	260	(305)	0	0	<b>(45)</b>
<b>Total</b>	<b>418</b>	<b>(115)</b>	<b>245</b>	<b>145</b>	<b>693</b>

- 3.86 During 2024/25, Strategic Directors alongside colleagues on the Transformation team have been developing further savings proposals as part of the transformation programme alongside more general business as usual efficiency savings. The tables below provides a summary by category for the budget reduction savings and the proposals for managing the overspend with full details provided in Appendix 4 and 5.

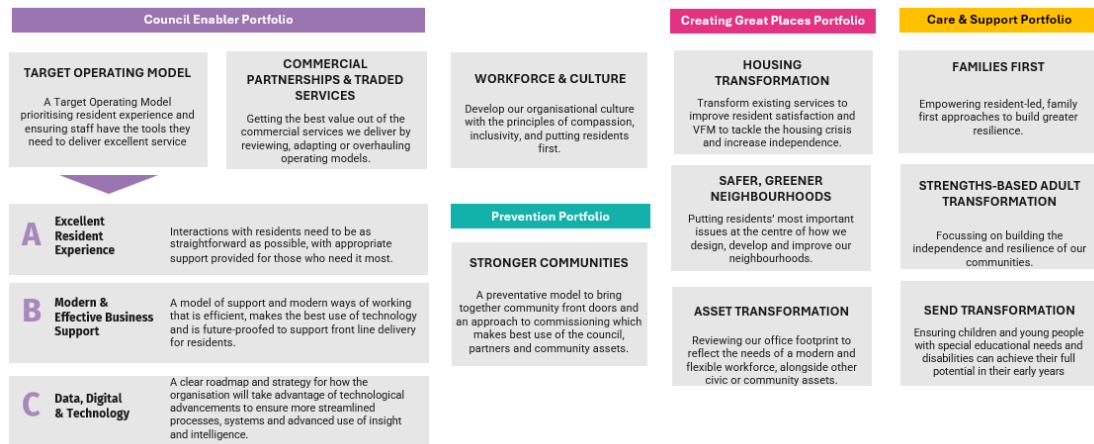
<b>Budget Reductions</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>Total £'000</b>
Contracts & Commissioning	937	272	145	<b>1,354</b>
Efficiencies (BAU)	1,155	130	200	<b>1,484</b>
Income Generation	2,764	1,500	258	<b>4,522</b>
Restructure	2,370	698	200	<b>3,268</b>
Service Redesign	1,243	937	400	<b>2,580</b>
Working with Partners / Grants	665	-175	0	<b>490</b>
<b>Total</b>	<b>9,134</b>	<b>3,361</b>	<b>1,203</b>	<b>13,698</b>

<b>Proposals to Manage Overspend</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>Total £'000</b>
Contracts & Commissioning	740	800	400	<b>1,940</b>
Efficiencies (BAU)	560	50	0	<b>610</b>
Income Generation	1,100	800	0	<b>1,900</b>
Restructure	1,105	50	0	<b>1,155</b>
Service Redesign	2,570	1,013	763	<b>4,347</b>
Working with Partners / Grants	450	200	100	<b>750</b>
<b>Total</b>	<b>6,525</b>	<b>2,913</b>	<b>1,263</b>	<b>10,701</b>

### **Transformation Programme**

- 3.87 The Council faces significant challenges in the context of instability and the continuation of constricted funding for public services. Along with the rest of the country, residents are having to deal with issues such as the rising cost of living, demand for and access to SEND, a housing crisis compounded by temporary accommodation pressures, and concerns over community safety – all exacerbated by the growing inequality in how different communities are affected by these issues.
- 3.88 These are not new challenges, and in response, the Council recognised the need for wholesale systems change in the way it works as an organisation – and also with partners and communities – to deliver the best services for residents and the borough as a whole. This was reflected in the adoption of Mission Waltham Forest, which sets out the ambitious vision for a more equal borough, where everyone can make the most of their strengths to live the life they want to lead. To help deliver the Borough and Council Missions set out in Mission Waltham Forest while ensuring financial sustainability, the Council identified the need for fundamental transformation in all that it does.
- 3.89 A cross-Council programme was mobilised over the second half of 2024, with individual programmes strands covering the following areas:





- 3.90 This includes modernising the approaches to support those with acute need – for example promoting choice and independence in adult social care and rethinking our approach to SEND in light of the structural and funding issues the Council and other local authorities are facing. The Council has also undertaken a paradigm shift towards prevention through our Stronger Communities Directorate – bringing together preventative services and levers across the council, as well as an embedded Digital, Data & Technology service to advance insight and evidence-led approaches. At the same time, the Council has not lost sight of the fact that all residents want excellent services and a great place to live – with a focus on increasing resident satisfaction with areas like Housing and Neighbourhood services, and consideration of how we can leverage existing assets more effectively.
- 3.91 Each Transformation Programme Area has been developed through a comprehensive governance process, moving from Discovery to Design, resulting in the creation of individual Business Cases setting out delivery of a range of financial and non-financial benefits. As Programme Areas have moved into Delivery, these benefits are now being tracked and monitored on a bi-monthly basis alongside other MTFS savings activities.
- 3.92 To strengthen the existing assurance process, and ensure the Council increase the use of data and insights, a comprehensive Benefits Realisation framework is currently in development and will be rolled out over the coming months. This will allow ongoing tracking of the delivery of all benefits across the Transformation Programme and wider Mission Waltham Forest activities, including the use of bellwether metrics to identify progress and take early action to address lack of delivery where required.

### 3. Service Updates

#### Children's and Education

##### Children's Social Care

- 3.93 Children's Social Care continues to experience cumulative and sustained pressure to budgets despite continued successful actions by the service to manage both existing and additional demand, which has resulted in reduced activity compared to last financial year. Ongoing pressures from increases in placement costs, in particular residential, are partly due to inflation but also due to challenging market conditions and the increase in the complexity of need resulting in more expensive care.
- 3.94 The service was supporting 275 looked after children in October 2024 (270 at December 2024) compared to 312 in October 2023 and 303 in March 2020; 206 children were subject to a child protection plan in December 2024 (216 in 2023/24).
- 3.95 Service pressures will continue to be mitigated by management actions which will continue to improve the outcomes for children who are 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.
- 3.96 Staff costs are also a significant pressure with the use of agency staff and there has been significant progress to reduce these agency numbers by converting to permanent positions. This has already delivered significant savings in 2024/25 by moving to recruit more permanent staff and undertaking a review of the staff resource requirement across all social work teams.
- 3.97 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)

- 3.98 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.
- 3.99 There is also an ongoing pressure from the growth in statutory assessments for Education, Health and Care plans (EHCPs). There were 3,468 children with an EHCP at 31 March 2024, an increase of 14% since March 2023 and 3,584 at 31 December 2024, a 3% increase in-year. 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.

- 3.100 In addition to management actions mentioned above, a Transformation programme has been launched to help manage the impact of the anticipated increased burden on service budgets. This is incorporating a series of actions to include, but not limited to, demand management; expansion of the in-borough specialist resource provision; development of a continuum of specialist provision for secondary school aged children and strategic development of post-16 education options. These management actions should mitigate, in part the budget pressures on the Home to School Travel.

### **Schools Funding**

- 3.101 The DfE introduced the National Funding Formula (NFF) for mainstream schools in 2018/19. The Council with Schools Forum moved the local funding formula to mirror the NFF in 2019/20.

### **Dedicated Schools Grant (DSG)**

- 3.102 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 under 2's 2, 3 and 4 year old children.

- 3.103 The gross DSG (including the allocation for academies) has increased by £28.27 million from £335.45 million in 2024/25 to £363.72 million in 2025/26. The net funding received by the Council of £238.40 million is after DfE academy recoupment and deductions of high needs place funding for academies and post-16. This net funding is allocated across all four blocks; Schools, High Needs, Central Schools Services and Early Years.

### *Schools Block*

- 3.104 The Schools Block, including the Growth Fund, has increased by £13.7 million from £239.6 million to £253.3 million, a 5.7% base increase. The net Schools Block funding received by the Council of £127.96 million is for maintained mainstream schools after academy recoupment.
- 3.105 The Council maintained schools had brought forward opening balances totalling £7.8 million in April 2024 and as per the latest projections, these balances are projected to decline by 70% to £2.2 million by the end of 2024/25. In 2023/24, 15 of 42 schools were in deficit and these are

projected to increase to 19 in 2024/25. 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 (HNB) and Dedicated Schools Grant (DSG deficit)*

- 3.106 The High Needs Block has increased by £3.9 million from £58.5 million in 2024/25 to £62.4 million in 2025/26, a 6.6% base increase. The increase in funding will not be sufficient to fund the projected level of EHCPs and other inflationary pressures with an in-year deficit forecast in 2025/26.
- 3.107 The cumulative net DSG deficit is forecast to be £7.4 million at 31<sup>st</sup> March 2025, comprising the High Needs Block deficit of £10.6 million offset partially by smaller 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 forecast unfunded demand will lead to the cumulative deficit increasing. While the Council is not in an Education and Skills Funding Agency (ESFA) intervention programme, ESFA officers have met with local authority officers to keep the position under review and to check on the local authorities management of the DSG.
- 3.108 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.
- 3.109 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*

- 3.110 The Central School Services Block has increased by 2.97%, up to £1.69 million from £1.64 million.

*Early Years Block*

- 3.111 The Early Years Block indicative budget for 2025/26 is £46.3 million, an increase of £10.3 million (28.61%) on the 2024/25 indicative budget of £36.0 million.

- 3.112 The majority of the budget increase is a result of the Government expanding the free early education entitlement (FEEE) offer to working families in phases from April 2024. 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.
- 3.113 Full details of allocations to providers will be presented to Cabinet in March 2025.
- 3.114 The 2025/26 Early Years Block budget is an indicative budget based on the numbers of children recorded in the January 2024 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).
- 3.115 As the free early education entitlement (FEEE) offer is being expanded 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 where there is no previous census data to base this on.

### **Adults Social Care (ASC)**

- 3.116 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.
- 3.117 The continued requirement to facilitate timely discharges from hospital, means 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, four times per day, or high-cost nursing care. The impact of inflation over the past 2 years and the recent announced increases in Employers National Insurance contributions are also driving up provider costs. The service is tightly managing its budget by holding weekly expenditure control panels for both placements and general budget areas. These panels are chaired by the Strategic and Corporate Directors of Adult Social Care holding responsible managers to account; trying to maximise a person's independence by offering reablement, alternative community support therefore 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.
- 3.118 The numbers of clients receiving funded support in 2024/25 is approximately 3,558 (as of November 2024) which represents an increase of 4.6% from last year (3,400 clients in 2023/24). This in-year

increase is in addition to previous years' increases in volume (179 in 2022/23 and 144 in 2023/24).

- 3.119 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 23% from pre-covid (2019/20) to current year.
- 3.120 The breakdown of placements gross expenditure forecast for 2024/25 between the adults age is 55% for 18 to 64 year-olds and 45% 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.
- 3.4 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 increases in London Living Wage and property related costs.
- 3.121 The service needs to find sustainable solutions to manage the continuing pressures. The Adult Social Care (ASC) transformation programme includes several projects / management actions;
- **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.
- **Recommissioned** homecare provision with a stronger link to outcomes and maintaining client independence.

### **Stronger Communities Directorate**

- 3.122 In its first 12 months, the Stronger Communities directorate has made significant progress in creating a more integrated and efficient structure by unifying services and adopting a cross-cutting approach to prevention. This has been particularly evident in libraries, where teams and communities have come together to deliver a more relational way of working. Despite managing historic budget pressures of almost £0.600 million, the service has maximised every interaction as an opportunity for early identification and support.
- 3.123 Looking ahead to 2025, a key objective is to expand this relational approach across the directorate and embed it within key council services. This will be crucial in supporting demand-led and crisis services, which are under substantial financial pressure. By developing an upstream system of support, the aim is to ensure residents receive the help they need to remain resilient, reducing reliance on high-cost services in the longer term.
- 3.124 A key enabler of this work is the newly established Resident Experience, Culture, and Digital department. Progress in 2024 has focused on improving processes, optimising the council's website, and enhancing self-service functions to make them as user-friendly as possible. Challenges in this area have included salary overspends and software costs. These have been mitigated through reduced recruitment and process efficiencies, underpinned by a large-scale transformation programme across resident experience and business support.
- 3.125 The directorate continues to grow as an innovative part of the council and is exploring how a preventative and relational approach can be embedded across all areas, enabling a mission-driven way of working. Stronger Communities has several ambitions for 2025, including building community capacity through the launch of the Council for Voluntary Sector (CVS), delivering targeted employment programmes supported by significant grant funding, and continuing to shape and improve wellbeing in the borough to achieve financial sustainability. It aims to respond to major pressures in housing, social care, and SEND while developing long-term strategies to build resilient communities that are less likely to require crisis intervention in future.

### **Place Directorate**

- 3.126 The Place directorate comprises the Regeneration, Planning and Delivery, Housing, and Property and Delivery departments, as well as the cross-cutting Capital Portfolio Management Office (PMO).
- 3.127 The Directorate is underpinned by an integrated delivery model, ensuring cross-service working and has enabled the directorate to establish strong, effective relationships with other council directorates, public and private sector partners to leverage inward investment and substantial government funding. This investment, alongside direct council investment, has enabled the delivery of the borough's ambitious growth and housing priorities set in Mission Waltham Forest, the new Local Plan, the Housing Strategy and the Capital Strategy.
- 3.128 **The Regeneration, Planning and Delivery (RPD)** service is home to the Directorate's Inward Investment, Place and Design, Development Management, Building Control, Land Charges and Area Regeneration functions. These enabling functions are key to setting and implementing the borough's short, medium and long-term place making strategy and vision for inclusive growth in terms of new homes, jobs, infrastructure and public realm that our communities need. This includes attracting private sector investment, providing long term, strategic and master planning, delivering regeneration projects and ensuring development across the borough is of the highest quality.
- 3.129 The service is responsible for producing and implementing the borough's new Local Plan. This sets a long-term strategy for inclusive and sustainable growth, which will directly deliver the investment needed to create a fairer and more equal borough with improved life chances for all. It identifies strategic locations for growth to provide c.27,000 new homes (with a strategic target of 50% affordable) and 52,000sqm of new employment space to 2035.
- 3.130 Area Regeneration lead the council's programmes and projects to deliver improvements in our town centres and industrial areas to achieve inclusive growth and reduce inequalities across the borough. The team continues to secure extensive public and private sector funding and investment – most notably, the £40 million Levelling Up Fund (LUF) programme – enabling delivery of significant regeneration and infrastructure projects (particularly strategic transport, public realm, green infrastructure, workspace).
- 3.131 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 further reducing reliance on general fund budgets and increasing commercial opportunities there are risks associated with the fluctuation of demanded income and annual funding rounds. The Planning service depends on planning related income such as planning application fees, Development Performance Agreements (DPAs), the Community Infrastructure levy (CIL) and s106 contributions.



- 3.132 **The Council's Property and Delivery** service comprises of the Capital Delivery, Major Projects and Commercial Estates and Investment (including Facilities Management) functions.
- 3.133 The Commercial Estates and Investment team manages all aspects of the council's operational, investment, commercial and voluntary and community sector (VCS) property portfolio. Additionally, the service delivers the council's Facilities Management Function to ensure the Council's estate remains fit for purpose and compliant with health and safety regulations.
- 3.134 A key objective for 2025/26 is maximising commercial rental income, which is reinvested into Council services, alongside supporting commercial and VCS tenants. The Councils spend on Facilities Management (FM) budgets will need to be closely monitored and controlled in year, with significant rises in building materials and labour costs (of c.30% over the past 3-4 years) increasing costs of facilities management.
- 3.135 The Capital Delivery and Major Projects teams leads the delivery of strategically important construction and development projects, which are a key enabler for the delivery of the council's Mission Waltham Forest priorities. The delivery programme is substantial over the next 5 years, with over £130 million of investment. Capital works in delivery are cross cutting and include expansions to council-maintained schools, housing delivery, new community infrastructure and area regeneration alongside providing the council's services with a modern fit for purpose estate to operate from.
- 3.136 The Capital Portfolio PMO is a cross-directorate function responsible for the overall risk and financial management (in partnership with Finance) of the council's Capital Programme. On an annual basis the service sets the Capital Investment Strategy, ensuring the capital programme is affordable to the council. In addition, it leads financial monitoring and delivery assurance for the £712 million 10-year capital programme.

#### *Housing*

- 3.137 The Housing service provides both the management and repair of council owned homes, and the delivery of new affordable homes. It also responsible for the relationship with residents and communities that live in council homes and on council estates. The Housing Options and Support service delivers the council's statutory homelessness services to residents in the borough who are homeless or at risk of homelessness It is also responsible for delivery of the council's rough sleeping pathway.
- 3.138 The number of households in Temporary Accommodation (TA), which is the driver for approximately 40% of the HGF budget, has significantly increased over the past two years. Data from 28 London Boroughs shows a worsening homelessness situation across a range of key performance measures.
- 3.139 The current forecast shows there has been an increase in the number of households living in Temporary Accommodation, which is linked to a

decrease in good quality, affordable, settled accommodation. The key mitigation for any increases in expenditure will be the procurement of low-cost TA and 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 enabled the council to discharge its homelessness duties into settled accommodation. A second joint venture is now being considered. These schemes continue to generate costs for the Housing general fund budgets but at a reduced level in comparison to the cost of providing TA.

- 3.140 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 and commercial hotel usage. 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.
- 3.141 Although the Local Housing Allowance (LHA) was increased in 2024/25, there remains a significant gap between LHA and private sector market rents. In addition, 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 residents living in temporary accommodation as the council funds the gap between the subsidy rate and the cost of TA.

#### *Housing Revenue Account (HRA)*

- 3.142 A report setting out the detailed proposals for the HRA budget and the level of tenants’ rent and service charges from April 2025 went to Housing Scrutiny on 11 December 2024 and was considered by the Strategic Tenant and Resident (STAR) Panel in January 2024. This report seeks approval, from Cabinet in February, for the recommended increases to rents and service charges, and the HRA budget.
- 3.143 The HRA dwelling rent increase for 2025/26 is proposed at 2.7% (September CPI + 1%) in line with The Social Housing Regulator’s Rent Standard and agree that on average rents will increase by £3.44 from £127.29 to £130.73 per week, with effect from 1st April 2025.
- 3.144 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.
- 3.145 There are significant additional regulatory pressures which impact the HRA, including: damp and mould, disrepair, fire regulations (linked to the Grenfell tragedy), decarbonisation of stock, decent homes standard 2, qualification requirements for housing staff and the impact on resources to facilitate the new regulatory inspection regime.

- 3.146 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.
- 3.147 The proposed rent increase of 2.7% and the completion of Regeneration schemes will generate approximately £2.4 million worth of additional resources into the HRA for 2025/26. These additional resources can finance revenue activities and assist in rebuilding the reserves to provide greater financial resilience.
- 3.148 The forecast reserves position for the HRA is low compared to other London authorities. 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. A dedicated strategy of replenishing reserves has been agreed, and the Housing service have committed to efficiency savings of £0.200 million per year without affecting the delivery of the housing service.

### **Neighbourhoods and Environment Directorate**

- 3.149 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.
- 3.150 Highways are maintained and improved from funding from TfL (Transport for London) with some contribution from the Council.
- 3.151 During 2024/25, the Council introduced 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 and built into the budget for 2024/25 onwards.
- 3.152 The Parking Service generates surpluses to support Highways and Transport related General Fund expenditure. In 2023/24 the surplus was £12.97 million and the sum of the allowable expenditure was c.£13.8 million (£7.0 million concessionary fares, £0.382 million cost of off-street parking, £5.6 million highways maintenance).
- 3.153 Crime and violence has, for many years, been a major concern for residents, often ranking in the top three issues that they are most worried about. The Community Safety service exists to protect and support our communities and takes a public-health approach that seeks to prevent crime and the onward harms of crime at the earliest opportunity. In the last few years, the service has been the recipient of several funding losses from external sources, including government fund, and reductions in support from other Council sources. Despite General Fund funding for Community Safety increasing by £0.5 million for the upcoming year, the overall funding available to the service will decrease in 2025/2026. Much

of these losses will be mitigated by our transformation and improvement work with partners and the year ahead promises to be a year of significant transformation and improvement for Community Safety. This includes the mobilisation of our Serious Violence Action Plan, including a new model of integrated work with Police to combat serious violence, a refresh of our Community Safety statutory partnership and a review of how we use our ASB team and powers. We continue to work closely with the Police to ensure that Police partners are playing their role in protecting communities and working effectively with other statutory partners. However, due to reduced total funding there will be changes to provision.

- 3.154 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 The current scheme is its final year 5 and due to expire April 2025.
- 3.155 In November 2024, MHCLG gave approval for a new licencing scheme effective from 1 May 2025 for a period of 5 years to a designation that will contribute to an improvement in general housing conditions in the area and contribute to an improvement in the levels of anti-social behaviour in the area.

*North London Waste Authority Levy*

- 3.156 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 plant in Edmonton takes place. Projected increases have been built into the MTFs and this will be kept under review as and when further growth is necessary. The provisional levy for 2025/26 is £12.755 million, this is an increase of £1.872 million on the 2024/25 levy and is projected to increase by £3.350 million to £16.105 million by 2027/28.
- 3.157 There are other significant financial implications for local authorities, in particular the impact of the move to decarbonise waste by including energy from waste in the UK's Emissions Trading Scheme (ETS). This could have a significant impact on the cost of residual waste from 2028, as although the costs will be paid by the waste authority, this will be passed on to local authorities. The estimate cost to London alone is £115.2 million.
- 3.158 As outlined in paragraph 3.60, the Council is in receipt of a new grant of £3.2 million for 2025/26, Packaging Extended Producer Responsibility (pEPR). This grant is funded from fees charged to producers for the cost of managing the packaging they place on the market. Local authorities are funded for the cost of this packaging once it becomes household waste but this cost might not be fully funded.
- 3.159 These additional costs could be funded in part by the levy equalisation reserve which was put in place to reduce the impact of sudden rises over the period of the MTFs. The balance on this reserve is forecast to be £7 million by 31 March 2025.

## Precepts And Levies

3.160 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 Revenue Support Grant (RSG); and
- (2) the Greater London Authority precept.

The 'local' group comprises the following:

LEVYING BODY	2024/25 £'000	2025/26 £'000	% Change
Environment Agency *	193.7	203.6	5.1%
Lee Valley Regional Park Authority (LVRPA) *	210.1	220.8	5.1%
London Pension Fund Authority (LPFA) *	263.9	277.4	5.1%
North London Waste Authority (NLWA)	10,883.0	12,755.0	17.2%
<b>TOTAL LEVIES</b>	<b>11,550.7</b>	<b>13,456.8</b>	<b>16.5%</b>

\* Levy for 2024/25 still to be confirmed

## Concessionary Fares

3.161 The cost of Concessionary Fares in 2025/26 is £10.340 million, this is £1.000 million more than the base budget as usage returns to pre-pandemic usage. 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.

## Reserves

- 3.162 The Council holds reserves for a variety of purposes, in particular to provide for expected or uncertain costs and helps mitigate against known budget risks. The Reserves Strategy is attached at Appendix 7.
- 3.163 A summary Reserves as at 31 March 2024 is included in Appendix 8, together with an estimate of the levels at the end of 2025/26 and 2026/27.
- 3.164 The following table summarises the information contained in Appendix 8 by setting out the total level of reserves held as at 31 March 2024; the estimated level held at 31 March 2025 and those expected to be held at 31 March 2026.

Reserves	31 March 2024	31 March 2025	31 March 2026
	actual £'000	est. £'000	est. £'000
Capital programme related	1,551	0	0
Contingencies for known risks / Committed revenue	13,176	9,863	9,610
To Support the Budget Strategy	25,415	11,788	4,521
Technical Reserves	21,815	20,223	21,951
Operational Reserves	2,267	1,944	2,320
Statutory Accounts	581	531	531
External Income Related	8	8	8
<b>Earmarked Reserves</b>	<b>64,813</b>	<b>44,356</b>	<b>38,940</b>
Grant Related Reserves	17,460	9,201	7,322
<b>Total General Fund</b>	<b>82,273</b>	<b>53,557</b>	<b>46,262</b>
Housing Revenue Account	1,178	0	0
Schools Revenue Reserves	8,266	2,200	440
<b>Total Reserves</b>	<b>91,717</b>	<b>55,758</b>	<b>46,702</b>
<b>WORKING BALANCES</b>			
GENERAL FUND	14,906	14,906	14,906
HOUSING REVENUE ACCOUNT	5,517	4,119	5,240

3.165 The Strategic Director of Resources considers the level of reserves to be appropriate and refers to this in the Section 25 Report included within Appendix 2.

### **Budget Strategy Reserve (BSR)**

- 3.166 The Council's reserves strategy is noted in Appendix 7 of this report.
- 3.167 The BSR is available to support the delivery of the MTFS, as a source of investment to achieve savings, transformation of services or to fund any MTFS funding gaps and manage service budgetary risks.
- 3.168 A balance of £11.788 million for the BSR is forecast to be carried forward into 2025/26. For 2025/26, a drawdown of £3.354 million will be required from the BSR to fund the budget gap in-year. 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.
- 3.169 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.
- 3.170 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**

- 3.171 At 1 April 2024, 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.

- 3.172 The projected balance of £14.905 million at 31 March 2025 is equivalent to c5% 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 2025 is therefore within these parameters.

### **Risks To 2025/26 Budget And MTFs**

- 3.173 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 9
- 3.174 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 2024/25 – 2034/35**

- 3.175 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 £712.035 million of planned investment over the 11 years to 2034/35.
- 3.176 The Capital Programme at Appendix 10 sets out the eleven-year period 2024/25 to 2034/35. 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.
- 3.177 The Capital Programme is based on an estimate of achieving a total of £41.234 million in capital receipts over the period to 2034/35. 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.
- 3.178 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.
- 3.179 The Capital Strategy 2024/25 – 2034/25 sets out how the various schemes and projects, comprising our investment programme, meet 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 the 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 that basis as they do not impact the MTFS. This includes initiatives such as the Schools Capital Programme and Levelling Up Fund programme.
- 3.180 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.
- 3.181 A summary of the Capital Programme is shown below. Further details can be found in Appendix 10.



2023/24 Actual £'000	DIRECTORATE	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000	2031/32 Estimate £'000	2032/33 Estimate £'000	2033/34 Estimate £'000	2034/35 Estimate £'000	TOTAL £'000
	<b>Stronger Communities</b>												
6,256	Communities	437	153	0	0	0	0	0	0	0	0	0	590
207	Destinations and Culture	323	393	0	0	0	0	0	0	0	0	0	716
6	Early Help & Intervention	50	10	0	0	0	0	0	0	0	0	0	60
220	Libraries and Registrars	251	0	0	0	0	0	0	0	0	0	0	251
<b>6,689</b>	<b>Subtotal</b>	<b>1,061</b>	<b>557</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,617</b>
	<b>Adults</b>												
41	Care Homes T3	150	0	0	0	0	0	0	0	0	0	0	150
2,317	Disabled Facilities Grant T3	2,426	1,805	0	0	0	0	0	0	0	0	0	4,031
<b>2,359</b>	<b>Subtotal</b>	<b>2,576</b>	<b>1,805</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,181</b>
	<b>Resources</b>												
0	Governance and Law	31	0	0	0	0	0	0	0	0	0	0	31
<b>0</b>	<b>Subtotal</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>
	<b>Children's Services</b>												
0	Traded Services	289	578	96	0	0	0	0	0	0	0	0	964
<b>0</b>	<b>Subtotal</b>	<b>289</b>	<b>578</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>964</b>
	<b>Neighbourhoods and Environment</b>												
527	Climate Emergency	64	787	787	787	394	0	0	0	0	0	0	2,819
258	Community Safety	617	0	0	0	0	0	0	0	0	0	0	617
7,551	Neighbourhoods and Environment Service	7,424	13,051	9,140	2,996	52	0	0	0	0	0	0	32,663
<b>8,336</b>	<b>Subtotal</b>	<b>8,105</b>	<b>13,838</b>	<b>9,927</b>	<b>3,783</b>	<b>445</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,095</b>
	<b>Place GF</b>												
4,311	Regen, Planning and Delivery	10,744	26,059	8,419	0	0	0	0	0	0	0	0	47,222
31,155	Property	26,059	24,261	403	362	0	0	0	0	0	0	0	51,085
14,787	Schools' Programmes	10,038	9,193	15,471	17,949	0	0	0	0	0	0	0	52,652
3,830	Housing (General Fund)	10,621	29,254	5,858	57	463	0	0	0	0	0	0	46,253
<b>54,880</b>	<b>Subtotal Place GF</b>	<b>57,462</b>	<b>90,767</b>	<b>30,151</b>	<b>18,368</b>	<b>463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>197,212</b>
18,246	Housing Delivery (HRA)	52,376	11,418	40,009	625	625	0	0	0	0	0	0	105,054
1,529	Housing Operations (HRA)	2,528	551	500	500	500	500	500	500	500	500	500	7,579
28,017	Housing Major Works (HRA)	47,853	37,922	32,902	33,866	34,528	35,203	35,892	36,595	37,311	38,042	38,788	408,901
<b>47,792</b>	<b>Subtotal Place HRA</b>	<b>102,757</b>	<b>49,891</b>	<b>73,411</b>	<b>34,991</b>	<b>35,653</b>	<b>35,703</b>	<b>36,392</b>	<b>37,095</b>	<b>37,811</b>	<b>38,542</b>	<b>39,288</b>	<b>521,534</b>
<b>191,780</b>	<b>Subtotal Place GF &amp; HRA</b>	<b>160,220</b>	<b>140,658</b>	<b>103,563</b>	<b>53,359</b>	<b>36,116</b>	<b>35,703</b>	<b>36,392</b>	<b>37,095</b>	<b>37,811</b>	<b>38,542</b>	<b>39,288</b>	<b>718,746</b>
	<b>CONTINGENCY</b>												
0	GF Contingency T3	550	8,272	5,000	0	0	0	0	0	0	0	0	13,822
<b>0</b>	<b>Subtotal</b>	<b>550</b>	<b>8,272</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,822</b>
	<b>FUND</b>												
72,264	GF	70,075	115,617	45,175	22,151	908	0	0	0	0	0	0	253,927
47,792	HRA	102,757	49,891	73,411	34,991	35,653	35,703	36,392	37,095	37,811	38,542	39,288	521,534
<b>120,055</b>	<b>TOTAL CAPITAL PROGRAMME</b>	<b>172,832</b>	<b>165,508</b>	<b>118,586</b>	<b>57,142</b>	<b>36,561</b>	<b>35,703</b>	<b>36,392</b>	<b>37,095</b>	<b>37,811</b>	<b>38,542</b>	<b>39,288</b>	<b>775,461</b>
(32,709)	Appropriations	(24,165)	0	(39,261)	0	0	0	0	0	0	0	0	(63,426)
<b>152,764</b>	<b>CAPITAL PROGRAMME EXCL. SALES FROM GF TO HRA</b>	<b>148,667</b>	<b>165,508</b>	<b>79,325</b>	<b>57,142</b>	<b>36,561</b>	<b>35,703</b>	<b>36,392</b>	<b>37,095</b>	<b>37,811</b>	<b>38,542</b>	<b>39,288</b>	<b>712,035</b>
(56,400)	Osier Way												0
<b>209,164</b>	<b>CAPITAL PROGRAMME EXCL. OSIER WAY</b>	<b>148,667</b>	<b>165,508</b>	<b>79,325</b>	<b>57,142</b>	<b>36,561</b>	<b>35,703</b>	<b>36,392</b>	<b>37,095</b>	<b>37,811</b>	<b>38,542</b>	<b>39,288</b>	<b>712,035</b>

## **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.

## **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 2025/26. 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 2025/26 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 Mission Waltham Forest sets out the 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 (EqIA) has been completed (see Appendix 12). This EqIA 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 and the EqIA has identified that there could be an unintentional impact on certain groups. The Council Tax Support scheme is in place to help both residents of both Working and pension age. In addition the Council has a discretionary fund of £750,000 available to help households most adversely impacted. 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.

7.5 **Council Infrastructure**

7.5.1 None at this stage.

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

None